

The background of the entire page is a photograph of a person's hands holding a tablet. The tablet screen shows a cityscape with a prominent white dome, likely the National Assembly of Pakistan, set against a backdrop of mountains and a cloudy sky. The person holding the tablet is wearing a grey suit jacket and a white shirt. The Siemens logo is in the top left corner.

SIEMENS

We make real what matters
Electrification - Automation - Digitalization

Annual Report 2014 - Pakistan

siemens.com.pk

1 Our Profile

- Vision
- Mission

Page 2

2 Information for Stakeholders

- Key Operating and Financial Data

Page 3

3 Our Company

- Company Information
- Chief Executive Officer's Profile
- Chairman's Profile
- Directors' Profile
- Directors' Report
- Board Committees

Page 4 - 20

4 Sustainability

- Corporate Social Responsibility at Siemens
- CSR in Pakistan

Page 21 - 23

5 Financial Report

- Auditors' Review Report
- Statement of Compliance
- Auditors' Report
- Balance Sheet
- Profit and Loss Account
- Statement of Comprehensive Income
- Cash Flow Statement
- Statement of Changes in Equity
- Notes to the Financial Statements

Page 24 - 64

6 Shareholders' Information

- Pattern of Shareholding
- Categories of Shareholders
- Registrar and Share Transfer Agent
- Notice of Annual General Meeting

Page 65 - 71

Vision

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

Mission

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

Six Years Summary	2014	2013	2012	2011	2010	2009
	(Rupees in '000)					
Trading Results						
New orders	9,257,688	12,353,737	13,824,146	13,337,147	21,013,900	16,000,855
Net turnover	9,781,082	13,030,194	13,834,074	15,087,935	26,248,842	36,149,390
Export of goods and services	213,123	296,459	145,083	510,864	487,959	439,609
Contracts executed outside Pakistan	1,157,327	1,802,413	2,584,064	3,774,444	10,674,064	21,507,206
Gross profit	704,710	327,657	915,209	1,678,564	3,880,997	3,984,416
Operating profit / (loss)	41,126	(559,586)	(22,360)	273,648	1,989,954	2,327,146
(Loss) / profit before tax from continuing operations	(234,653)	(758,158)	373,802	158,178	1,590,067	2,144,439
(Loss) before tax from discontinued operations	-	(62,701)	(437,416)	-	-	-
(Loss) / profit before tax	(234,653)	(820,859)	(63,614)	158,178	1,590,067	2,144,439
(Loss) / profit after tax	(523,795)	(974,943)	(5,153)	67,408	1,011,279	1,365,169
(Loss) / Earnings before interest, taxes, depreciation and amortisation	165,690	(455,901)	185,261	460,323	1,909,968	2,440,439
Interim dividend	-	-	-	-	247,411	247,411
Final dividend	82,470	164,941	989,644	82,470	494,822	494,822
Financial Position						
Share capital	82,470	82,470	82,470	82,470	82,470	82,470
Reserves and Retained Earnings	3,706,149	4,382,234	6,437,914	6,526,236	6,951,161	6,828,723
Property, plant and equipment	562,824	1,383,047	1,544,021	1,657,036	1,678,522	1,662,500
Net current assets	973,055	1,154,390	2,740,419	2,740,825	3,342,129	3,230,868
Long-term / deferred liabilities	27,966	52,283	60,731	82,343	171,675	197,857
Investors Information						
Gross profit ratio	7.20%	2.51%	6.62%	11.13%	14.79%	11.02%
EBITDA Margin to sales	1.69%	-3.50%	1.34%	3.05%	7.28%	6.75%
Return on equity / capital employed	-13.83%	21.84%	-0.08%	1.02%	14.38%	19.75%
Inventory turnover ratio (in times)	4.12	5.01	4.09	3.80	5.52	7.18
Inventory turnover ratio (no. of days)	89	73	89	96	66	51
Debtor turnover ratio (in times)	1.89	2.04	1.78	1.57	2.20	2.93
Debtor turnover ratio (no. of days)	193	179	205	232	166	125
Creditor turnover ratio (in times)	1.38	1.85	1.88	1.70	2.19	2.53
Creditor turnover ratio (no. of days)	264	197	194	215	167	145
Operating cycle (no. of days)	17	55	101	114	66	31
Total assets turnover ratio (in times)	0.65	0.74	0.69	0.66	1.07	1.47
Fixed assets turnover ratio (in times)	10.05	8.91	8.71	9.12	15.71	22.23
Current ratio	1.09	1.09	1.23	1.19	1.19	1.19
Quick / acid test ratio	0.87	0.92	0.98	0.96	0.98	0.93
Cash dividend per share (Rs)	10	20	120	10	90	90
Dividend yield ratio	0.01	0.02	0.150	0.009	0.08	0.06
Interest cover ratio	0.06	(3.08)	0.07	3.16	18.69	28.29
Breakup value per share (Rs)	459.39	541.37	790.64	801.35	852.87	838.03
Market value per share (Rs)	1,064	903	800	1070	1160	1415
Share price during the year						
High (Rs)	1,599	1,218	1,050	1,250	1,500	1,415
Low (Rs)	933	590	630	810	973	685
(Loss) / Earnings per share (Rs)	(63.51)	(118.22)	(0.62)	8.17	122.62	165.54
(Loss) / Profit before tax in percent to sales	-2.40%	-6.30%	-0.46%	1.05%	6.06%	5.93%
(Loss) / Profit after tax in percent of sales	-5.36%	-7.48%	-0.04%	0.45%	3.85%	3.78%
Cash Flows						
Net cash flow from operating activities	1,000,287	552,246	1,799,955	239,820	(1,689,177)	(1,871,088)
Net cash flow from investing activities	(14,379)	(19,756)	14,240	(73,292)	(197,953)	(157,611)
Net cash flow from financing activities	(488,461)	760,356	(82,470)	(494,822)	(742,233)	(742,233)
Net change in cash and cash equivalents	497,447	1,292,846	1,731,725	(328,294)	(2,629,363)	(2,770,932)

Company Information

Board of Directors

Bernhard Wilhelm Niessing
Guenter Zwickl
Manzoor Ahmed
Sebastian Andreas Brachert
Naeemuddin Khan
Udo Wilhelm Niehage
Marco Jochen Schiffer
Helmut Steidle

Chairman
Managing Director
Director
Director
Director
Director
Director
Director

Company Secretary

Rizwan Abdul Hayi

Management

Guenter Zwickl
Murtaza Abbas

Chief Executive Officer
Chief Financial Officer

Bankers

Bank Alfalah Limited
Barclays Bank PLC
BNP Paribas (Dubai)
Deutsche Bank AG
Habib Bank Limited
Meezan Bank Limited
MCB Bank Limited
Standard Chartered Bank (Pakistan) Limited

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants



Tax Advisors

KPMG Taseer Hadi & Co.

Legal Advisor

Aqlaal Advocates

Registrar and Share Transfer Agent

THK Associates (Pvt.) Limited, Karachi

Registered Office

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

Guenter Zwickl Chief Executive Officer

Skills and experience

Guenter Zwickl's distinguished career with Siemens dates back to 1978 when he joined the company's infrastructure business for traffic surveillance solutions in Austria before moving to Hong Kong. He subsequently managed large projects as Project Director for various projects in Egypt, Cambodia, and the former East Germany and, between 1995 and 2000, Zwickl was General Manager of the company's communication cable and network division in Indonesia and of MECC, a Siemens joint venture in Thailand.

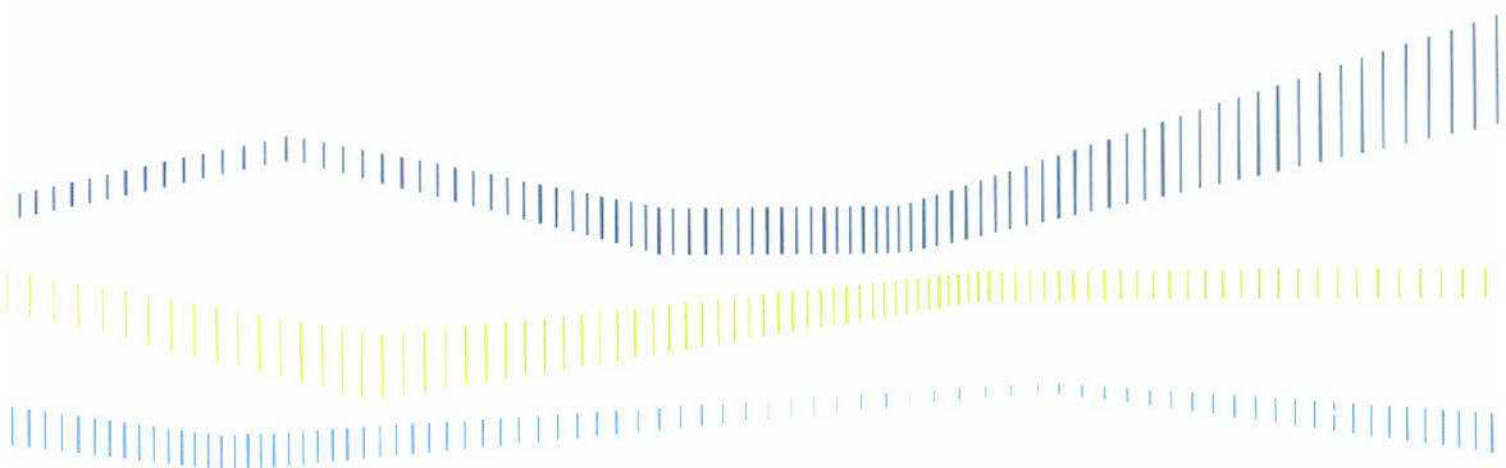
Between 2000 and 2008, he held various international Managing Director positions for Siemens. From 2005 to 2012, Zwickl headed Nokia Siemens Networks' global research and development (R&D) coordination out of Poland and later India, while at the same time running the R&D centers in these countries. His latest appointment as chief executive officer and managing director for Siemens Pakistan came into effect October 1, 2012.

He holds a degree in Telecommunications and electronics from HTB, St. Pölten Austria.

Other directorships and offices

Board Committee Membership

HR & Remuneration Committee Siemens Pakistan





Bernhard Niessing Chairman

Skills and experience

Mr. Bernhard Niessing is the CEO of the Industry Sector for Siemens Middle East based in Dubai since 2009. He is responsible for the Sector's activities in 16 countries across the region.

Niessing joined Siemens AG in Düsseldorf as a project engineer in 1988 and moved to the Sales and Engineering department as Head of Offers, Orders and Engineering Processing in 1991, High- and Medium Voltage Division, in the Energy Sector. He subsequently held various roles in different Siemens business units and, in 2000, was promoted to Vice President and Head of the Protection and Power Quality Business of the Smart Grid Division, in Infrastructure and Cities Sector. After four years in this role, he was appointed Vice President Head of Low Voltage Power Distribution Product Business of the Industry Automation Division, in Industry Sector.

He has a degree in electrical engineering from the University of Applied Sciences in Düsseldorf, Germany.

Other directorships and offices

Board Committee Membership
Audit Committee – Siemens Pakistan

Director
Siemens WLL, Bahrain

CEO
Industry Sector – Middle East, Dubai UAE



Manzoor Ahmed
Director

Skills and experience

Mr. Ahmed holds the position of Chief Operating Officer since year 2010 of National Investment Trust. Prior to this he has served NIT in various managerial and lead capacities.

His service at NIT spans over a period of 25 years in areas such as investment strategy development, portfolio management and restructuring, supervision of stock market operations and corporate governance matters. He also represents NIT as its Nominee Director on Board of various companies.

He holds a Master's degree in Business Administration, Diploma in Banking and is also a Certified Director from Pakistan Institute of Corporate Governance.

Other directorships and offices

Director

- Askari Bank Limited
- General Tyre & Rubber Co. Limited
- Service Industries Limited
- Soneri Bank Limited
- Sui Northern Gas Pipelines Limited

Board Committee Membership

- Audit Committee – Siemens Pakistan



Sebastian Andreas Brachert
Director

Skills and experience

Dr. Sebastian Brachert is the General Counsel for Middle East and CIS for Siemens AG, Germany, a position he holds since October 2014.

Prior to his assignment he was the General Counsel for EMEA and Cross Sectors for Siemens AG.

From 2000 until 2008 he was 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 and a year with Norton Rose, Solicitors, in London.

In 1990 Dr. Brachert joined Siemens in Erlangen/Germany where he was a Legal Advisor for Turnkey Projects for Transportation Systems, Automation and Industrial Plants, Central Legal Department Siemens AG.

Other directorships and offices

Director

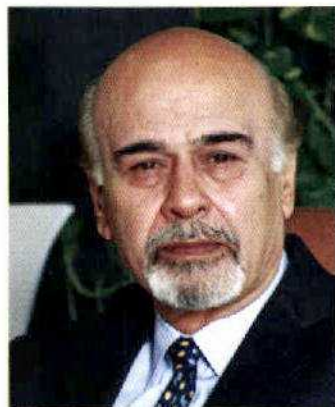
- Siemens Ltd./AELE, Saudi Arabia
- Siemens Middle East Ltd., Abu Dhabi

Board Committee Membership

- HR & Remuneration Committee - Siemens Pakistan

German Business Association (BDI), Legal Committee

- Member of the Board



Naeemuddin Khan
Director

Skills and experience

Mr. Naeemuddin Khan, with over 36 years of diversified experience of international banking, has been serving the Bank of Punjab as President and CEO since 2008.

He began his banking career from ANZ Grindlays Bank in 1978, serving in Lahore, Islamabad and Rawalpindi in various senior positions. He also worked for Emirates International Bank before joining UBL as SEVP Special Assets Management and Legal Division. In 2001, he was seconded by the Prime Minister of Pakistan and Governor State Bank of Pakistan to Corporate & Industrial Restructuring Corporation (CIRC) as Member Banking. He developed the functional layout of the Corporation and successfully handled all its operations for six years and was one of the pioneers of CIRC.

In 2006, Mr. Khan has also served Pak Libya Holding Co (Pvt) Ltd as Managing Director/CEO for two and half years.

In 2004, he was awarded the Muzaffar Memorial Gold Medal by SBP Governor in recognition of meritorious services to the banking industry in the country.

Mr. Khan has had the honor of delivering presentations at the Asian Development Bank in Manila regarding the setting up of Restructuring Bodies in Asian Countries. He also represented Pakistan in Egypt's International Economic Forum in Cairo and delivered presentations on Pakistan's Financial Reforms and resolutions of non-performing loans in Pakistan.

Other directorships and offices

President & CEO
Bank of Punjab Limited

Board Committee Membership

Chairman Audit Committee – Siemens Pakistan
Chairman HR & Remuneration Committee – Siemens Pakistan



Udo Niehage
Director

Skills and experience

Dr. Niehage is the Senior Vice President at Siemens AG, currently responsible as Head of Government Affairs -Berlin and Company Representative for the Energy Transition.

He started his career at Siemens in 1988 as Sales Engineer and Project Manager. In 1992, he moved to ABB in Mannheim, Germany, where he worked as Head of Engineering and Technology Department.

After various management positions at ABB in Germany and Switzerland, he joined as Head of Sales and Energy Trading the utility BEWAG AG in Berlin. In the year 2000, Dr. Niehage returned back to Siemens as Head of Medium Voltage Switchgear Business Segment. In 2001 he became responsible for the whole Medium Voltage Business Unit.

From October 2003 to December 2007 Dr. Niehage was President of the Siemens AG Power Transmission and Distribution Group until January 2008 when he assumed the position of Chief Executive Officer of Power Transmission Division of Siemens AG.

After studying electrical engineering (power systems) and general business administration at Technical University TU Munich and Technical University RWTH Aachen, Germany, he received a doctor's degree in power system engineering from Technical University, RWTH Aachen, Germany.

Other directorships and offices

Director

- Maschinenfabrik Reinhausen, Germany (until 2013)

President

- Business Association Metal and Electrical Industry Berlin and Brandenburg, Germany



Marco Schiffer
Director

Skills and experience

Mr. Schiffer is the Partner in Corporate Finance Audit, Siemens AG. A position he holds since February 2012.

