

The background of the cover is a composite image. At the top, the Siemens logo is displayed in white text on a teal rectangular background. Below this, the main image shows a night-time aerial view of a city with glowing lights and light trails from traffic. Overlaid on the city is a semi-transparent digital interface consisting of three panels: a network diagram on the left, a line and bar chart in the center, and a hierarchical flowchart on the right. A network of white lines connects various points across the city and the digital panels, suggesting a smart infrastructure or data network. The sky above the city is dark with some clouds.

**SIEMENS**

# Annual Report 2016 Pakistan

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## Mission

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

## Vision 2020

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

Together, we make real what matters"

## A Lived Ownership Culture

- > Equity
- > Leadership
- > Values
- > Behaviors
- > People Orientation

## Seven Overarching Goals

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

# Key Operating and Financial data

| Six Years Summary   | 2016             | 2015        | 2014      | 2013       | 2012       | 2011       |
|---|------------------|-------------|-----------|------------|------------|------------|
|   | (Rupees in '000) |             |           |            |            |            |
| <b>Trading Results</b>  |                  |             |           |            |            |            |
| New orders  | 22,839,389       | 8,811,758   | 9,257,688 | 12,353,737 | 13,824,146 | 13,337,147 |
| Net turnover  | 10,173,868       | 9,266,909   | 9,781,082 | 13,039,194 | 13,834,074 | 15,087,935 |
| Export of goods and services  | 122,604          | 75,207      | 213,123   | 287,341    | 145,083    | 510,864    |
| Contracts executed outside Pakistan   | 1,389,008        | 793,082     | 1,157,327 | 1,892,413  | 2,584,064  | 3,774,444  |
| Gross profit  | 935,073          | 493,890     | 704,710   | 327,657    | 915,209    | 1,678,564  |
| Operating profit / (loss)   | 85,225           | (156,511)   | 41,126    | (559,586)  | (22,360)   | 273,648    |
| Profit / (loss) before tax from continuing operations   | 241,892          | (171,955)   | 688,562   | (758,158)  | 373,802    | 158,178    |
| Loss before tax from discontinued operations  | (73,914)         | (163,925)   | (923,215) | (62,701)   | (437,416)  | -          |
| Gain on sale of assets classified as held for sale - before tax   | 2,441,184        | -           | -         | -          | -          | -          |
| Profit / (loss) before tax  | 2,609,162        | (335,880)   | (234,653) | (820,859)  | (63,614)   | 158,178    |
| Profit / (loss) after tax   | 2,103,952        | (528,234)   | (523,795) | (974,943)  | (5,153)    | 67,408     |
| Earnings / (loss) before interest, taxes, depreciation and amortisation (excluding one time gain on sale of assets classified as held for sale) | 265,596          | (95,825)    | 165,690   | (455,901)  | 185,261    | 460,323    |
| Interim dividend  | -                | -           | -         | -          | -          | -          |
| Final dividend  | 989,644          | 82,470      | 82,470    | 164,941    | 989,644    | 82,470     |
| <b>Financial Position</b>   |                  |             |           |            |            |            |
| Share capital   | 82,470           | 82,470      | 82,470    | 82,470     | 82,470     | 82,470     |
| Reserves and Retained Earnings  | 5,148,971        | 3,120,981   | 3,706,149 | 4,382,234  | 6,437,914  | 6,526,236  |
| Property, plant and equipment   | 240,832          | 138,316     | 562,824   | 1,383,047  | 1,544,021  | 1,657,036  |
| Net current assets  | 3,574,806        | 1,389,418   | 1,603,447 | 1,154,390  | 2,740,419  | 2,740,825  |
| Long-term / deferred liabilities  | 23,750           | 20,822      | 27,966    | 52,283     | 60,731     | 82,343     |
| <b>Investors Information</b>  |                  |             |           |            |            |            |
| Gross profit ratio  | 9.19%            | 5.33%       | 7.20%     | 2.51%      | 6.62%      | 11.13%     |
| EBITDA Margin to sales  | 2.61%            | -1.03%      | 1.69%     | -3.50%     | 1.34%      | 3.05%      |
| Return on equity / capital employed   | 40.22%           | -16.49%     | -13.83%   | -21.84%    | -0.08%     | 1.02%      |
| Inventory turnover ratio (in times)   | 2.52             | 1.82        | 1.55      | 2.06       | 1.90       | 1.74       |
| Inventory turnover ratio (no. of days)  | 145              | 200         | 235       | 177        | 192        | 209        |
| Debtor turnover ratio (in times)  | 2.42             | 2.16        | 1.89      | 2.04       | 1.78       | 1.57       |
| Debtor turnover ratio (no. of days)   | 151              | 169         | 193       | 179        | 205        | 232        |
| Creditor turnover ratio (in times)  | 1.22             | 1.30        | 1.38      | 1.85       | 1.88       | 1.70       |
| Creditor turnover ratio (no. of days)   | 299              | 281         | 264       | 197        | 194        | 215        |
| Operating cycle (no. of days)   | (3)              | 88          | 164       | 159        | 203        | 226        |
| Total assets turnover ratio (in times)  | 0.75             | 0.70        | 0.63      | 0.74       | 0.69       | 0.66       |
| Fixed assets turnover ratio (in times)  | 53.67            | 26.43       | 10.05     | 8.91       | 8.71       | 9.12       |
| Current ratio   | 1.38             | 1.22        | 1.16      | 1.09       | 1.23       | 1.19       |
| Quick / acid test ratio   | 1.17             | 0.74        | 0.87      | 0.92       | 0.98       | 0.96       |
| Cash dividend per share (Rs)  | 120              | 10          | 10        | 20         | 120        | 10         |
| Dividend yield ratio  | 0.13             | 0.01        | 0.01      | 0.02       | 0.15       | 0.01       |
| Interest cover ratio  | 109.20           | (1.28)      | 0.06      | (3.08)     | 0.07       | 3.16       |
| Breakup value per share (Rs)  | 634.34           | 388.44      | 459.39    | 541.37     | 790.64     | 801.35     |
| Market value per share (Rs)   | 906              | 1,096       | 1,064     | 903        | 800        | 1070       |
| Share price during the year   |                  |             |           |            |            |            |
| High (Rs)   | 1,100            | 1,360       | 1,599     | 1,218      | 1,050      | 1,250      |
| Low (Rs)  | 717              | 838         | 933       | 590        | 630        | 810        |
| Earnings / (loss) per share (Rs)  | 255.12           | (64.05)     | (63.51)   | (118.22)   | (0.62)     | 8.17       |
| Profit / (loss) before tax in percent to sales  | 25.65%           | -3.62%      | -2.40%    | -6.30%     | -0.46%     | 1.05%      |
| Profit / (loss) after tax in percent of sales   | 20.68%           | -5.70%      | -5.36%    | -7.48%     | -0.04%     | 0.45%      |
| <b>Cash Flows</b>   |                  |             |           |            |            |            |
| Net cash flow from operating activities   | 754,812          | 1,430,752   | 1,000,287 | 552,246    | 1,799,955  | 239,820    |
| Net cash flow from investing activities   | 4,078,840        | 252,432     | (14,379)  | (19,756)   | 14,240     | (73,292)   |
| Net cash flow from financing activities   | (82,470)         | (1,508,950) | (488,461) | 760,356    | (82,470)   | (494,822)  |
| Net change in cash and cash equivalents   | 4,751,182        | 174,234     | 497,447   | 1,292,846  | 1,731,725  | (328,294)  |