He started his career at Siemens in 2009 as Director Transaction Support, Munich, Germany. In 2011, he proceeded to Iselin, USA as Director Operational Audit.

From September 1997 to September 2009, he was associated with KPMG AG, Cologne, Germany and PwC AG, Düsseldorf, Germany where he build up his acumen in the fields of Audit, Advisory and Consultancy.

He is a Certified Public Auditor and Tax Consultant in Germany. He also holds a Masters degree in International Management.

Other directorships and offices

Board Committee Membership

Audit Committee – Siemens Pakistan



Helmut Steidle
Director

Skills and experience

Mr. Helmut Steidle is Vice President of Corporate Development Strategy for Middle East and Africa, located at Siemens AG Headquarters Munich, Germany, a position he holds since 2001.

During 1993-1998 he worked as a Deputy Commercial Director in Johannesburg, South Africa, followed by Executive Chief Financial Officer and Member of the Board Siemens Nixdorf Information System Pty. Ltd. for Australia and New Zealand, located in Sydney Australia.

From April 1998 until January 2001 Mr. Steidle was Vice president and CFO for Siemens ICP Computer Systems Americas and Asia Pacific located in Silicon Valley / San Jose.

He worked during 1984 -1987 as a Commercial Manager for Sales for South / West Europe within Siemens AG Data / Information System.

He started his career at Siemens in 1972 and represented various national and international management positions for Siemens AG.

Other directorships and offices

Director

- Siemens SSK, Tehran, Iran
- Siemens S.A.E. Egypt

Vice President

- Corporate Strategies Siemens AG, Germany

Board Committee Membership

- HR & Remuneration Committee – Siemens Pakistan



Dubai, December 19, 2014

Dear Shareholder,

We, the undersigned, for and on behalf of the Board of Directors present the Company's Annual Report and the audited financial statements for the Financial Year ended September 30, 2014 together with auditors' report thereon.

The country's economy continues to face risks of volatile security environment and severe energy crisis. Under these circumstances, the Company continues to mitigate risks by portfolio and organizational adjustments according to the external environment and strives for a leaner structure.

Company's Business and Performance Review

A Company level overview of performance during the year has been summarized as follows:

New Orders

During the Financial Year ended September 30, 2014, new orders decreased by approximately 25% to Rs. 9.3 billion as compared to Rs. 12.4 billion in the corresponding Financial Year 2013. The main contributors to new orders are Energy Sector with 48% share which includes orders for the design, supply, erection, testing and commissioning of 220 kV and 132 kV substations. Infrastructure and Cities, Industry and Healthcare Sectors contributed 26%, 20% and 6% of new orders respectively.

Sales

Overall sales volume decreased by approximately 25% to Rs. 9.8 billion for the Financial Year ended September 30, 2014, as compared to Rs. 13.0 billion in the corresponding Financial Year 2013. The main contributors to sales are the Energy Sector with 49% share followed by Infrastructure & Cities, Industry and Healthcare Sectors contributing 26%, 21% and 4% of sales respectively.

Profit

During the Financial Year ended September 30, 2014 the Company incurred an overall loss before tax of Rs. 234.7 million as compared to a loss before tax of Rs. 820.9 million in the corresponding Financial Year 2013. The loss before tax is mainly due to restructuring provision aggregating Rs. 591.6 million in transformer business unit, exchange losses of Rs. 119.3 million due to currency exchange rate fluctuations and low business volume which led to the under-absorption of costs. This was partially offset by the net impact of reversal amounting to Rs. 179.4 million due to withdrawal of termination notice by Civil Aviation Authority as detailed below which led to the resumption of work at package 8-B of the New Benazir Bhutto International Airport project, Islamabad. After accounting for tax including deferred tax as explained in note 31 to the enclosed financial statements, the Company incurred an overall loss after tax of Rs. 523.8 million in Financial Year ended September 30, 2014.

Cash flows

During the Financial Year ended September 30, 2014 the Company generated a positive net cash flow of Rs. 1.0 billion mainly through reduction in working capital.

Earnings per share

The loss per share is Rs. 63.51 as compared to loss per share of Rs. 118.22 for the corresponding Financial Year 2013.

Business segments-wise performance

Please refer to note 46 of the attached financial statements for an overview of business segment-wise performance.

Key operating and financial data of last 6 years

An overview of key operating and data for last 6 years is annexed to the Annual Report.

Resumption of work at New Benazir Bhutto International Airport, Islamabad Project

The Company received a letter dated March 21, 2014 from Civil Aviation Authority (CAA) for withdrawal of termination notice of package 8-B contract and instruction to restart work with immediate effect. In view of the withdrawal of termination, the provision of Rs. 547.2 million recognized during the Financial Year ended September 30, 2013 is reversed in the enclosed financial statements. However, the effects of the reversal were reduced mainly by revision in project plan cost to complete the project. The net impact of reversal amounting to Rs. 179.4 million was booked during the year.

Transformer Business Unit and Land and Buildings at S.I.T.E., Karachi

The Board in its meeting held on March 1, 2014 principally decided to sell transformer business as well as Company's interests in land and buildings located at S.I.T.E, Karachi. The Company is closely monitoring the disposal process of transformer business, land and buildings. Final decision will be taken in the prime interest of the Company before recommending the same for approval to its shareholders.

Since the criteria under International Financial Reporting Standards (IFRS)-5 are not fully met, therefore the transformer business, land and buildings are not classified as 'non-current assets held for sale'.

Islamabad Properties

The Company initiated the process of evaluating the option of disposing the Company's properties located at Sector I-9 at Islamabad, inter alia, because 80% of the said properties are unutilized and there is no foreseeable use of said properties to its fullest extent for the Company in future. Furthermore, the Company is not in the business of real estate, hence capital employed is not yielding any return. Considering benefit which will arise from the sale of said properties, the Board in its meeting held on December 19, 2014 has approved the sale of the said properties and a special resolution to this effect will be presented in the upcoming Annual General Meeting of Shareholders for specific consent and regulatory bodies. Since the criteria stated in IFRS-5 are met, the Company has classified the property as 'non-current assets held for sale' in the enclosed financial statements.

Dividend

In view of availability of significant reserves and cash flows, the Board is pleased to announce a final cash dividend of Rs.10 per ordinary share, in order to meet the expectation of the shareholders.

Risks and Uncertainties and its Mitigations

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

Operational risks

The operational risks include risks related to customer relationship, project management risks, such as timely completion and change in estimates. On the operational front, risk also exists with regards to environment, health and safety risks and supply chain management risks.

The Company addresses these risks individually in the course of its business operations. The management determines risk response strategies for such risks which includes avoid, transfer, reduce or accept strategy.

Financial risks

Please refer to note 43 of the attached financial statements for description of financial risk that include market risks, credit risks and liquidity risks.

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 Company manages foreign currency risk by hedging its exposure to fluctuations through forward covers (where possible) in line with the restrictions / regulations of State Bank of Pakistan.

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 scorecard. 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.

Liquidity risk is mitigated by maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Company's business, the treasury maintains flexibility in funding by maintaining availability under control committed credit lines.

Compliance risk

Non compliance with local or international laws and regulation may result in imposition of penalties, debarment, black listing, license cancellation etc, which may eventually affect the business operations and brand name of the Company.

To mitigate such risks, a very comprehensive and effective compliance function is in place in the Company. The Business Conduct Guidelines (BCG) clearly defines the Company's expectations from all directors, executives and other employees and those with whom it conduct 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 compliance helpdesk "Tell Us" have been established on Company's website.

Company's Future Outlook

Despite numerous challenges in the foreseeable future, the Company remains committed to driving the business forward. We believe that in order to face the challenges of change in the overall market conditions, we need constantly to explore present and new business opportunities as well as to improve our business portfolios to meet our customers' needs and demands and to achieve profitability.

Therefore, effective from October 1, 2014 the Sector levels in the organization are replaced by nine divisions. These changes will enable the organization to become more flexible, efficient, and closer to the market and to improve the Company's competitive position.

Appropriations

Following is the summary of appropriations made during the year.

	(Rupees in Thousands)
Retained earnings - October 01, 2013	(503,078)
Net loss after taxation for the year ended September 30, 2014	(523,795)
Appropriations	
Final dividend @ Rs. 20 (200%) per share for the year ended Sept. 30, 2013	(164,941)
Retained earnings - September 30, 2014	(1,191,814)

Adherence to 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. The Company constantly renews its portfolio to provide answers to societies' most vital challenges, enabling it to create sustainable value for its shareholders.

Statement of Compliance

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

Directors Statements

As required by the SECP's Code of Corporate Governance, we, the undersigned, for and on behalf of the Directors are pleased to state that:

- (a) The financial statements, prepared by the management of the Company, present its state of affairs fairly, 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. Further, the accounting estimates are based on reasonable and prudent judgment.
- (d) International Accounting Standards (IAS) and IFRS, as applicable in Pakistan, have been followed in preparation of financial statements.
- (e) The system of internal control is sound in design and has been effectively implemented and monitored.
- (f) There are no significant doubts upon the Company's ability to continue as a going concern.
- (g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Meetings and activities during the Year

A summary of the meetings of the Board of Directors, and its Audit and the Human Resource and Remuneration Committees, together with attendance therein, is as follows:

Board and committee composition and attendance	Committees				
	Board		Audit		Human Resource and Remuneration
Meetings held	5		4		1
	Required to attend	Actual attendance	Required to attend	Actual attendance	Required and Actual attendance
Independent Director					
Mr. Naeemuddin Khan	5	5	4	4 (Chairman)	1 (Chairman)
Non – Executive Directors					
Mr. Helmut Steidle	5	4	-	-	1
Dr. Sebastian Brachert	5	5	-	-	1
Mr. Bernhard Niessing	5	5 (Chairman)	4	4	-
Mr. Manzoor Ahmed	5	5	4	4	-
Dr. Udo Niehage	5	5	-	-	-
Mr. Marco Schiffer	5	5	4	4	-
Executive Director					
Mr. Guenter Zwickl	-	5	-	-	1
Outgoing Directors					
Mr. Dietmar Siersdorfer	-	5	-	-	-
Mr. Stefan Halberstadt	-	5	-	-	-

Changes in the Board of Directors

Mr. Stefan Halberstadt and Mr. Dietmar Siersdorfer resigned from the Board on October 8, 2013 and Dr. Udo Niehage and Mr. Marco Schiffer were appointed by the Board to fill the casual vacancy on October 9, 2013.

Evaluation of the Board's performance and Directors' training program

The Board has developed a mechanism of annual performance evaluation. Every member of the Board ensures his active participation in all the meetings of the Board. Detailed discussions are held on strategic matters and clear directions are provided to the management, which are regularly monitored by the Board and its committees. The Board ensures that the Company adopts the best practices of corporate governance. The Board also reviews performance of business segments at each quarter with aim to improve the low performing segments at the same time further opportunities of growth are emphasized in all profitable segments. Details of Directors' training program have been disclosed in the statement of compliance with the code of corporate governance.

External Auditors

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

As suggested by the Audit Committee, the Board recommends their reappointment for the Financial Year ending September 30, 2015 to its shareholders.

Corporate Status

The Company is a subsidiary of Siemens Aktiengesellschaft, Germany (Siemens AG) which is incorporated in Germany and holds 74.65% shares as at September 30, 2014 as compared to 66.10% as of September 30, 2013.

| Pattern of Shareholding

Shares of the Company are listed on Karachi, Lahore and Islamabad stock exchanges. The detailed pattern and categories of its shareholding including shares held by directors and executives, if any, are annexed to the Annual Report.



Investment 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, 2013	June 30, 2012	June 30, 2011
	(Rupees in million)		
Provident Fund	662.120	750.292	775.792

	September 30, 2013	September 30, 2012	September 30, 2011
	(Rupees in million)		
Gratuity Fund	286.585	354.896	333.565

| Post Balance Sheet Events

There have been no material changes or events since September 30, 2014 to the date of this report, which has an impact on the financial statements, except the declaration of final dividend which is subject to the approval of the Members at the forthcoming Annual General Meeting. The effect of such declaration shall be reflected in the next year's financial statements.

| Acknowledgement

We, for and on behalf of Directors, would like to take this opportunity to express deep appreciation of the commitment, loyalty and dedication of employees.

We would also like to acknowledge the professional support and co-operation received from our esteemed customers, contractors, vendors, bankers, shareholders, sponsors and other stakeholders.