## Company Information

### Registered Office:

Siemens (Pakistan) Engineering Co. Ltd  
B-72 Estate Avenue, S.I.T.E, Karachi-75700,  
Phone: +9221-32574910-19  
UAN +9221-111-077-088

### Board of Directors

|                            |                      |
|----------------------------|----------------------|
| Bernhard Wilhelm Niessing  | Chairman             |
| Helmut von Struve          | Managing Director    |
| Sebastian Andreas Brachert | Director             |
| Helmut Steidle             | Director             |
| Marco Jochen Schiffer      | Director             |
| Manzoor Ahmed              | Director             |
| Qazi Sajid Ali             | Independant Director |

### Management

|                   |                         |
|-------------------|-------------------------|
| Helmut von Struve | Managing Director       |
| Umer Jalil Anwer  | Chief Financial Officer |

### Company Secretary

Abdul Mannan Majid

### Auditors

EY Ford Rhodes  
Chartered Accountants

### Bankers

Bank Alfalah Limited  
BNP Paribas (Dubai)  
Citibank N.A.  
Deutsche Bank AG  
Habib Bank Limited  
Standard Chartered Bank (Pakistan) Limited

### Tax Advisors

KPMG Taseer Hadi & Co.

### Legal Advisor

Aqlaal Advocates

### Registrar and Share Transfer Agent

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

|               |   |
|---------------|---|
| Telephone No: | (021) 111-000-322<br>(021) 35693094-95                                  |
| Fax           | (021) 35655595  |
| E-mail        | secretariat@thk.com.pk  |
| Timings       | 9:30 a.m. to 12:30 p.m.<br>2:30 p.m. to 4:30 p.m.<br>(Monday to Friday) |

## Chairman's / Directors' Profile



**Bernhard Wilhelm Niessing**  
Chairman

### Skills and experience

Mr. Bernhard Wilhelm Niessing joined Siemens AG, Germany in Dusseldorf as a project engineer in 1988 and in 1991 he moved to the Sales and Engineering Department as Head of Offers, Orders and Engineering Processing High and Medium Voltage Division. He subsequently held various positions in different Siemens business units and in 2000, he was promoted to the position of Vice President and Head of the Protection and Power Quality Business for the Smart Grid Division. After four years in this role, he was appointed as Vice President and Head of Low Voltage Power Distribution Product Business.