For and On behalf of the Board



Bernhard Niessing
Chairman



Guenter Zwickl
Chief Executive Officer

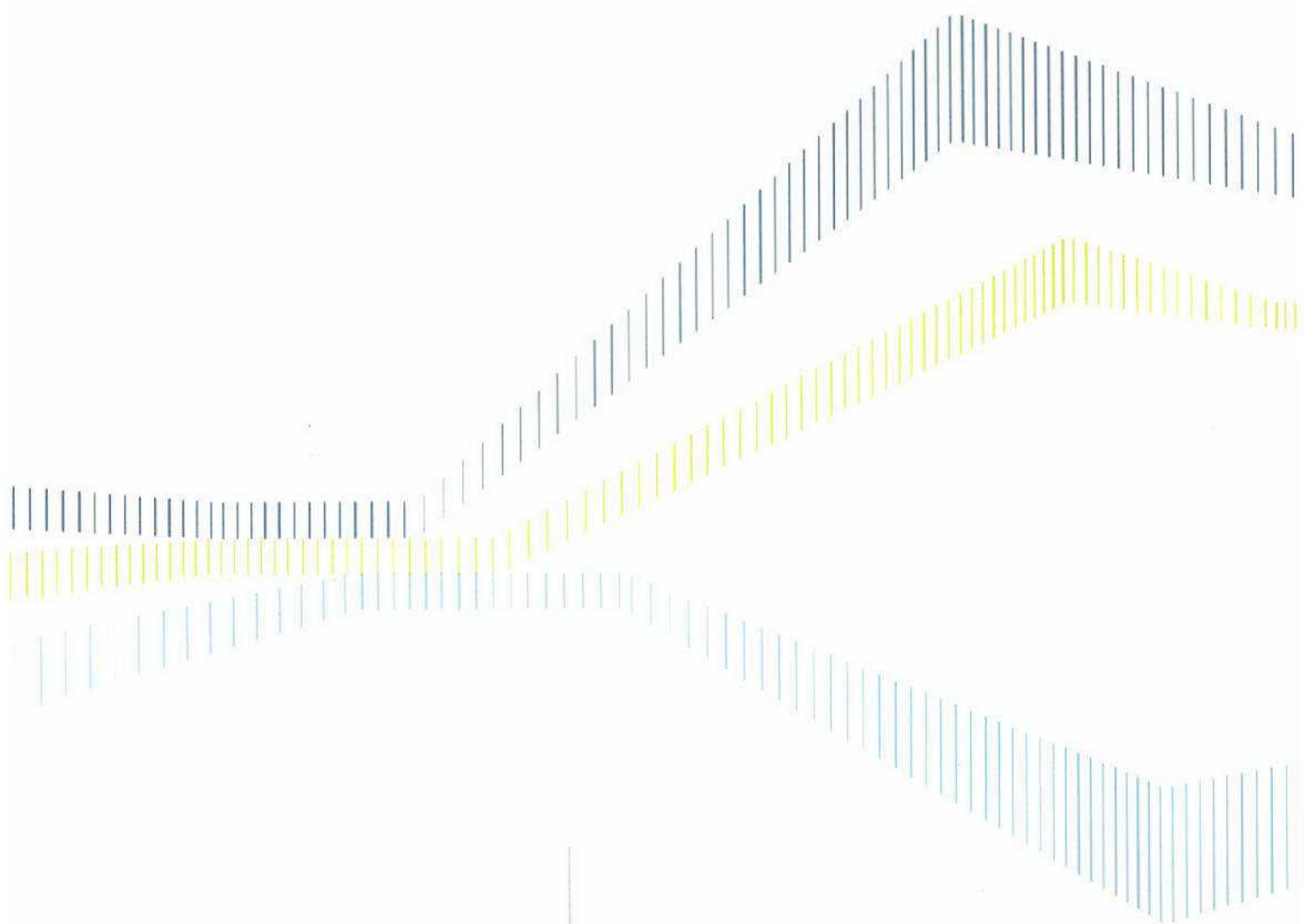
Board Committees

Terms of Reference of Audit Committee

1. Review of quarterly, half-yearly and annual financial statements before their consideration by the Board.
2. Review of preliminary announcements of results prior to publication.
3. Detailed review of Board and management letters issued by the external auditors and management's response thereto.
4. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any other significant matter.
5. Ensuring coordination between the internal and external auditors of the listed company.
6. Ascertaining that the internal control systems, including financial and operational controls, are adequate and effective and reviewing the company's statement on internal control systems prior to endorsement by the Board of Directors.
7. Review of compliance with all relevant laws and regulations and other statutory requirements.
8. Monitoring compliance with the best practices of corporate governance.
9. Determination of appropriate measures to safeguard Company's assets.
10. Review of related party transactions.
11. Reviewing the scope, extent and adequacy of resources in internal audit function.
12. Review of internal audit progress reports and internal investigations reports and discuss significant findings.
13. Review of major receivables of the Company including collection action plan and adequacy of provisioning available there-against.
3. Recommend to the board the selection, evaluation, compensation of CFO and Company Secretary;
4. Review of the Company's compensation philosophy and strategy with a view to ensure that compensation and benefit levels are maintained and aligned with comparable size companies;
5. The Committee may review and recommend to the Board:
 - i. salary increments, bonus and other pay adjustments in the light of a salary review conducted annually;
 - ii. changes to the compensation ranges and incentive compensation plan, if any,
 - iii. salary adjustments and incentive compensation awards for staff;
 - iv. severance arrangement for staff, if necessary.
6. Consider and approve on recommendations of CEO on such matters for key management positions who report directly to CEO;
7. Review and assess adequacy of the charter of the Committee;
8. Review, assess and make recommendations to the Board with respect to the Business Conduct Guidelines of the Company;
9. Ensure that Director's attain certification under any Director Training Program offered by any institution (local or foreign) which meets the criteria specified by SECP;
10. Atleast once annually, review the senior management structure and where appropriate, recommend to the Board any material change thereto;
11. Ensure that the Company implements programs and policies to attract and retain high caliber executives who will successfully lead the organization in their respective areas of responsibility;
12. To investigate and recommend a resolution to the Board of major violations of the code of business conduct and ethics that may relate to personnel or internal controls relating to human resource policies or benefits;
13. To apprise the Board of any disciplinary action taken against any employee;
14. Any other matters relating to Human Resource Management.

Terms of Reference of Human Resources and Remuneration Committee

1. Review and recommend to the Board HR policies of the Company;
2. Recommend to the board the selection, evaluation, compensation and succession planning of the CEO;



Sustainability
at Siemens

|| | Corporate Social Responsibility at Siemens

Global overview

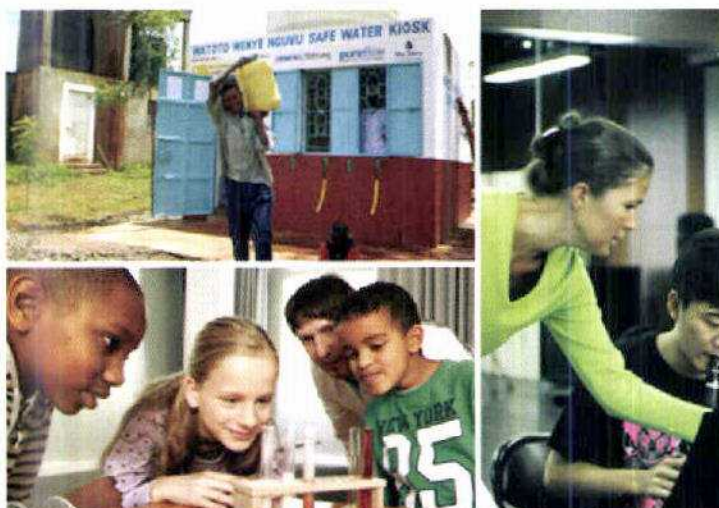
Siemens is committed to providing long-term benefits to the societies in which it operates, through corporate citizenship activities. These activities can take a variety of forms ranging from philanthropic disaster relief to more strategic shared value or inclusive business approaches like mobile clinics in India.

- **Education and Science:** Siemens goal is to maintain a continuous dialog with young people and to identify and foster talent from an early age on. We support educational and research activities particularly in natural sciences, engineering and healthcare.
- **Social Projects :** In this area Siemens aims to bring about a systematic and lasting improvement in people's living conditions. In addition, we provide urgent humanitarian relief, including financial and technical assistance after natural disasters.
- **Environment:** We want to make an effective contribution towards protecting the environment, particularly through our core competencies, and raise environmental awareness among younger generations.
- **Arts and Culture:** We support Arts and Culture because a society's cultural heritage is a key aspect of its identity.

The Siemens Stiftung

The Siemens Stiftung wants to empower people to actively contribute towards solutions to social challenges. It focuses on holistic, non-business-related, transferable projects and models in sub-Saharan Africa, Latin America and Europe (with a particular emphasis on Germany).

Established in 2008 with a capital of €390 million, Siemens Stiftung is a nonprofit foundation under German civil law. It complements Siemens' corporate citizenship activities and cooperates with the other five corporate foundations established by the Company in Argentina, Brazil, Columbia, the United States and France.



|| | CSR in Pakistan

Siemens has many projects running in the country and the company ensures that they continue to help the community partners they were intended to benefit. These include the "Workshop for disable people" where the workshop continues to help disabled people alter and maintain their special vehicles also the water filtration plants installed after the floods of 2011 continue to provide safe drinking water to the communities around Sujawal in Sindh. Our project "Light for Life" in village Sharda Maidan in Azad Kashmir also continues to bring light in the lives of this village of 40 households. Some other activities that we undertook in the year under review are as follows :



Siemens Student Award 2013 competition

Students from Pakistani Universities were invited to take part in the Siemens Student Award Competition 2013 a region wide competition in the Middle East that challenged the region's brightest young minds to develop real-world solutions to real-world challenges. Four challenges were presented for the students to seek their solution. These included Self sustained Sensor Systems, Biomimicry, nature inspiring technology, Imaging and therapy rooms of future and next generation of grid control - a cellular structure. Some 78 ideas were submitted by around 170 students from across the Middle East region. Total of USD56,500 were awarded as cash prizes this included a cash prize of USD25,000 for overall winner, followed by USD10,000 for each of the three runners-up and USD1,500 for the winner of the

People's Choice Award. Siemens Pakistan organized information sessions at selected universities across the country and published relevant information on their web pages to attract the best students to participate. Due to our extensive efforts a large number of students participated from across Pakistan to test their talent against the youth from more than a dozen countries of the region. It was a proud moment for the youth of our country when the results were announced.

Pakistani student team wins US \$ 10,000

Students from King Edward Medical University in Lahore came up with the Intervention and Imaging Combined: Integrated ORs solution as an answer to the Imaging and Therapy Rooms of the Future challenge. Their idea to optimize multiple aspects of imaging and surgical rooms for use in developing countries attracted the judges' attention. With economic constraints in mind, the students proposed a design that places highly-expensive imaging tools such as Magnetic Resonance Imaging (MRI) devices and Computed Tomography (CT) scanners in a way that enables their use for indoor and out-door patients, without compromising the sterility and functionality of operating rooms.



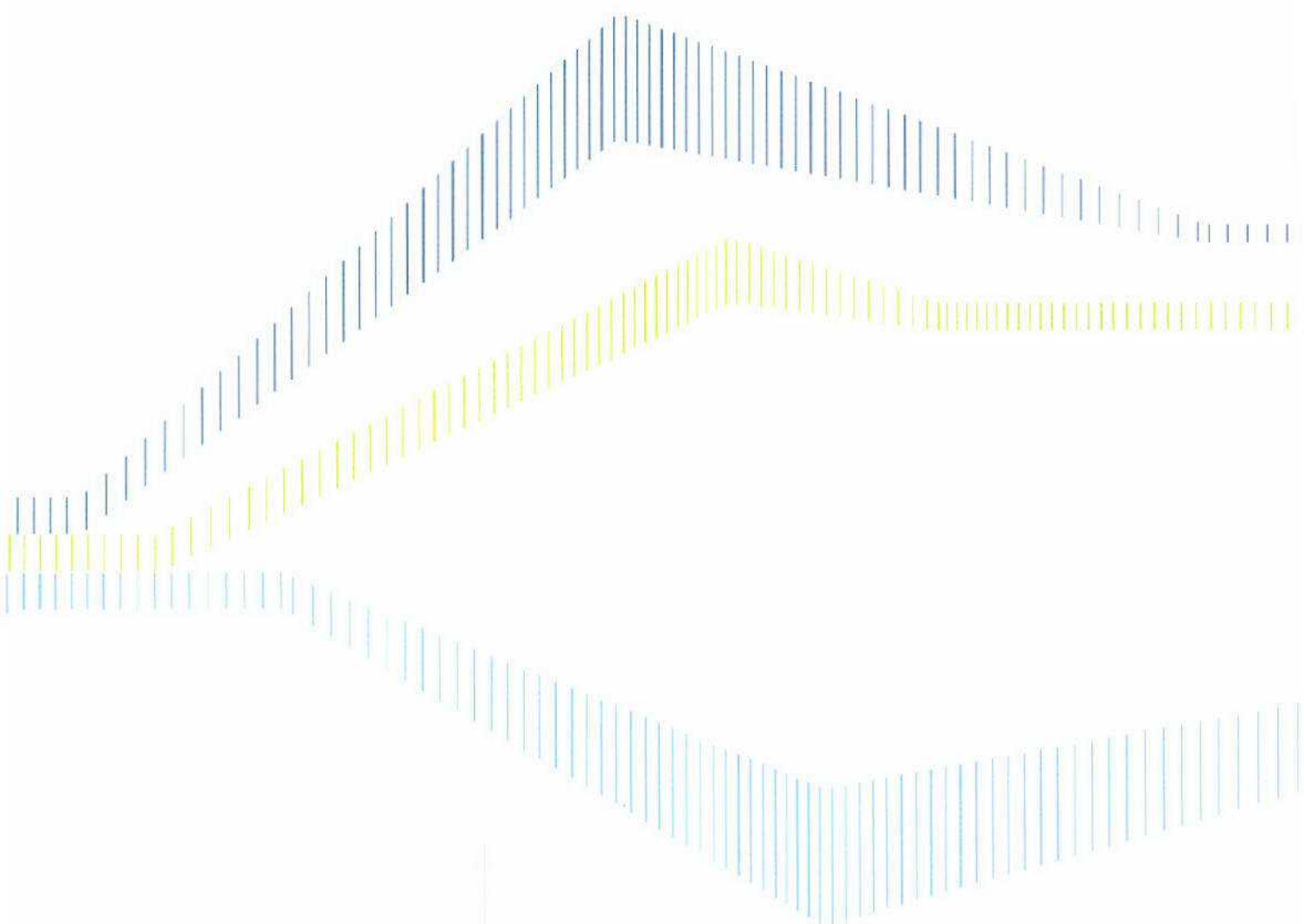
Siemens provides beach hut for picnic of orphan children

The Siemens beach hut was provided for picnic for the children of a local children's home that accommodates orphan and less privileged children. According to Sr. Dietlinde "All enjoyed the time there on the beach and had a lot of fun. It is always a special time for the children she added.

Siemens Healthcare sponsor of Shaukat Khanum Family Festival

Healthcare sector was the platinum sponsor of family festival organized by Shaukat Khanum Memorial Cancer hospital to raise funds for its new hospital in Peshawar. Over the past decades, Shaukat Khanum Memorial Cancer Hospital and Research Centre has established itself as a centre of excellence providing comprehensive care free of cost to thousands of indigent cancer patients. This pioneering, state of the art hospital located in the heart of the Punjab was founded by Imran Khan, one of Pakistan's most illustrious cricketers. As a charitable institute, it is funded predominantly from the donations of friends and well-wishers from around the country and across the world. It is now planned to establish a similar hospital in Peshawar in the north of Pakistan. The family festival was held at "Port Grand" the upscale dining and entertainment area near the port in Karachi.





Financial Report 2014

Review report to the members on statement of compliance with the code of corporate governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Siemens (Pakistan) Engineering Co. Ltd.** (the Company) for the year ended **30 September 2014** to comply with the requirements of Listing Regulation No. 35 Chapter XI of Karachi Stock Exchange Limited, Listing Regulation No. 35 Chapter XI of Lahore Stock Exchange Limited and Listing Regulation No. 35 Chapter XI of Islamabad Stock Exchange Limited, where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended **30 September 2014**.


Chartered Accountants

Date: 19 December 2014

Place: Karachi

Reference: Form 2016/1457/2014/2014/192

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (Code) contained in Regulation No. 35 of Chapter XI of Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Mr. Naeemuddin Khan
Non-executive Directors	Mr. Manzoor Ahmed Mr. Bernhard Niessing Mr. Helmut Steidle Dr. Sebastian Brachert Mr. Marco Schiffer Dr. Udo Niehage
Executive Director	Mr. Guenter Zwickl

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Two casual vacancies occurred in the Board on October 8, 2013 which was filled up by the directors on October 9, 2013.
5. 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.
6. The Board has developed a vision and 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.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by Board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with the agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Company arranges orientation course for its directors as and when needed to apprise them of their duties and responsibilities. One of the director has already acquired certification under directors training programme conducted by Pakistan Institute of Corporate Governance whereas five directors got exemption from that training vide letter reference SMD/SEI2(10)/2002 dated September 19, 2014. Remaining directors will be attending the training programme during the financial year 2015.

10. The Board has approved the appointments of Chief Financial Officer and Company Secretary, including their remuneration and terms and conditions of employment.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises of four members, all of whom are non-executive directors and the chairman of committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the Code. The Terms of Reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource & Remuneration Committee. It comprises of four members, of whom three are non-executive directors including the Chairman, who is an independent director.
18. The Board has outsourced the internal audit function to Corporate Finance Audit (CFA) department of Siemens AG who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), 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.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions which may materially affect the market price of Company's securities, was determined and intimated to the directors, employees and Stock Exchanges.
22. Material / price sensitive information has been disseminated amongst all the market participants at once through the Stock Exchanges.
23. We confirm that all other material principles enshrined in the Code have been complied with.



Bernhard Niessing
Chairman

Dubai,
December 19, 2014



Guenter Zwickl
Chief Executive Officer



Building a better
working world

Ernst & Young Ford Rhodes Siddiqui
Chartered Accountants
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Fax: +92 21 3568 1965
eyfrsh@progressive.com.pk
eyfrsh@pakistan.gov.pk

Auditors' report to the members

We have audited the annexed balance sheet of **Siemens (Pakistan) Engineering Co. Ltd.** (the Company) as at **30 September 2014** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **30 September 2014** and of the loss, its comprehensive loss, cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.