He was appointed Senior Executive Vice President for the Division Process Industries and Drives in the UAE in 2009. A Member of the Board of Directors, Siemens (Pakistan) Engineering Co. Ltd. since 2012, he has been Chairman of the Board since 2013.

Mr. Niessing has a degree in electrical engineering from the University of Applied Sciences in Dusseldorf, Germany.

### Other directorship and offices

#### Director

- Siemens WLL, Bahrain

#### Board Committee Membership

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



**Helmut von Struve**  
Managing Director

### Skills and experience

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

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

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

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

Mr. von Struve holds a Master degree in Mechanical Engineering from Technical University, Darmstadt, Germany.

He is also a Certified Director from the Pakistan Institute of Corporate Governance.

### Other directorships and offices

#### Board Committee Memberships

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

#### Member

- Managing Committee (2016) of the Overseas Investors Chamber of Commerce and Industry.





## 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. Since 2015, he is located in Abu Dhabi, UAE.

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

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

From 1997 to 2000, Dr. Brachert was the 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 to 1997 he was Head of Corporate Legal Affairs Finance and Real Estate Law, Central Legal Department, Siemens AG, Munich.

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

- Siemens Ltd./AELE, Kingdom of Saudi Arabia
- Siemens Electrical and Electronic Services KSCC, Kuwait

### Board Committee Membership

- Human Resource & Remuneration Committee of Siemens (Pakistan) Engineering Co. Ltd



## Helmut Steidle

Director

### Skills and experience

Mr. Helmut Steidle is Vice President of Corporate Development Strategy and Member of the Executive Office and accountable for Middle East; located at Siemens AG Headquarters in Munich, Germany, a position he holds since 2001.

From 1993 to 1998, Mr. Steidle worked as Deputy Commercial Director in Johannesburg, South Africa, followed by Chief Financial Officer and Member of the Board of Siemens Nixdorf Information System Private Ltd. for Australia and New Zealand located in Sydney.

From April 1998 to January 2001, Mr. Steidle was Vice President and Chief Financial Officer for ICP Computer System Americas and Asia/Pacific located in Silicon Valley, San Jose, USA.

From 1984 to 1987, Mr. Steidle worked as a Commercial Manager for Sales for South/West Europe within Siemens AG Data/Information System.

Mr. Steidle started his career at Siemens AG, Germany in 1972 and represented various national and international management positions for Siemens AG.

### Other directorships and offices

#### Board Committee Membership

- Human Resource & Remuneration Committee of Siemens (Pakistan) Engineering Co. Ltd.



**Marco Jochen Schiffer**  
Director

#### Skills and experience

Mr. Marco Jochen Schiffer is a Partner in Corporate Finance Audit, Siemens AG, Germany. He started his career at Siemens AG in 2009 as Director Transaction Support, Munich, Germany.

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

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

#### Other directorships and offices

##### Board Committee Membership

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



**Mr. Manzoor Ahmed**  
Director

#### Skills and experience

Mr. Manzoor Ahmed is Chief Operating Officer (COO) of National Investment Trust Limited (NIT) which is the largest Asset Management Company of Pakistan. As COO, since 2009, he has been successfully managing the operations and investment portfolio worth over Rs. 98 bn. He has experience of over 27 years of the Mutual Fund industry and has been placed at many key positions within NIT that includes capital market operations, investments, research and liaising with the regulatory authorities.

Mr. Ahmed has a master's degree in Business Administration and also holds D.A.I.B.P. At present, he is a candidate for CFA Level III. He has attended various training courses organized by locally and internationally reputed institutions like London Business School (LBS) UK and Financial Markets World, New York (USA).

Mr. Ahmed represents NIT as Nominee Director on the Board of Directors of many leading national and multinational companies of Pakistan.

He is also a Certified Director from Pakistan Institute of Corporate Governance.

#### Other directorships and offices

##### Director

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

##### Board Committee Membership

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





## **Mr. Qazi Sajid Ali**

### **Independant Director**

#### **Skills and experience**

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

He joined Dadex Eternit Limited as C.E.O. in May, 2014 and has served on the Board of Dadex for 14 years, including 8 years as Chairman Audit Committee of Dadex.