Chartered Accountants

Audit Engagement Partner's Name: Khurram Jameel

Date: 19 December 2014

Place: Karachi

Exempted from Ernst & Young Global Limited

Siemens (Pakistan) Engineering Company Limited

Balance Sheet

As at September 30, 2014

	Note	2014 (Rupees in '000)	2013
Equity and liabilities			
Share capital and reserves			
Share capital			
- Authorised		200,000	200,000
20,000,000 (2013: 20,000,000) Ordinary shares of Rs 10 each			
- Issued, subscribed and fully paid up	5	82,470	82,470
Reserves			
Capital	6	624,192	624,192
Revenue	6	3,081,957	3,758,042
		3,706,149	4,382,234
		3,788,619	4,464,704
Non-current liabilities			
Retention money		10,765	33,553
Other non-current liabilities		17,201	18,730
		27,966	52,283
Current liabilities			
Trade and other payables	7	6,287,720	6,832,835
Provisions	8	914,075	1,585,770
Short-term borrowings	9	2,186,713	2,618,391
Taxation - net	10	952,941	1,232,188
		10,341,449	12,269,184
		10,369,415	12,321,467
Contingencies and commitments			
	11		
Total equity and liabilities		14,158,034	16,786,171
Assets			
Non-current assets			
Fixed assets			
Property, plant and equipment	12	562,824	1,383,047
Intangible assets	13	585	16,376
		563,409	1,399,423
Long-term loans and trade receivables	15	175,711	398,201
Long-term deposits and prepayments		20,023	9,304
Deferred tax asset	16	1,453,995	1,555,669
		2,213,138	3,362,597
Current assets			
Inventories	17	2,317,235	2,085,208
Trade receivables	18	4,233,194	6,099,401
Due against construction work in progress	19	3,297,991	3,999,116
Loans and advances	20	41,832	85,037
Deposits and short-term prepayments	21	116,977	147,668
Other receivables	22	254,283	343,441
Cash and bank balances	23	1,052,992	663,703
		11,314,504	13,423,574
Non-current assets classified as held for sale	24	630,392	-
Total assets		14,158,034	16,786,171

The annexed notes 1 to 48 form an integral part of these financial statements.


Guenter Zwickl
Chief Executive


Bernhard Niessing
Director

Siemens (Pakistan) Engineering Company Limited

Profit and Loss Account

For the year ended September 30, 2014

	Note	2014 (Rupees in '000)	2013
Net sales and services	25	9,781,082	13,039,194
Cost of sales and services	26	(9,076,372)	(12,711,537)
Gross profit		704,710	327,657
Marketing and selling expenses	27	(516,403)	(773,436)
General administrative expenses	28	(237,442)	(202,489)
		(753,845)	(975,925)
Other income	29	90,261	85,589
Other operating expenses	29	-	3,093
Net other operating income		90,261	88,682
Operating profit / (loss)		41,126	(559,586)
Financial income	30	6,287	13,106
Financial expenses	30	(282,066)	(274,379)
Net finance costs		(275,779)	(261,273)
Loss before tax		(234,653)	(820,859)
Income tax	31	(289,142)	(154,084)
Net loss for the year		(523,795)	(974,943)
Basic and diluted loss per share (Rupees)	32	(63.51)	(118.22)

The annexed notes 1 to 48 form an integral part of these financial statements


Guenter Zwickl
Chief Executive


Bernhard Niessing
Director

Siemens (Pakistan) Engineering Company Limited

Statement of Comprehensive Income

For the year ended September 30, 2014

	2014	2013
	(Rupees in '000)	
Net loss for the year	(523,795)	(974,943)
Other comprehensive income / (loss) for the year not to be reclassified to profit and loss in subsequent period:		
Recognition of remeasurement gain / (loss) on defined benefit plan	18,676	(97,452)
Deferred tax on remeasurement (gain) / loss on defined benefit plan	(6,025)	6,359
	12,651	(91,093)
Total comprehensive loss for the year	(511,144)	(1,066,036)

The annexed notes 1 to 48 form an integral part of these financial statements.



Guenter Zwickl
Chief Executive



Bernhard Niessing
Director

Siemens (Pakistan) Engineering Company Limited

Cash Flow Statement

For the year ended September 30, 2014

	Note	2014 (Rupees in '000)	2013
Cash flows from operating activities			
Cash generated from operations	33	1,817,528	1,226,589
Payment to gratuity fund		(50,639)	(105,588)
Financial expenses paid		(293,862)	(245,472)
Income tax paid		(472,740)	(323,283)
Net cash generated from operating activities		1,000,287	552,246
Cash flows from investing activities			
Capital expenditure		(44,998)	(68,246)
Proceeds from sale of property, plant and equipment		29,324	39,685
Financial income received		1,295	8,805
Net cash used in investing activities		(14,379)	(19,756)
Cash flows from financing activities			
Dividends paid		(164,941)	(989,644)
Short term loans - net		(323,520)	1,750,000
Net cash (used in) / generated from financing activities		(488,461)	760,356
Net increase in cash and cash equivalents		497,447	1,292,846
Cash and cash equivalents at beginning of the year		(204,688)	(1,497,534)
Cash and cash equivalents at end of the year	34	292,759	(204,688)

The annexed notes 1 to 48 form an integral part of these financial statements.



Guenter Zwickl
Chief Executive



Bernhard Niessing
Director

Statement of Changes in Equity

For the year ended September 30, 2014

	Issued, subscribed and paid up share capital	Capital reserves			Revenue reserves			Total
		Share premium	Capital repurchase reserve account	Other capital reserve	General reserves	Remeasurement loss on defined benefit plan	Accumulated profit / (loss)	
	(Rupees in '000)							
Balance as at September 30, 2012	82,470	619,325	567	4,300	4,523,026	(170,813)	1,461,509	6,520,384
Final dividend @ Rs 120 per Ordinary share of Rs 10 each for the year ended September 30, 2012	-	-	-	-	-	-	(989,644)	(989,644)
Net loss for the year ended September 30, 2013	-	-	-	-	-	-	(974,943)	(974,943)
Other comprehensive loss for the year	-	-	-	-	-	(91,093)	-	(91,093)
Total comprehensive loss for the year	-	-	-	-	-	(91,093)	(974,943)	(1,066,036)
Balance as at September 30, 2013	82,470	619,325	567	4,300	4,523,026	(261,906)	(503,078)	4,464,704
Final dividend @ Rs 20 per Ordinary share of Rs 10 each for the year ended September 30, 2013	-	-	-	-	-	-	(164,941)	(164,941)
Net loss for the year ended September 30, 2014	-	-	-	-	-	-	(523,795)	(523,795)
Other comprehensive income for the year	-	-	-	-	-	12,651	-	12,651
Total comprehensive loss for the year	-	-	-	-	-	12,651	(523,795)	(511,144)
Balance as at September 30, 2014	82,470	619,325	567	4,300	4,523,026	(249,255)	(1,191,814)	3,788,619

The annexed notes 1 to 48 form an integral part of these financial statements.


Guenter Zwickl
Chief Executive


Bernhard Niessing
Director

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 the Karachi, Islamabad and Lahore Stock Exchanges. 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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the 'historical cost' convention except 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 approved accounting standards 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 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:

- Warranty obligations (note 3.2)
- Provision for liquidated damages (note 3.2)
- Method of depreciation and amortisation, residual values and useful lives of property, plant and equipment and intangible assets (note 3.4 and 3.5 respectively)
- Impairment on property, plant and equipment and intangible assets (note 3.4 and 3.5)
- Provisions against inventories, doubtful receivables and construction work in progress (notes 3.9, 3.10 and 3.11 respectively)
- Actuarial assumptions for the gratuity scheme and provision thereagainst (note 7.1)
- Provision for taxation and deferred taxation (note 3.7)
- Cost of completion of contracts in progress and their results (note 3.6)
- Expected outcome of litigations involving the Company (note 11.1).

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 except expatriates. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuation carried out annually under the Projected Unit Credit method. Remeasurement gains / losses are recognised directly to equity through statement of Other Comprehensive Income (OCI) and are not reclassified to profit or loss in subsequent period.

3.1.2 Defined Contribution Plan

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

3.2 Provisions

A provision is recognised in the balance sheet when the Company has legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Various contracts entered into by the Company include provisions whereby liquidated damages may be imposed in case of delay in completion of the sales or construction contracts. These damages are generally levied in case the delay is considered to be on account of factors under Company's control. The Company makes provision for these liquidated damages based on an analysis of various factors resulting in delays / estimated delays. The imposition of actual liquidated damages is subject to negotiations and, in certain cases, based on fresh analysis of the factors affecting the delay, these damages may not be imposed or may be higher than the amount provided.

The 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.

3.3 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 profit and loss in the period in which they are incurred.

3.4 Property, plant and equipment

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

Capital work in progress are transferred to the respective items of property, plant and equipment on becoming available for intended use.

Depreciation is charged to profit and loss account applying the straight line method whereby the cost of an asset is written off over its estimated useful life. Depreciation on additions is charged from the month in which 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.

3.5 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.

3.6 Impairment

3.6.1 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.

3.6.2 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 profit and loss account, for the amount by which an asset's carrying amount exceeds its recoverable amount.

3.7 Taxation

3.7.1 Current

Provision for current taxation is based on taxability of certain income streams of the Company under Normal Tax Regime after taking into account tax credits and tax rebates available, if any and the remaining income streams under Final Tax Regime at the applicable tax rates. The charge for current tax includes adjustments to charge for prior years, if any. The tax charge as calculated above is compared with turnover tax under Section 113 of the Income Tax Ordinance, 2001 and whichever is higher is provided in the financial statements.

3.7.2 Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and the tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable 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 Other Comprehensive Income (OCI) / Equity is recognised directly in OCI / Equity.

3.8 Long-term receivables

Long-term loans and trade receivables are measured at amortised cost less provision for any uncollectible amounts and are discounted to their present values.

3.9 Inventories

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

Net realisable value 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.

3.10 Trade receivables

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

3.11 Due against construction work in progress

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

3.12 Cash and cash equivalents

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

3.13 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 investments and related revenue, loans and borrowings and related expenses, corporate assets, cash and bank balances 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.

3.14 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 balance sheet date. Exchange gains and losses are included in the profit and loss account. Derivative financial instruments are translated at the fair market values as at the balance sheet date.

3.15 Revenue recognition

Revenue from sale of goods are recognised when significant risks and rewards of ownership are transferred to the buyer. Service revenue is recognised over the contractual period or as and when services are rendered to customers. Commission income is recognised on receipt / acknowledged basis. Financial income is recognised as it accrues, using the effective mark-up rates.

Contract revenue and contract costs relating to long-term construction contracts are recognised as revenue and expenses respectively by reference to stage of completion of contract activity at the balance sheet date. Stage of completion of a contract is determined by applying 'cost-to-cost method' 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.

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

3.16 Financial assets and liabilities

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

3.17 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 profit and loss account.

3.18 Dividends

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

3.19 Share based payment transactions

The fair value of the amount payable 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 profit and loss account.

3.20 Operating leases / Ijarah agreements

Leases in which a significant portion of the risks and rewards of ownership is retained by the Mufir (lessor) and Ijarah agreement has been entered into are classified as Ijarah. Payments made under Ijarah are charged to profit and loss on a straight-line basis over the period of Ijarah.

3.21 Discontinued operations

A discontinued operation is a component of the Company's business that has been discontinued or disposed off or is held-for-sale. Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit and loss account is restated as if the operation had been discontinued from the start of the comparative period.

3.22 Non-current assets (or disposal group) classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets (or disposal groups) are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

3.23 Adoption of standards, amendments and interpretations effective during the year

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

IFRS 7	Financial Instruments: Disclosures (Amendments) - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities
IAS 19	Employee Benefits (Amendment)
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

Improvements to Accounting Standards issued by the IASB

IAS 1	Presentation of Financial Statements - Clarification of the requirements for comparative information
IAS 16	Property, Plant and Equipment - Clarification of Servicing Equipment
IAS 32	Financial Instruments - Presentation - Tax effects of Distribution to Holders of Equity Instruments
IAS 34	Interim Financial Reporting and Segment Information for total Assets and Liabilities

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

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

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 10	Consolidated Financial Statements	January 1, 2015
IFRS 11	Joint Arrangements	January 1, 2015
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2015
IFRS 13	Fair Value Measurements	January 1, 2015
IAS 16 & 38	Clarification of Acceptable Method of Depreciation and Amortisation	January 1, 2016
IAS 16 & 41	Agriculture: Bearer Plants	January 1, 2016
IAS 19	Employee Benefits (Amendment)	July 1, 2014
IAS 27	Separate Financial Statements	January 1, 2015
IAS 28	Investments in Associates and Joint Ventures (Revised)	January 1, 2015
IAS 32	Offsetting Financial Assets and Financial liabilities (Amendment)	January 1, 2014
IAS 36	Impairment of Assets	January 1, 2014
IAS 39	Financial Instruments: Recognition and Measurement	January 1, 2014
IFRIC 21	Leases	January 1, 2014

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 July 1, 2014. The Company expects that the adoption of the above revisions, amendments, interpretations and improvements of 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 or Interpretation		IASB Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments	January 1, 2018
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2017

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application except for IFRS 15, for which the Company is currently evaluating its impact on the financial statements.

- The Board of Directors in their meeting held on March 1, 2014 approved, in principle, the sale of the Company's Transformer business. The Board also approved, in principle, the sale of Company's Land & Buildings situated at Estate Avenue, S.I.T.E., Karachi. The sale of 'Transformer Business' and 'Land & Buildings' are subject to the final approval by the Board, shareholders, as well as to any other applicable regulatory approvals. Since the criteria stated in IFRS-5 have not been fully met, accordingly, the 'Transformer Business' as well as subject 'Land & Buildings' have not been classified and presented as 'Held for Sale' in these financial statements.

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

Ordinary shares of Rs 10 each

2014	2013		2014	2013
(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)	Shares bought back	(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 (2013: 5,451,120 Ordinary shares) of Rs 10 each of the Company as at September 30, 2014.

5.2 Dividends and other appropriations

The Board of Directors have, in their meeting held on December 19, 2014 proposed a final cash dividend of Rs 10 per Ordinary share of Rs 10 each (2013: Rs 20 per share), amounting to Rs 82.470 million (2013: Rs 164.941 million).

5. RESERVES

	Note	2014	2013
		(Rupees in '000)	
Capital			
Share premium	6.1	619,325	619,325
Capital repurchase reserve account	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 - net of deferred taxes		(249,255)	(261,906)
Accumulated loss		(1,191,814)	(503,078)
		<u>3,081,957</u>	<u>3,758,042</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 'capital repurchase reserve account' during the year ended September 30, 2003. This reserve was created to comply with the requirements of sub-section 10 of section 95A of the Companies Ordinance, 1984.

7. TRADE AND OTHER PAYABLES

	Note	2014	2013
		(Rupees in '000)	
Trade creditors [including retention money of Rs 373.477 million (2013: Rs 439.910 million)]		2,545,700	2,868,215
Accrued liabilities		1,296,276	1,342,056
Advances from customers			
For goods		488,536	430,575
For projects and services		1,200,560	1,482,805
Staff retirement benefits - gratuity	7.1	293,212	278,920
Interest accrued on short term borrowings		17,524	29,320
Unearned portion of revenue and maintenance contracts		115,679	97,059
Workers' Welfare Fund		28,865	28,865
Unclaimed dividend		18,980	18,344
Derivative financial instruments		230	-
Withholding tax payable		12,425	12,195
Other liabilities		269,733	244,481
	7.2	<u>6,287,720</u>	<u>6,832,835</u>

7.1 Staff retirement benefits - Gratuity

The actuarial valuation of gratuity scheme was carried out on September 30, 2014. The Projected Unit Credit Method, using the following significant financial assumptions has been used for the actuarial valuation:

- Discount rate 13.50% per annum compound (2013: 13.00%).
- Expected rate of increase in salaries 13.00% per annum (2013: 13.00%).

The amounts recognised in the balance sheet are as follows:

	Note	2014	2013
		(Rupees in '000)	
Fair value of plan assets	7.1.1	235,605	312,671
Present value of defined benefit obligation	7.1.2	(528,817)	(591,591)
Deficit - recognised as liability in the balance sheet	7.1.3	<u>(293,212)</u>	<u>(278,920)</u>

7.1.1 Movement in the fair value of plan assets

Opening balance	312,671	409,152
Interest income	34,406	58,527
Contributions made by the Company	50,639	105,588
Benefits paid	(146,652)	(251,260)
Remeasurement losses	(15,459)	(9,336)
	<u>235,605</u>	<u>312,671</u>

7.1.2 Movement in the present value of defined benefit obligation

Opening balance	591,591	636,887
Current service cost	50,639	48,588
Interest expense	67,374	69,260
Benefits paid	(146,652)	(251,260)
Remeasurement (gains) / losses	(34,135)	88,116
	<u>528,817</u>	<u>591,591</u>

7.1.3 Movement in net liability in the balance sheet is as follows:

	Note	2014	2013
		(Rupees in '000)	
Opening balance of liability		(278,920)	(227,735)
Expense recognised for the year	7.1.4	(83,607)	(59,321)
Contributions made by the Company		50,639	105,588
Net remeasurement gains / (losses) for the year recognised in OCI		18,676	(97,452)
		<u>(293,212)</u>	<u>(278,920)</u>

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

Current service cost	50,639	48,588
Interest expense	67,374	69,260
Interest income on plan assets	(34,406)	(58,527)
	<u>83,607</u>	<u>59,321</u>

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

	2014	2013
	----- % -----	
Debt instruments	92	91
Cash and cash equivalents	8	9
	<u>100</u>	<u>100</u>

7.1.6 Sensitivity analysis for actuarial assumption

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

Assumption	Impact on defined benefit obligation	
	0.5% increase	0.5% decrease
	(Rupees in '000)	
Effect of change in discount rate	(20,435)	21,936
Effect of change in future salary increases	<u>21,936</u>	<u>(20,610)</u>

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

7.1.8 As per the recommendation of the actuary, the Company plans to contribute Rs 46.705 million to the gratuity fund during the year 2015.

7.2 These include sums, aggregating to Rs 1,688.289 million (2013: Rs 1,621.505 million), due to related parties.

8. PROVISIONS

	Warranties	Liquidated damages	Losses on sales contracts	Total
	----- (Rupees in '000) -----			
Balance at beginning of the year	554,750	328,762	702,258	1,585,770
Additional provision	137,674	167,730	26,890	332,294
Cost incurred / imposed	(124,041)	(87,281)	(347,465)	(558,787)
Reversal of unutilised amounts	(115,880)	(145,481)	(183,841)	(445,202)
Balance at end of the year	<u>452,503</u>	<u>263,730</u>	<u>197,842</u>	<u>914,075</u>

9. SHORT-TERM BORROWINGS

		2014	2013
	Note	(Rupees in '000)	
Short-term loans			
Secured	9.1	1,426,480	1,750,000
Short-term running finances			
Unsecured - from related party	9.2	236,835	644,590
Secured - from others	9.3	523,398	223,801
		760,233	868,391
		<u>2,186,713</u>	<u>2,618,391</u>

- 9.1 This represents loans obtained from a bank in Pakistan at mark-up rates ranges between 10% and 10.42% (2013: 9.17%) per annum for periods of six months and are secured against the joint hypothecation of inventories and present and future trade receivables.
- 9.2 This facility is available from Siemens Financial Services (SFS) of Siemens AG, utilised in respect of the projects being undertaken in the United Arab Emirates (UAE). The interest on this facility ranges between 0.68% and 0.80% per annum (2013: 0.54% and 1.21% per annum).
- 9.3 These facilities available from various banks in Pakistan aggregated to Rs 3,174 million (2013: Rs 2,850 million). The mark-up on these facilities ranges between 9.66% and 10.76% per annum (2013: 9.22% and 11.04% per annum). These facilities are secured against the joint hypothecation of inventories and present and future trade receivables.

9.4 Outstanding letters of credit and guarantees

	2014	2013
	(Rupees in '000)	
(i) Outstanding Letters of credit		
- limit	1,616,342	1,909,000
- unutilised portion	<u>1,552,807</u>	<u>1,583,812</u>
(ii) Outstanding Guarantees		
- limit	7,162,400	8,048,000
- unutilised portion	<u>2,243,107</u>	<u>2,744,237</u>

10. TAXATION - Net

Provision for taxation	1,917,824	2,000,634
Advance tax	<u>(964,883)</u>	<u>(768,446)</u>
	<u>952,941</u>	<u>1,232,188</u>

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

The Company is defending various suits filed against it in various courts in Pakistan for sums, aggregating to Rs 197.124 million (2013: Rs 197.839 million), related to its business operations. The Company's management is confident, based on the advice of its legal advisors, that these suits will be decided in Company's favour and, accordingly, no provision has been made for any liability against these law suits in these financial statements.

11.2 Commitments

- (i) As at September 30, 2014 capital expenditure contracted for but not incurred amounted to Rs 5.386 million (2013: Rs 10.490 million).
- (ii) Post dated cheques issued to the Collector of Customs against import duty was Rs 59.644 million (2013: Rs 65.762 million).
- (iii) The Company has entered into lease arrangements for vehicles with a commercial bank. The aggregate amount of commitments against these arrangements as at September 30, 2014 are as follows:

	2014	2013
	(Rupees in '000)	
- Not later than one year	25,453	5,930
- Later than one year but not later than five years	62,228	16,269
	<u>87,681</u>	<u>22,199</u>

12. PROPERTY, PLANT AND EQUIPMENT

	Note	2014 (Rupees in '000)	2013 (Rupees in '000)
Operating assets	12.1	562,608	1,379,476
Plant, machinery and equipment under installation		216	3,571
		<u>562,824</u>	<u>1,383,047</u>

12.1 Operating assets

2014	As at October 1, 2013				During the year ended September 30, 2014					As at September 30, 2014				
	Cost	Accumulated depreciation	Accumulated impairment	Net book value	Additions (deletions)	*Transferred to non-current assets (classified as held for sale (note 24))	Depreciation (on deletions)/ (on transfer)	Impairment	Net book value of disposals	Cost	Accumulated depreciation	Accumulated impairment	Net book value	Depreciation rates as a % of cost
(Rupees in '000)														
Leasehold land	597,160	-	-	597,160	-	(544,311) *	-	-	-	53,149	-	-	53,149	-
Buildings on leasehold land	441,145	147,984	-	293,161	-	(108,457) *	11,755 (1,25)	-	-	332,563	137,356	-	195,205	25 & 10
Plant and machinery	1,074,198	66,579	27,991	888,454	5,027 (1,510)	(1,284) *	75,656 (1,273)	72,936	237	1,076,491	731,062	105,927	239,442	10, 20, 25 & 100
Furniture and fixtures	152,027	133,812	435	17,780	5,399 (11,589)	-	11,419 (11,273)	510	316	145,833	133,976	985	10,870	20, 25, 33.33 & 100
Office equipment	166,412	152,930	-	13,482	29,276 (40,372)	-	15,523 (39,892)	-	180	155,616	128,563	-	27,053	20, 33.33 & 100
Vehicles	273,674	220,799	42	52,833	3,900 (57,473)	-	74,481 (64,104)	(10)	8,369	210,101	181,276	32	28,793	25 & 50
Tools and patterns	251,115	234,225	283	16,606	4,755 (18,365)	-	10,834 (18,953)	2,420	6	236,305	226,100	2,709	8,096	50 & 100
	<u>2,955,731</u>	<u>1,547,504</u>	<u>28,751</u>	<u>1,379,476</u>	<u>48,353 (139,734)</u>	<u>(653,752) *</u>	<u>149,819 (135,626) (23,362) *</u>	<u>80,902</u>	<u>4,108</u>	<u>2,210,558</u>	<u>1,538,337</u>	<u>109,653</u>	<u>562,608</u>	
2013														
2013	As at October 1, 2012				During the year ended September 30, 2013					As at September 30, 2013				
	Cost	Accumulated depreciation	Accumulated impairment	Net book value	Additions (deletions)	Transferred to non-current assets (classified as held for sale (note 24))	Depreciation (on deletions)/ (on transfer)	Impairment (on deletion) *	Net book value of disposals	Cost	Accumulated depreciation	Accumulated impairment	Net book value	Depreciation rates as a % of cost
(Rupees in '000)														
Leasehold land	597,160	-	-	597,160	-	-	-	-	-	597,160	-	-	597,160	-
Buildings on leasehold land	441,145	135,162	-	304,983	-	-	11,822	-	-	441,145	147,984	-	293,161	25 & 10
Plant and machinery	1,113,749	670,792	16,380	426,562	7,571 (47,612)	-	76,593 (35,632)	11,611	7,875	1,074,198	697,753	27,991	388,454	10, 20, 25 & 100
Furniture and fixtures	168,579	142,544	1,009	24,465	6,156 (22,808)	-	12,394 (21,126)	(1,234)	1,683	152,027	133,812	435	17,780	20, 25, 33.33 & 100
Office equipment	199,258	179,856	-	19,402	9,324 (42,370)	-	11,286 (42,211)	-	159	166,412	152,930	-	13,482	20, 33.33 & 100
Vehicles	334,758	249,265	6,254	79,239	25,722 (86,806)	-	33,275 (61,721)	(95)	18,968	273,674	220,799	42	52,833	25 & 50
Tools and patterns	254,155	224,805	324	28,426	1,678 (4,718)	-	11,899 (4,478)	(641)	240	251,115	234,225	283	16,606	50 & 100
	<u>3,108,894</u>	<u>1,553,409</u>	<u>25,227</u>	<u>1,530,258</u>	<u>51,351 (294,214)</u>	<u>-</u>	<u>163,268 (169,173)</u>	<u>9,641 (6,112) *</u>	<u>29,924</u>	<u>2,955,731</u>	<u>1,547,504</u>	<u>28,751</u>	<u>1,379,476</u>	

12.2 Property, plant and equipment include items, having an aggregate cost of Rs 938.439 million (2013: Rs 857.384 million), which have been fully depreciated and are still in use of the Company.

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

	Original cost	Accumulated depreciation and impairment	Net book value	Sale proceeds	Mode of disposal	Name and address of purchaser
	(Rupees in ,000)					
Buildings on leasehold land						
Items with book value below Rs 50,000 each	125	125	-	-	Scrap	
	125	125	-	-		
Plant and machinery						
Trolley with Breaker System	176	88	88	-	Scrap	
Items with book value below Rs 50,000 each	1,334	1,185	149	417	Various	Various
	1,510	1,273	237	417		
Furniture and fixtures						
Items with book value below Rs 50,000 each	11,589	11,273	316	528	Various	Various
	11,589	11,273	316	528		
Office equipment						
Laptop	76	23	53	-	Company Policy	Mr. Mehtabuddin - Ex employee
Laptop	90	30	60	-	Scrap	
Items with book value below Rs 50,000 each	39,906	39,839	67	320	Various	Various
	40,072	39,892	180	320		
Vehicles						
Car	1,879	1,801	78	470	Company Policy	Mr. Mohammad Rafi - Ex employee
Car	2,113	836	1,277	1,233	Company Policy	Mr. Samiullah Siddiqui - Ex employee
Car	2,058	943	1,115	1,115	Company Policy	Mr. Iqbal Khan - Ex employee
Van	3,050	2,478	572	2,025	Auction	Haji Sher Mohammad - Goth Jatoi Hebat Kacho Kandhkot
Van	3,050	2,732	318	1,720	Auction	Mr. Rizwan Hafeez But- H.# 13/E, Sui Gas Officer Colony, DHA, Lahore Cantt
Items with book value below Rs 50,000 each	55,323	55,314	9	21,496	Various	Various
	67,473	64,104	3,369	28,059		
Tools and patterns						
Items with book value below Rs 50,000 each	18,965	18,959	6	-	Various	Various
	18,965	18,959	6	-		
September 30, 2014	139,734	135,626	4,108	29,324		
September 30, 2013	204,214	175,290	28,924	39,685		

13.	INTANGIBLE ASSETS	Note	2014 (Rupees in '000)	2013
	Software	13.1	385	736
	Software under development		200	15,640
			<u>585</u>	<u>16,376</u>

13.1 Software

	As at October 1, 2013			During the year ended September 30, 2014			As at September 30, 2014			Amortisation rate as a % of cost
	Cost	Accumulated amortisation	Net book value	Additions / (write off)	Amortisation / (on write off)	Net book value of scrap	Cost	Accumulated amortisation	Net book value	
	(Rupees in '000)									
2014	87,838	87,102	736	(5,787)	351 (5,787)	-	82,051	81,666	385	33.33
2013	87,797	87,016	781	250 (209)	295 (209)	-	87,838	87,102	736	33.33

13.2 Intangible assets include items, having an aggregate cost of Rs 81.013 million (2013: Rs 86.799 million), which have been fully amortised and are still in use of the Company.

14. Depreciation and amortisation have been allocated as follows:

	Note	Depreciation	Amortisation	2014 Total	2013 Total
		(Rupees in '000)			
Cost of sales	26.1	117,486	305	117,791	126,186
Marketing and selling expenses	27	22,949	28	22,977	28,667
General administrative expenses	28	9,384	18	9,402	8,710
		<u>149,819</u>	<u>351</u>	<u>150,170</u>	<u>163,563</u>

15. LONG-TERM LOANS AND TRADE RECEIVABLES

	Note	2014 (Rupees in '000)	2013
Loans			
Considered good - secured		890	591
Due from non executive employees			
Receivable within one year shown under			
current assets	20	(736)	(270)
Long term portion		154	321
Discounting to present value		(92)	(73)
		<u>62</u>	<u>248</u>
Trade receivables			
Considered good		190,472	409,764
Considered doubtful		12,433	155,107
		<u>202,905</u>	<u>564,871</u>
Provision for doubtful trade receivables		(12,433)	(155,107)
Discounting to present value		(14,823)	(11,811)
		<u>175,649</u>	<u>397,953</u>
		<u>175,711</u>	<u>398,201</u>

16.	DEFERRED TAX ASSET		2014	2013
			(Rupees in '000)	
	Debit / (credit) balances arising in respect of:			
	Unadjusted tax losses / tax credits		687,442	633,289
	Provisions		712,924	899,388
	Remeasurement loss on defined benefit plan		80,635	86,968
	Discounting of long-term receivables		3,828	3,101
	Accelerated tax depreciation and amortisation		(30,834)	(67,077)
			<u>1,453,995</u>	<u>1,555,669</u>
16.1	The Company has not recognised deferred tax asset of Rs 232.923 million (2013: nil) in respect of minimum tax in these financial statements. Minimum tax amounting to Rs 51.985 million, Rs 102.753 million and Rs 78.185 million will expire in 2017, 2018 and 2019 respectively.			
17.	INVENTORIES		2014	2013
			(Rupees in '000)	
	Raw materials and components		1,198,940	886,892
	Work-in-process		912,007	675,628
	Finished goods		677,084	568,301
		17.1	2,788,031	2,130,821
	Provision for slow moving and obsolete items		(566,935)	(410,369)
			<u>2,221,096</u>	<u>1,720,452</u>
	Goods-in-transit		96,139	364,756
			<u>2,317,235</u>	<u>2,085,208</u>
17.1	These include items, costing Rs 727.403 million (2013: Rs 269.796 million) valued at their net realisable value of Rs 562.076 million (2013: Rs 202.881 million).			
18.	TRADE RECEIVABLES		2014	2013
			(Rupees in '000)	
	Considered good			
	Due from related parties	18.1	10,523	50,439
	Due from others		4,222,671	6,048,962
			<u>4,233,194</u>	<u>6,099,401</u>
	Considered doubtful - others		1,079,519	1,058,302
			<u>5,312,713</u>	<u>7,157,703</u>
	Provision for doubtful receivables		(1,079,519)	(1,058,302)
			<u>4,233,194</u>	<u>6,099,401</u>
18.1	Represents amounts due from Rousch (Pakistan) Power Limited.			
18.2	For ageing analysis and movement of provision, refer note 43.2.			

19.	DUE AGAINST CONSTRUCTION WORK IN PROGRESS	Note	2014 (Rupees in '000)	2013
	Considered good		3,297,991	3,999,116
	Considered doubtful		120,432	97,909
			<u>3,418,423</u>	<u>4,097,025</u>
	Provision for doubtful construction work in progress		(120,432)	(97,909)
			<u>3,297,991</u>	<u>3,999,116</u>
20.	LOANS AND ADVANCES			
	Considered good			
	Current portion of loans due from non-executive employees	15	736	270
	Advances to:			
	Suppliers		31,632	78,701
	Executive employees		2,623	70
	Non-executive employees		6,841	5,996
			<u>41,096</u>	<u>84,767</u>
			<u>41,832</u>	<u>85,037</u>
21.	DEPOSITS AND SHORT-TERM PREPAYMENTS			
	Deposits			
	Considered good		96,032	132,210
	Considered doubtful		24,109	34,657
			<u>120,141</u>	<u>166,867</u>
	Provision for doubtful deposits		(24,109)	(34,657)
			<u>96,032</u>	<u>132,210</u>
	Prepayments		20,945	15,458
			<u>116,977</u>	<u>147,668</u>
22.	OTHER RECEIVABLES			
	Considered good			
	Sales tax refundable		94,522	119,976
	Interest accrued		20,265	15,273
	Derivative financial instruments		-	1,099
	Others		139,496	207,093
			<u>254,283</u>	<u>343,441</u>
	Considered doubtful			
	Sales tax refundable		51,772	51,772
	Others		135,125	47,728
			<u>186,897</u>	<u>99,500</u>
	Provision against doubtful other receivables		(186,897)	(99,500)
			<u>254,283</u>	<u>343,441</u>

23. CASH AND BANK BALANCES

	Note	2014 (Rupees in '000)	2013
With banks in			
Current accounts		462,883	505,850
Deposit account	23.1	191,909	-
		654,792	505,850
Cheques in hand		396,946	154,903
Cash in hand		1,254	2,950
		<u>1,052,992</u>	<u>663,703</u>

23.1 The rate of mark-up on this account is 7% per annum (2013: nil).

24. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Subject to Board of Directors, Shareholders and regulatory approvals, the Company is to sell its lands and buildings located at Sector I-9/4, Islamabad, Pakistan, to potential purchasers identified by the consultant, engaged by the Company. The intended sale of the land and building is expected to be completed by June 30, 2015. Accordingly, in accordance with the requirements of IFRS-5, the same has been reclassified from 'property, plant and equipment' at the written down value of Rs 630.392 million as 'non-current assets classified as held for sale' in these financial statements. The breakup of assets classified as held for sale is as follows:

	Note	2014 (Rupees in '000)	2013
Leasehold land		544,011	-
Buildings on leasehold land		86,201	-
Plant and machinery associated with buildings		180	-
	12.1	<u>630,392</u>	<u>-</u>

25. NET SALES AND SERVICES

Execution of contracts	- outside Pakistan	1,157,327	1,892,413
	- local	2,716,227	3,642,626
		3,873,554	5,535,039
Sale of goods	- outside Pakistan	3,941	29,311
	- local	4,828,581	6,735,821
		4,832,522	6,765,132
Rendering of services	- outside Pakistan	209,182	258,030
	- local	865,824	480,993
		1,075,006	739,023
		9,781,082	13,039,194
Sales Tax		1,424,411	1,212,269
Gross sales and services		11,205,493	14,251,463
Sales tax		(1,424,411)	(1,212,269)
		<u>9,781,082</u>	<u>13,039,194</u>

26. COST OF SALES AND SERVICES

Opening inventory of finished goods	17	568,301	1,285,033
Cost of goods manufactured and services rendered	26.1	8,475,659	11,371,195
Finished goods purchased		709,496	623,610
		9,753,456	13,279,838
Closing inventory of finished goods	17	(677,084)	(568,301)
		<u>9,076,372</u>	<u>12,711,537</u>

26.1 Cost of goods manufactured and services rendered

	Note	2014 (Rupees in '000)	2013
Opening inventories			
Raw materials and components	17	886,892	1,326,168
Work-in-process	17	675,628	1,046,251
Goods-in-transit	17	364,756	6,966
		1,927,276	2,379,385
Purchase of goods and services		5,885,217	7,258,656
Salaries, wages and employees welfare expenses		1,555,558	1,941,920
Gratuity		51,623	39,676
Provident fund contribution		24,847	30,714
Royalty		20,752	43,891
Commission		10,051	19,190
Fuel, power and water		200,164	210,868
Repairs and maintenance		116,205	86,538
Rent, rates and taxes		123,275	123,050
Vehicle lease rentals		7,031	838
Provision for liquidated damages		22,249	143,561
(Reversal of provision) / provision for warranty		(108,182)	73,825
(Reversal of provision) / provision for losses on sales contracts		(156,950)	662,070
Insurance		52,368	43,404
Provision / (reversal of provision) for slow moving and obsolete items of inventories-net		156,566	(133,164)
Inventories written off		10,042	-
IT, networking and data communication		102,099	105,263
Depreciation and amortisation	14	117,791	126,186
Impairment on property, plant and equipment	12.1	80,902	14,816
Travelling and conveyance		175,954	164,710
Transportation		80,573	107,712
Stationery, telex and telephone		30,104	37,930
Security		53,878	30,350
Exchange loss / (gain) - net		119,347	(114,595)
Legal and professional charges		17,777	9,945
Bank charges		31,543	29,367
Others		42,145	61,943
		10,750,205	13,498,049
Closing inventories			
Raw materials and components	17	(1,198,940)	(886,892)
Work-in-process	17	(912,007)	(675,628)
Goods-in-transit	17	(96,139)	(364,756)
		(2,207,086)	(1,927,276)
		8,543,119	11,570,773
Sale of scrap		(67,460)	(199,578)
		8,475,659	11,371,195

27. MARKETING AND SELLING EXPENSES

	Note	2014	2013
		(Rupees in '000)	
Salaries and employees welfare expenses		357,951	466,597
Gratuity		25,405	16,656
Provident fund contribution		11,669	12,550
Fuel, power and water		30,392	33,827
Repairs and maintenance		15,475	15,871
Rent, rates and taxes		13,877	13,503
Vehicle lease rentals		8,544	837
Advertising and sales promotion		34,431	27,510
Insurance		13,968	9,377
(Reversal of provision) / provision for doubtful trade receivables - net		(64,542)	152,718
Provision for doubtful construction work in progress		22,523	9,374
Provision for doubtful deposits and other receivables- net		78,921	7,753
Discounting of long-term loans and trade receivables		3,031	(22,272)
IT, networking and data communication		28,975	32,141
Depreciation and amortisation	14	22,977	28,667
Impairment on property, plant and equipment		-	6,208
Travelling and conveyance		49,797	48,816
Transportation		1,014	257
Stationery, telex and telephone		11,642	13,158
Security		4,411	4,241
Legal and professional charges		20,600	6,155
Bank charges		2,574	11,178
Others		29,425	15,387
		<u>723,060</u>	<u>910,509</u>
Commission income		(205,171)	(129,374)
Sale of scrap		(1,486)	(7,699)
		<u>516,403</u>	<u>773,436</u>

28. GENERAL ADMINISTRATIVE EXPENSES

Salaries and employees welfare expenses		119,718	114,586
Gratuity		6,579	2,989
Provident fund contribution		3,424	2,506
Fuel, power and water		7,725	7,993
Repairs and maintenance		8,230	4,257
Rent, rates and taxes		4,526	2,587
Vehicle lease rentals		2,539	131
Insurance		1,272	1,019
IT, networking and data communication		18,046	15,076
Auditors' remuneration	35	5,132	5,355
Depreciation and amortisation	14	9,402	8,710
Impairment on property, plant and equipment		-	113
Travelling and conveyance		11,421	10,668
Transportation		-	19
Stationery, telex and telephone		3,460	3,016
Security		2,285	1,792
Legal and professional charges		6,262	2,621
Bank charges		1,521	1,596
Others		26,070	18,014
		<u>237,612</u>	<u>203,048</u>
Sale of scrap		(170)	(559)
		<u>237,442</u>	<u>202,489</u>

	2014	2013
	(Rupees in '000)	
29. OTHER INCOME AND OTHER OPERATING EXPENSES		
Gain on sale of property, plant and equipment	25,216	10,761
Liabilities written back	63,147	72,336
Rental income	1,898	2,492
Other income	90,261	85,589
Reversal of provision for Workers' Profits Participation Fund	—	(3,093)
Other operating expenses	—	(3,093)
Net other operating income	90,261	88,682
30. FINANCIAL INCOME AND EXPENSES		
Interest on trade and other receivables	4,992	4,992
Income on amounts placed with banks under deposit accounts and TDRs	1,295	8,114
Financial income	6,287	13,106
Interest on short-term borrowings	237,255	186,689
Interest on trade and other payables	12,918	14,706
Commission on guarantees	31,893	72,984
Financial expenses	282,066	274,379
Net finance costs	(275,779)	(261,273)
31. INCOME TAX		
Current		
For the year	193,494	196,748
For prior years	—	70,300
	193,494	267,048
Deferred	95,648	(112,964)
	289,142	154,084
31.1	During the year, provision for current tax is based on minimum tax. Accordingly, tax reconciliation is not presented in these financial statements.	
32. BASIC AND DILUTED LOSS PER SHARE	2014	2013
	(Rupees in '000)	
There is no dilutive effect on the basic earnings per share of the Company, which is based on:		
Loss for the year	(523,795)	(974,943)
	(No. of shares)	
Weighted average number of Ordinary shares	8,247,037	8,247,037
	(Rupees)	
Basic and diluted loss per share	(63.51)	(118.22)

	Note	2014	2013
		(Rupees in '000)	
33. CASH GENERATED FROM OPERATIONS			
Loss before tax for the year		(234,653)	(820,859)
Adjustment for non-cash expenses:			
Depreciation and amortisation		150,170	163,563
Impairment on property, plant and equipment		80,902	21,137
Provision / (reversal of provision) for slow moving and obsolete items of inventories-net		156,566	(133,164)
(Reversal of provision) / provision for doubtful trade receivables - net		(64,542)	152,718
Provision for doubtful construction work in progress		22,523	9,374
Provision for doubtful deposits and other receivables- net		78,921	7,753
Reversal of provision for Workers' Profits Participation Fund		-	(3,093)
Discounting of long-term loans and trade receivables		3,031	(22,272)
Gain on sale of property, plant and equipment		(25,216)	(10,761)
Liabilities written back		(63,147)	(72,336)
Gratuity		83,607	59,321
Financial expenses		282,066	274,379
Financial income		(6,287)	(13,106)
Adjustment for other items:			
Long-term loans and trade receivables		362,133	346,346
Long-term deposits and prepayments		(10,719)	(4,032)
Retention money payable		(22,788)	(1,076)
Other non-current liabilities		(1,529)	(7,372)
Working capital changes	33.1	1,026,490	1,280,069
		<u>1,817,528</u>	<u>1,226,589</u>
33.1 Working capital changes			
(Increase) / decrease in current assets			
Inventories		(388,593)	1,033,365
Trade receivables		1,788,075	561,643
Due against construction work in progress		678,602	(725,590)
Loans and advances		43,205	4,732
Deposits and short term prepayments		41,239	(5,726)
Other receivables		4,681	(60,551)
		<u>2,167,209</u>	<u>807,873</u>
Increase / (decrease) in current liabilities			
Trade and other payables		(469,024)	(72,798)
Provisions		(671,695)	544,994
		<u>(1,140,719)</u>	<u>472,196</u>
		<u>1,026,490</u>	<u>1,280,069</u>
34. CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	1,052,992	663,703
Short-term running finances	9	(760,233)	(868,391)
		<u>292,759</u>	<u>(204,688)</u>

35.	AUDITORS' REMUNERATION	Note	2014 (Rupees in '000)	2013
	Audit fee		3,544	3,341
	Special reports and certifications, review of half yearly interim financial statements, audits of Workers' Profits Participation Fund and Gratuity Fund		788	825
	Out of pocket expenses		800	1,189
			<u>5,132</u>	<u>5,355</u>

36. LONG-TERM CONSTRUCTION CONTRACTS

Contract revenue to date	20,411,225	51,670,358
Contract costs incurred to date	19,301,287	46,366,284
Gross profit realised to date	1,109,938	5,304,074
Advances received	1,049,096	1,260,425
Retention money receivable	1,353,396	3,382,915
Gross amount due from customers	3,775,658	4,485,451

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

37.	PROVIDENT FUND	Note	2014 (Rupees in '000)	2013
	Size of the fund		487,693	632,056
	Cost of investments made	37.1	476,567	607,840
	Percentage of investments made		98%	96%
	Fair value of investments		476,597	607,927

- 37.1 Break-up of investments in terms of amount and percentage of the size of the Fund are as follows:

	2014		2013	
	Investments (Rs '000)	% of investment as size of the fund	Investments (Rs '000)	% of investment as size of the fund
Treasury Bills	310,240	65%	525,580	87%
Pakistan Investment Bonds	133,012	28%	30,677	5%
Term Deposit Receipts	25,000	5%	-	-
Term Finance Certificates	8,315	2%	51,583	8%
	<u>476,567</u>	<u>100%</u>	<u>607,840</u>	<u>100%</u>

The financial year end of the Provident Fund of the Company is June 30 each year. The above information is based on unaudited financial statements of the Provident Fund.

Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

38. EMPLOYEES	2014	2013
Number of employees	<u>829</u>	<u>1,190</u>
Average during the year	<u>928</u>	<u>1,639</u>

39. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2014		2013	
	Chief Executive	Executives	Chief Executive	Executives
	Rupees in '000)			
Salaries and allowances - fixed	43,951	623,818	33,637	647,362
Salaries and allowances - variable including bonus	26,592	278,460	15,977	263,996
Compensation for loss of office	-	47,270	-	177,960
Retirement benefits and Company's contribution to provident fund	-	71,305	-	74,864
Perquisites and benefits:				
- Group insurance and medical / social security	3,168	11,601	2,760	10,776
- Share based benefits	1,422	2,622	125	2,156
- Long service bonus	-	552	-	8,269
House maintenance, utilities and club membership	64	1,200	3,637	399
	<u>75,197</u>	<u>1,036,828</u>	<u>56,136</u>	<u>1,185,782</u>
Number of persons	<u>1</u>	<u>314</u>	<u>1</u>	<u>357</u>

- 39.1 In addition to the above, the Chief Executive has also been provided with a Company maintained furnished accommodation and two cars alongwith security.
- 39.2 The aggregate amount charged in these financial statements in respect of directors' fee paid to two directors (2013: nine) was Rs 3 223 million (2013: Rs 3.451 million).
- 39.3 Certain executives of the Company are also provided with free use of Company's cars and Generating Sets in accordance with their entitlements.
- 39.4 The above balances include an amount of Rs 114.924 million (2013: Rs 87.467 million) on account of compensation to key management personnel, the details of which are as follows:

	2014	2013
	(Rupees in '000)	
Short-term benefits	108,254	85,603
Post-employment benefits	3,057	1,138
Other long-term benefits	344	184
Share based benefits	3,269	542
	<u>114,924</u>	<u>87,467</u>

40. SHARE BASED PAYMENTS

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:

	2014	2013
	Number of Awards	
Balance as at beginning of the year	990	2,155
Granted during the year	967	273
Paid during the year	(357)	(807)
Expired / forfeited during the year	-	(631)
Balance as at end of the year	1,600	990

Total expenses for share based benefits during the year ended September 30, 2014 was Rs 4.549 million (2013: Rs 5.379 million). The liabilities as of September 30, 2014 aggregated to Rs 5.848 million (2013: Rs 5.651 million) and is reported under accrued liabilities and other non-current liabilities.

41. 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	2014	2013
		(Rupees in '000)	
Parent company			
Sales of goods and rendering of services		312,402	209,586
Purchases of goods and receipt of services		1,760,145	1,854,637
Commission and allowances earned		94,083	68,546
Liability written back		60,567	–
Dividends paid		123,136	654,134
Associated companies			
Sales of goods and rendering of services		115,698	92,714
Purchases of goods and receipt of services		584,783	496,218
Commission and allowances earned		105,989	60,060
Financial expenses		6,635	20,689
Others			
Dividends paid		10	60
Contribution to employees' retirement benefits		123,548	151,358
Compensation to key management personnel	39.4	114,924	87,342
Sale of a vehicle		470	–

- 41.1 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.

42. **PLANT CAPACITY AND ACTUAL PRODUCTION**

	Capacity	Actual Production 2014	Actual Production 2013
Electric transformers	1,731 MVA	510 MVA	1,482 MVA
Switchgears & distribution boards	4,500 Nos.	1,895 Nos.	1,330 Nos.

- 42.1 The under utilisation is mainly attributed to reduced demand.

43. **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.

43.1 **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. In respect of anticipated future transactions, the following have been taken at the balance sheet date to hedge the foreign currency liabilities.

	2014	2013
	(Rupees in '000)	
Forward exchange contracts		
- Purchased value	22,421	405,643
- Fair value	22,191	406,608
Options		
- Purchased value	-	17,795
- Fair value	-	17,929

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

	2014	2013
	(AED in '000)	
Trade and other receivables	74,597	112,587
Cash and bank balances	837	86
Trade and other payables	(12,557)	(23,146)
Short-term running finances	(8,478)	(22,367)
	<u>54,399</u>	<u>67,160</u>

	2014	2013
	(EUR in '000)	
Trade and other receivables	3,393	2,926
Trade and other payables	(4,822)	(6,972)
	<u>(1,429)</u>	<u>(4,046)</u>

	2014	2013
	(USD in '000)	
Trade and other receivables	7,589	6,064
Cash and bank balances	4,101	4,699
Trade and other payables	(10,969)	(12,229)
	<u>721</u>	<u>(1,466)</u>

The following is the demonstration of the sensitivity to a reasonably possible change in exchange rate of all currencies applied to assets and liabilities as at September 30, 2014 represented in foreign currencies, with all other variables held constant, of the Company's loss before tax.

	2014	2013
Change in exchange rate	± 1%	1%
Effect on loss before tax (Rs '000)	± 14,003	30,877

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:

	2014	2013	2014	2013
	Effective rates (%)		(Rupees in '000)	
Financial Assets				
Cash and bank balances	7.00	—	<u>191,909</u>	<u>—</u>
Financial Liabilities				
Short-term running finances (AED)	2.45	2.59	236,835	644,590
Short-term borrowings (Rs)	10.45	10.06	<u>1,949,878</u>	<u>1,973,801</u>
			<u>2,186,713</u>	<u>2,618,391</u>

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

		2014	2013
Change in interest rate	±	1%	1%
Effect on loss before tax (Rs '000)	+	28,074	29,312

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.

43.2 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, due against construction work in progress, advances to suppliers, trade deposits and bank balances. The Company's maximum exposure to credit risk at the reporting date is as follows:

	2014	2013
	(Rupees in '000)	
Category - Loans and receivables		
Loans to employees	798	518
Advances to employees	9,464	6,066
Advances to suppliers	31,632	78,701
Trade deposits	100,801	137,026
Trade receivables	4,408,843	6,497,354
Due against construction work in progress	3,297,991	3,999,116
Other receivables	211,533	275,237
Bank balances	1,051,738	660,753
	9,112,800	11,654,771

Concentration of credit risk

The sector wise analysis of receivables including trade receivables, due against construction work in progress, advances to suppliers and trade deposits based on their gross values is given below:

	2014		2013	
	(Rupees in '000)	%	(Rupees in '000)	%
Government sector				
Energy	3,931,326	42	6,506,215	53
Communication	166,558	2	239,565	2
Health	149,667	2	166,681	1
Aviation	945,924	10	834,017	7
Housing	418,196	4	426,419	3
Civil works	182,181	2	168,757	1
Others	149,259	1	289,773	2
Sub-total	5,943,111	63	8,631,427	69
Private sector				
Energy	2,694,531	29	2,414,770	20
Banks	3,447	-	573,635	5
Communication	50,341	1	16,038	-
Health	83,747	1	42,139	-
Civil works	129,973	1	55,363	1
Cement Industry	9,013	-	6,796	-
Sugar	177,108	2	11,527	-
Dealers and agents	101,886	1	54,371	1
Others	186,571	2	551,188	4
Sub-total	3,436,617	37	3,725,827	31
Total	9,379,728	100	12,357,254	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, 2014, trade receivables amounting to Rs 885,310 million (2013: Rs 1,521,318 million) were secured through letters of credit.

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

	2014	2013
	(Rupees in '000)	
Related parties		
Not yet due	10,491	25,919
Past due 1-180 days	-	25,029
Past due 181-360 days	161	-
	<u>10,652</u>	<u>50,948</u>
Less: Provision for impairment	(129)	(509)
	<u>10,523</u>	<u>50,439</u>
Others		
Not yet due	3,254,700	4,535,206
Past due 1-180 days	874,471	1,733,026
Past due 181-360 days	248,242	341,923
Past due 361-720 days	272,307	425,291
Past due 721-1080 days	314,467	66,738
Over 1080 days	540,779	569,442
	<u>5,504,966</u>	<u>7,671,626</u>
Less: Provision for impairment	(1,091,823)	(1,212,900)
Less: Discounting on long-term receivables	(14,823)	(11,811)
	<u>4,398,320</u>	<u>6,446,915</u>
	<u>4,408,843</u>	<u>6,497,354</u>

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

	2014	2013
	(Rupees in '000)	
Balance at beginning of the year	1,213,409	1,240,112
Provision (reversed) / made during the year - net	(64,542)	152,718
Provision utilised against write offs	(56,915)	(179,421)
Balance at end of the year	<u>1,091,952</u>	<u>1,213,409</u>

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:

	2014	2013
	(Rupees in '000)	
Balance at beginning of the year	134,157	127,074
Provision made during the year - net	78,921	7,753
Provision utilised against write offs	(2,072)	(670)
Balance at end of the year	<u>211,006</u>	<u>134,157</u>

Cash and bank balances

The Company keeps its surplus funds with the banks having good credit rating. Currently the surplus funds are kept with banks having ratings of A-1 and A1+.

43.3 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 9.1 to 9.4 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				
2014				
Long-term retention money	10,765	-	10,765	-
Trade and other payables	4,148,213	4,148,213	-	-
Short-term borrowings	2,186,713	2,186,713	-	-
	<u>6,345,691</u>	<u>6,334,926</u>	<u>10,765</u>	<u>-</u>
2013				
Long-term retention money	33,553	-	33,314	239
Trade and other payables	4,502,416	4,502,416	-	-
Short-term borrowings	2,618,391	2,618,391	-	-
	<u>7,154,360</u>	<u>7,120,807</u>	<u>33,314</u>	<u>239</u>

44. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

45. CAPITAL RISK MANAGEMENT

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

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

The Company is not subject to externally imposed capital requirements.

As of balance sheet date, the Company does not have any long-term interest bearing loan.

46. INFORMATION ABOUT BUSINESS SEGMENTS

	Energy	Industry	Infrastructure & Cities	Healthcare	Eliminations	Total
2014						
(Rupees in '000)						
REVENUE						
Sales to external customers	4,759,179	2,082,720	2,533,105	406,078	-	9,781,082
Inter-segment sales	245,174	96,113	899,118	-	(1,240,405)	-
Total revenue	5,004,353	2,178,833	3,432,223	406,078	(1,240,405)	9,781,082
RESULT						
Segment result	(413,219)	46,415	343,127	23,086	-	(591)
Interest expense						(237,255)
Other operating income						1,898
Interest income						1,295
Income tax						(289,142)
Net loss for the year						(523,795)
OTHER INFORMATION						
Capital expenditure	16,036	10,504	9,620	3,096	-	
Depreciation and amortisation	149,391	33,302	20,212	2,111	-	
Non-cash expenses other than depreciation and amortisation	(495)	(101)	1,002	1	-	
ASSETS AND LIABILITIES						
Segment assets	6,325,677	1,369,297	2,598,990	299,325	-	10,593,289
Segment liabilities	3,766,665	1,148,891	1,715,447	196,151	-	6,827,154
2013						
REVENUE						
Sales to external customers	7,501,365	2,922,566	2,258,758	356,505	-	13,039,194
Inter-segment sales	720,776	116,374	1,091,107	-	(1,928,252)	-
Total revenue	8,222,141	3,038,940	3,349,865	356,505	(1,928,252)	13,039,194
RESULT						
Segment result	295,985	(66,404)	(778,041)	(96,316)	-	(644,776)
Interest expense						(186,689)
Other operating income						2,492
Interest income						8,114
Income tax						(154,084)
Net loss for the year						(974,943)
OTHER INFORMATION						
Capital expenditure	13,898	991	3,699	714	-	
Depreciation and amortisation	83,301	30,072	22,051	2,497	-	
Non-cash expenses other than depreciation and amortisation	(381)	(2,500)	82	(884)	-	
ASSETS AND LIABILITIES						
Segment assets	8,803,057	1,600,590	2,670,402	379,608	-	13,453,657
Segment liabilities	5,099,058	1,488,741	1,500,767	266,088	-	8,354,654

46.1 The Company is operating through four business segments, namely Energy, Industry, Infrastructure & Cities and Healthcare. The energy segment mainly relates to execution of sub-station projects under contracts, supply of transformers and other related power generation, transmission, and distribution equipment and related services. Industry segment includes designing, engineering and construction services, information technology services and supply and installation of motors and drives etc. Infrastructure & Cities segment includes designing, engineering and construction services in electrical field, supply and installation of sub-station automation and telecommunication systems and switchboards. Healthcare segment includes supply and services of healthcare equipment.

46.2 **Geographical information**
Revenues from external customers

	2014	2013
	(Rupees in '000)	
Pakistan	8,301,455	10,816,245
Afghanistan	957,154	1,009,158
United Arab Emirates	211,675	915,160
Germany	158,666	222,133
Others	152,132	76,498
	<u>9,781,082</u>	<u>13,039,194</u>

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

Non-current assets

	2014	2013
	(Rupees in '000)	
Pakistan	633,118	1,446,552
United Arab Emirates	124,259	358,884
Afghanistan	1,766	1,492
	<u>759,143</u>	<u>1,806,928</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.

46.3 Transfer prices between operating segments are on commercial terms and conditions.

46.4 **Segment assets and liabilities**

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

	2014	2013
	(Rupees in '000)	
Segment assets for reportable segments	10,593,289	13,453,657
Corporate assets	306,396	989,967
Non-current assets classified as held for sale	630,392	-
Unallocated		
Deferred tax asset	1,453,995	1,555,669
Cash and bank balances	1,052,992	663,703
Others	120,970	123,175
Total assets as per balance sheet	<u>14,158,034</u>	<u>16,786,171</u>

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

	2014	2013
	(Rupees in '000)	
Segment liabilities for reportable segments	6,827,154	8,354,654
Corporate liabilities	148,754	150,487
Unallocated		
Trade and other payables	490,688	610,337
Short-term borrowings	1,949,878	1,973,801
Taxation - net	952,941	1,232,188
Total liabilities as per balance sheet	10,369,415	12,321,467

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.

46.5 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.

46.6 Interest income and expense are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Company.

47. OPERATIONS IN UAE

The Board of Directors of the Company in their meeting held on January 22, 2010 decided that the Company will cease to participate in further bidding in the UAE due to prevalent market situation. However, the Company continues to execute the orders in hand which are valued at Rs 252 million as at September 30, 2014 (2013: Rs 443 million). The shareholders of the Company, in their Extra-ordinary General Meeting held on March 4, 2010, also approved the decision.

47.1 Results of the UAE Operations

The following are the results of the UAE operations:

	2014	2013
	(Rupees in '000)	
Net sales and services	200,655	885,141
Cost of sales and services	(133,099)	(571,377)
Gross profit	67,556	313,764
Marketing and selling expenses	18,771	712
General administrative expenses	(2,809)	(6,854)
	15,962	(6,142)
Other operating income / (expenses)	389	(304)
Operating profit	83,907	307,318
Financial expenses	(21,387)	(69,436)
Profit before tax	62,520	237,882
Income tax	(5,932)	(10,460)
Net profit for the year	56,588	227,422

	2014	2013
	(Rupees in '000)	
47.2 Cash flows from the UAE Operations		
Net cash in flows from operating activities	606,049	2,467,156
Net cash (out flows) / in flows from investing activities	(1,088)	1,622
Net cash in flows from UAE Operations	<u>604,961</u>	<u>2,468,778</u>
47.3 Assets of the UAE Operations		
Property, plant and equipment	967	565
Long-term loans and trade receivables	124,259	358,319
Trade receivables - current	1,546,847	2,425,675
Due against construction work in progress	935,007	1,052,093
Loans and advances	145	422
Deposits and short-term prepayments	8,059	4,423
Other receivables	32,204	532
	<u>2,647,488</u>	<u>3,842,029</u>
47.4 Liabilities of the UAE Operations		
Long term retention money	236	18,547
Other non-current liabilities	182	187
Trade and other payables	1,164,538	1,749,193
Provisions	222,568	392,531
Short-term running finances	236,835	644,589
	<u>1,624,359</u>	<u>2,805,047</u>

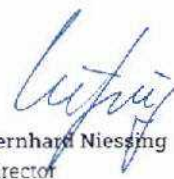
47.5 For segment reporting, the results of the UAE Operations have been reported as part of the 'Energy Segment' (note 46).

48. GENERAL

These financial statements were authorised for issue by the Board of Directors of the Company in the meeting held on December 19, 2014.



Guenter Zwickl
Chief Executive



Bernhard Niessing
Director

Pattern of holding of the Shares held by the Shareholders

As at September 30, 2014

Number of Shareholders	From	Shareholding To	Total Shares held
611	1	100 shares	21,211
454	101	500 shares	108,337
78	501	1,000 shares	58,313
57	1,001	5,000 shares	115,882
9	5,001	10,000 shares	70,430
4	10,001	15,000 shares	52,940
1	15,001	20,000 shares	17,800
1	25,001	30,000 shares	29,450
1	30,001	35,000 shares	32,700
1	35,001	40,000 shares	39,018
1	70,001	75,000 shares	70,031
1	85,001	90,000 shares	86,308
1	145,001	150,000 shares	148,131
1	195,001	200,000 shares	197,021
1	1,040,001	1,045,000 shares	1,042,683
1	6,000,001	6,005,000 shares	6,156,782
1223			8,247,037

Siemens (Pakistan) Engineering Company Limited

Categories of Shareholders

As at September 30, 2014

Particulars	Shares Held	Percentage
Director		
Mr. Naeemuddin Khan	500	0.01
Associated companies, undertakings and related parties		
Siemens AG, Germany	6,156,782	74.65
NIT and ICP		
National Bank of Pakistan-Trustee Deptt (NIT)	1,042,683	12.64
Banks	248,438	3.01
The Bank of Punjab	197,021	
Faysal Bank Ltd	39,018	
The Bank of Khyber	10,000	
Invest Capital Investment Bank Limited	1,600	
National Bank of Pakistan	529	
First Dawood Investment Bank Limited	270	
Insurance Companies	247,812	3.00
Adamjee Insurance Co Ltd	148,131	
IGI Insurance Co Ltd	70,031	
EFU Life Assurance Ltd	29,450	
Asia Care Health & Life Insurance Co. Ltd	200	
Modarabas and Mutual Funds	16,493	0.21
Acacia Conservation Fund-Offshore Ltd	13,500	
B.R.R. Guardian Modaraba	1,400	
Crescent Standard Modaraba	1,100	
CDC - Trustee AKD Index Tracker Fund	488	
N. H. Capital Fund Ltd	5	
General Public	364,290	4.42
Others	170,039	2.06
Trustee National Bank of Pakistan Employees Pension Fund	86,308	
Acacia Partners LP	32,700	
Trustee Mohammed Amin Waki Estate	11,790	
Pakistan National Shipping Corporation	6,930	
DJM Securities (Private) Limited	5,890	
Ever Fresh Farms (Pvt) Limited	3,520	
Shah Lifestyle (Pvt) Limited	3,420	
Acacia Institutional Partners LP	3,400	
Trustee National Bank of Pakistan Employees Benevolent Fund Trust	3,029	
Mohammad Munir Mohammad Ahmed Khanani Securities (Pvt.) Ltd.	2,000	
Pak Ring Carpets (Pvt) Ltd	1,600	
United Trading & Manufac. Pvt Ltd	1,500	
CS Capital (Pvt) Ltd	1,019	
Ghani Osman Securities (Private) Limited	1,000	
GRO Banyan Partners LP	1,000	
Elixer Securities Pakistan Pvt Ltd	1,000	
Trustee of FFC Management Staff Pension Fund	1,000	
Trustees Al-Bader Welfare Trust	864	
EDM Capital Securities (Pvt) Ltd	500	
Acacia II Partners LP	500	
Sherman Securities (Private) Limited	500	
Fikree's (SMC-Pvt) Ltd.	240	
Dossa Cotton & General Trading (Pvt) Ltd	200	
Darson Securities Pvt Ltd	100	
UHF Consulting (Private) Limited	27	
Stock Master Securities (Pvt.) Ltd	1	
IGI Finex Securities Ltd	1	
Total	8,247,037	100.00
Shareholders holding 5% or more voting interest		
Siemens AG, Germany	6,156,782	
National Bank of Pakistan-Trustee Deptt (NIT)	1,042,683	
Trades in share carried out by directors, executives and their spouses and minor children		
Spouse of one of the executive hold	600	

Registrar and Share Transfer Agent

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

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

THK Associates (Pvt.) Limited
2nd Floor, State Life Building No. 3,
Dr. Ziauddin Ahmed Road,
Karachi-75530.

Telephone No. : (021) 111-000-322
(021) 35693094-95

Fax : (021) 35655595

E-mail : secretariat@thk.com.pk

Timings : 9:30 am to 12:30 pm
2:30 pm to 4:30 pm
(Monday to Friday)

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

Notice of Annual General Meeting

Notice is hereby given that the sixty second annual general meeting of the members of Siemens (Pakistan) Engineering Company Limited will be held on January 23, 2015 at 11:30 a.m. at B-72, Estate Avenue, S.I.T.E., Karachi, to transact the following business:

Ordinary business

1. To confirm the minutes of the annual general meeting held on January 20, 2014.
2. To receive, consider and adopt the audited financial statements for the financial year ended September 30, 2014 and reports of the directors and auditors thereon.
3. To consider and declare cash dividend of Rs 10 per share (100 %) for the financial year ended September 30, 2014.
4. To appoint auditors and to fix their remuneration for the financial year ending September 30, 2015. The present auditors Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible, have offered themselves for reappointment.
5. To transact such other ordinary business as may be placed before the meeting with the permission of the Chair.

Special business

1. To consider and approve the sale of Company's interest in land and buildings situated at Sector I-9 at Islamabad, Pakistan and if deemed fit to pass with or without modification the following resolutions as ordinary resolutions.

RESOLVED that pursuant to section 196(3)(a) of the Companies Ordinance, 1984 the consent of the members of the Company is hereby accorded for the sale of the full leasehold interest in all that piece and parcel of land (with buildings, constructions and appurtenances thereof)

(a) bearing plots no. 142 to 148, 162 to 168, 189, 190, 208 and 209, measuring 53,111.11 square yards, situated in Industrial Area, Sector I-9/2, Islamabad; and

(b) bearing plots no. 74 to 76, measuring 4,577.77 square yards, situated in Industrial Area, Sector I-9/4, Islamabad;

(hereinafter collectively referred to as the "Properties").

to the purchaser at such monetary consideration as approved by the Board in their meeting held on December 19, 2014 and in such manner and on such terms and conditions as the Board may deem fit and appropriate.

FURTHER RESOLVED that the Company is hereby authorized, subject to satisfaction of corporate and regulatory requirements (to the extent applicable) and in accordance with the legal and procedural formalities, enter into deeds of conveyance / sale deed for purposes of recording the transfer of title to the Properties in the name of the purchaser.

FURTHER RESOLVED that Mr. Guenter Zwickl, CEO and Mr. Murtaza Abbas, CFO are hereby jointly authorised and empowered to sell the Properties for and on behalf of the Company to the purchaser and complete all the legal formalities to give effect to the aforesaid resolution and to perform all such acts as be authorised by the Board in their meeting held on December 19, 2014 with regard to sale of the Properties.

FURTHER RESOLVED that the Company be and is hereby authorized to take all actions incidental or ancillary thereto as approved by the Board of Directors in their meeting held on December 19, 2014 with regard to sale of the Properties.

FURTHER RESOLVED that the Chief Executive Officer and the Company Secretary be and are hereby severally (i.e. individually) authorized to make the necessary disclosures and notifications to the Securities and Exchange Commission of Pakistan (SECP) and the stock exchanges based on these resolutions and to provide certified true extract(s) of these Resolutions to whomever it may concern.

FURTHER RESOLVED that the Board be and is hereby empowered to agree upon modification in these resolutions that may be directed / required by the SECP without the need for any other further approval of the shareholders.

2. To consider and pass with or without modification the following resolutions as special resolutions for amending Clause 77 of the Articles of Association of the Company:

RESOLVED that, as and by way of special resolution, the Articles of Association of the Company be amended to make it compliant with the Companies Ordinance, 1984 and for that purpose be amended as follows:

(i) In Clause 77 after words "every year within a period of" the words "6 months" be substituted with "4 months".

FURTHER RESOLVED that the remaining text of Clause 77 of the Articles of Association of the Company shall remain unchanged.

By order of the Board of Directors

Rizwan Abdul Hayi
Company Secretary

Karachi: January 1, 2015

Notes:

1. The Share Transfer Books of the Company will remain closed from January 16, 2015 to January 23, 2015 (both days inclusive) and no request for transfer of shares will be accepted for registration. Transfers received at Company's Share Registrar namely **THK Associates (Pvt.) Limited, 2nd Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi-75530** by the close of business on January 15, 2015 will be considered in time for the purpose of payment of final dividend to the transferees.
2. A member entitled to attend and vote at this meeting may appoint another member of the Company as his/her proxy to attend and vote on his/her behalf. Duly completed proxy forms in order to be valid must be received at the Registered Office (B-72, Estate Avenue, S.I.T.E., Karachi. Attention to: Company Secretary) of the Company not less than 48 hours before the time of meeting. A member shall not be entitled to appoint more than one proxy. A proxy must be a member.
3. Any change of address of the member should be immediately notified to the Company's Share Registrars, **THK Associates (Pvt.) Limited, 2nd Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi-75530**.
4. Central Depository Company (CDC) account holders will further have to follow the below mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Annual General Meeting:

- (i) In case of individuals, the account holder or sub-account holder and/or the person, whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original computerized national identity card (CNIC) or original passport at the time of attending the meeting.
- (ii) 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 the meeting.

B. For Appointment of Proxies:

- (i) In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per requirement notified by the Company.
- (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.
- (v) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted along with proxy form to the Company.

5. The Government of Pakistan through Finance Act, 2014 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- (i) For filers of income tax returns: 10%
- (ii) For non-filers of income tax returns: 15%

To enable the company to make tax deduction on the amount of cash dividend @ 10% instead of 15%, all the members whose names are not entered in the active tax payers list (ATL) provided on the website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered into ATL before January 15, 2015 otherwise tax on their cash dividend will be deducted @ 15% instead of 10%.

6. With reference to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779 (I) dated August 18, 2011, and SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or their authorized person, except in case of minor(s) and corporate members. All those individual members holding physical shares who have not yet recorded their CNIC No. are once again reminded to immediately submit the copy of their CNIC to Company's Share Registrar **THK Associates (Pvt.) Limited, 2nd Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi-75530**. Members while sending CNIC must quote their respective folio numbers.
7. The corporate members having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate entities having physical shares should send a copy of their NTN certificate to Company's Share Registrar **THK Associates (Pvt.) Limited, 2nd Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi-75530**. The corporate members while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.

8. Annual accounts of the Company for the financial year ended September 30, 2014 have been provided on the Company's website- www.siemens.com.pk/annual_report.html
9. Members are hereby informed that pursuant to SECP's S.R.O. 787(1)/2014 dated September 8, 2014 regarding electronic transmission of Annual Report and notice which falls in the ambit of sections 50, 158 and 233 of the Companies Ordinance 1984, we have attached the request form in the Annual Report and also uploaded on our Company's website - www.siemens.com.pk/investor.html
10. Those members who want to avail this facility are requested to submit the request form duly filled to our Share Registrar **THK Associates (Pvt.) Limited, 2nd Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi-75530.**
11. In pursuance to the directions given by SECP vide Circular No. 8(4)SM/CDC 2008 dated April 5, 2013 the members may authorize the Company to directly credit in their bank account the dividend declared in the annual general meeting. In view of that, you are hereby encouraged to provide a duly filled and signed dividend mandate for e dividend facility. The dividend mandate form has been attached in the Annual Report and also uploaded on our Company's website - www.siemens.com.pk/investor.html

The members who hold shares in physical form are requested to submit the dividend mandate form duly filled to our Share Registrar **THK Associates (Pvt.) Limited, 2nd Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi-75530.**

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

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

THK Associates (Pvt.) Limited
2nd Floor, State Life Building No. 3
Dr. Ziauddin Ahmed Road
Karachi-75530
Telephone No: 021-111-000-322
021-35682241
E-Mail: masood_ahmed@thk.com.pk
Contact Person: Mr Masood Ahmed

Statement under Section 160(1)(b) of the Companies Ordinance, 1984

This statement sets out the material facts concerning the special business to be transacted at the sixty second annual general meeting of the Members of Siemens (Pakistan) Engineering Company Limited to be held on January 23, 2015

AGENDA ITEM NO. 1

SALE OF COMPANY'S INTEREST IN LAND AND BUILDINGS SITUATED AT SECTOR I-9 AT ISLAMABAD, PAKISTAN

Siemens (Pakistan) Engineering Company Limited (Company) is the sole and absolute owner of the interest in the land and buildings situated at Sector I-9, of Islamabad (hereinafter referred to as the "Properties" more particularly described herein below). The Board of Directors for the reasons and benefits mentioned herein below, in their meeting held on December 19, 2014 has approved/resolved to sell the full interest in the Properties to Mr. Fayyaz Ahmed son of Muhammad Asghar for aggregate monetary consideration of Rs.1,000,000,000/- (Rupees One Billion only) subject to members consent and regulatory approvals.

The detail of the Properties to be disposed off, as required by SRO 1227/2005 dated December 12, 2005 issued by Securities & Exchange Commission of Pakistan are as under:

Description and area of Properties	plots no. 142 to 148, 162 to 168, 189, 190, 208 and 209, measuring 53,111.11 square yards, with built up area of 18,388 square yards plots no. 74 to 76, measuring 4,577.77 square yards, with built up area of 4,608 square yards
Location	Industrial Area, Sector I-9/2 and I-9/4, Islamabad
Book Value	Rs. 630.392 as of September 30, 2014
Initial Cost	Rs. 653.752 million
Current Market/Fair Value	Rs. 800 to 1,000 million

Reason and Benefit for Sale

The Company initiated the process of evaluating the option of divesting the Properties, inter alia, because of 80% of the Properties is unutilized and there is no foreseeable use of Properties to its fullest extent for the Company in future. The Company is not in business of real estate therefore capital employed is not yielding any return for the Company.

Furthermore, the sale of the Properties will impact positively the bottom line and generate positive cash flows for the Company. After the sale of the Properties, the Company will shift its offices in Islamabad to customize/purpose built office in the heart of Islamabad City, which will bring it closer to the market.

Manner of Sale

Properties will be sold at fair market value prevalent in the area. Consultant/Broker services are used for the identification of potential buyers of the Properties.

No Director of the Company has any interest of whatsoever nature, direct or indirect, in the aforesaid transaction.

All relevant documents including external valuation reports shall be open to inspection, in the Company's Registered Office, to all members during office hours on all business days prior to the annual general meeting date mentioned above.

AGENDA ITEM NO. 2

AMENDMENT IN CLAUSE 77 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Board of Directors in their meeting held on December 19, 2014 has resolved to amend Clause 77 of the Articles of Association of the Company with the intention to make the same compliant with the Section 158 of Companies Ordinance 1984.

The amended Clause 77 of the Articles of Association of the Company shall read as follows:

"A General Meeting shall be held within eighteen months from the date of incorporation of the Company and thereafter once at least in every year within a period of 4 months following the close of the financial year of the Company at such time (not being more than 15 months after the holding of last preceding General Meeting) and place as may be determined by the Directors."

No Director of the Company has any interest of whatsoever nature, direct or indirect, in the aforesaid special resolution.

The Articles of Association of the Company shall be open to inspection to all members, in the Company's Registered Office, during office hours on all business days prior to the annual general meeting date mentioned above.

Proxy Form

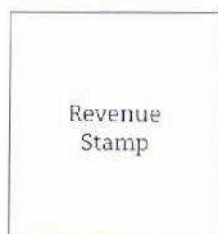
I/We _____
of _____ in the district of _____ being a member
of SIEMENS (PAKISTAN) ENGINEERING COMPANY LIMITED hereby appoint
_____ of _____
or failing him _____ of _____
as my/our proxy to vote for me/us and my/our behalf at the Annual General Meeting of the company to be held at Karachi on January 23, 2015
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 a five rupees revenue stamp must be deposited at the company's registered office not less than 48 hours before the time for holding the meeting.
2. Witnessed by two persons for CDC account holder only.
3. CDC account holder shall also submit attested copies of their CNIC/passport and that of the proxy.
4. The proxy of CDC account holder shall produce his/her original CNIC/passport at the time of the meeting.
5. In case of corporate entity, the Board's resolution/power of attorney with specimen signature of the proxy shall be submitted along with this form.

Dividend Mandate Form

THK Associates (Pvt.) Limited
2nd Floor, State Life Building No. 3
Dr. Ziauddin Ahmed Road
Karachi 75530.

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 the shareholder: _____

Folio No./CDC Participant ID A/C No: _____

CNIC No.: _____

(Attested photocopy of the CNIC to be attached)

Passport No. in case of foreign shareholder: _____

(Attested photocopy of the passport to be attached)

Phone No.: _____

Mobile No.: _____

ii) Bank Details

Title of the Bank Account: _____

Bank Account No.: _____

Name of the Bank: _____

Branch Name and Address: _____

Signature of the Shareholder

Date: _____

Request Form for Annual Report and Notices through E-mail

THK Associates (Pvt.) Limited
2nd Floor, State Life Building No. 3
Dr. Ziauddin Ahmed Road
Karachi-75530.
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 Ltd** and all notices under sections 50, 158 and 233 of the Companies Ordinance, 1984 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 147 of the Companies Ordinance, 1984. 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 Computerised National Identity Card (CNIC) along with this request form.

Karachi

Head Office and Plant,
B-72 Estate Avenue, S.I.T.E,
Karachi-75700.

Phone: +9221-32574910-19

+9221-3259000

UAN: +9221-111-077-088

Fax: +9221-32566218

Siemens Learning Centre

Office Wing Suite No 209(b),
2nd Floor, Park Tower,
Shahra-e-Firdousi, Clifton,
Karachi-75600.

Phone: +9221-35876391

+9221-35876386

Islamabad

Sector I-9/2, Industrial Area,
P.O. Box 1129,
Islamabad.

Phone: +9251-4103381

UAN: +9251-111-077-088

Fax: +9251-4432049

Lahore

15-A, State Life Building,
Davis Road,
P.O. Box No. 293,

Lahore-54000.

Phone: +9242-36278758-67

UAN: +9242-111-077-088

Fax: +9242-36363126

Peshawar

6th Floor, State Life Building,
The Mall,

Peshawar-25000.

Phone: +9291-5276029

Fax: +9291-5276187

Dubai Branch

Office No. 2005, 2nd Floor,
Al Waha Community Building,
Nad Al Hamar Road,

P.O. Box No. 35397,

Ras Al Khor, Dubai, UAE.

Phone: +97104-2898071-75

Fax: +97104-2898056

Afghanistan Branch

House No. 635, Street No. 11
District No. 06, Darul Aman Road
Kartay-e Seh

Kabul, Afghanistan.

Phone: +9320-2500640/642

Fax: +9320-2500641