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

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

#### **Other directorships and offices**

- Chief Executive Officer - Dadex Eternit Limited
- Chairman-German Pakistan Trade & Investment
- President-Pakistan Eye Bank Society

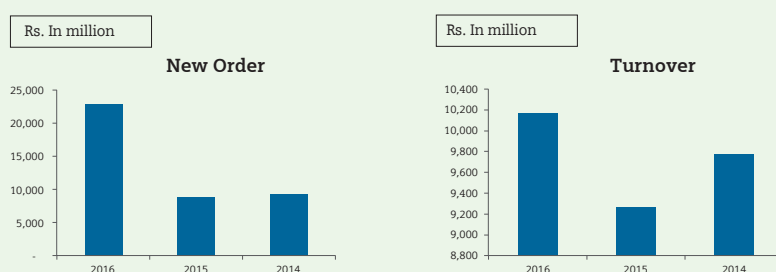
#### **Board Committee Membership**

- Audit Committee of Siemens (Pakistan) Engineering Co. Ltd.
- Human Resource & Remuneration Committee of Siemens (Pakistan) Engineering Co. Ltd.

## Dear Shareholder,

We, the undersigned, for and on behalf of the Board of Directors are pleased to present your company's, Siemens (Pakistan) Engineering Co. Ltd. ("Company") annual report and the audited financial statements for the year ended September 30, 2016 ("FY 2016") together with auditors' report thereon.

This year your Company is back to profitable operations after having gone through years of restructuring and portfolio rationalization. The Company is regaining trust of customers which is evident from improvement in the top line. The turnaround was made possible through the efforts of management and an increased level of employees' commitment and dedication. The improvement in new order as well as revenue compared to FY 2015 and FY 2014 is shown in the graphs below:



Key Financial Indicators (KPIs) for FY 2016 compared to FY 2015 are summarized below:

| KPIs   | FY 2016<br>Rs '000 | FY 2015<br>Rs '000 | Percentage<br>change |
|--|--------------------|--------------------|----------------------|
| Net sales and services   | 10,173,868         | 9,266,909          | 9.8%                 |
| Operating profit / (loss)  | 85,225             | (156,511)          | 154.5%               |
| Profit / (loss) before income tax expense and gain on sale of assets classified as held for sale | 167,978            | (335,880)          | 150.0%               |
| Gain on sale of assets classified as held for sale - net of income tax                           | 2,213,193          | -                  | -                    |
| Net profit / (loss) for the year   | 2,103,952          | (528,234)          | 498%                 |
| Earnings / (loss) per share (Rupees)   | 255.12             | (64.05)            | 498%                 |

During the year:

- The Company has reported profit before tax from continuing operations despite one-off losses arising from (i) project charges due to delay in the execution of new Islamabad International Airport project, (ii) losses in certain energy transmission projects, (iii) excess cost provisioning; and (iv) impact of fair value change in the embedded derivatives
- The Company recorded onetime gains net of tax amounting to Rs. 2,213 million on the sale of (i) leasehold/allotment rights in all land and buildings located at Estate Avenue, S.I.T.E., Karachi, (ii) distribution transformer manufacturing business, (iii) fixed assets pertaining to power transformer manufacturing facility, (iv) all land and buildings located at Sector I-9/4, Islamabad; and (v) healthcare business of the Company

- Focus on core business, cost efficiency, solid financial management and efforts of the management in increasing employee commitment and dedication, resulted in improved performance of all major business segments of the Company on year on year basis
- The Energy Management (EM) Division of the Company contributed 73.6% of the total Company's revenue. Overall EM Division revenue and operating profit on year on year basis increased by 23.4% and 122% respectively

#### **Dividend**

Considering the improved liquidity position of the company due to receipts of proceeds from the sale of certain businesses and assets and to meet the shareholders expectations as well as considering capital required by the company to meet its financing requirement, the Board is pleased to recommend a higher amount for a final cash dividend of Rs. 120 per ordinary share (1200%).

## Key Operating and Financial Data of last 6 Years

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

## Significant Developments during FY 2016

#### **A) Transformer Business Unit and Karachi Real Estate**

During the year, the Company has completed the sale process of the Distribution Transformer manufacturing business, fixed assets pertaining to Power Transformer manufacturing facility and leasehold allotment rights in all land and buildings comprised in the Company's real estate located at Estate Avenue, S.I.T.E., Karachi. For details please refer to note 4.1 of the audited financial statements.

#### **B) Healthcare Business**

During the year, the Company has completed the sale process of its Healthcare business. For details please refer to note 4.2 of the audited financial statements.

#### **C) Islamabad Properties**

During the year, the Company has completed the sale process of the leasehold allotment rights in all land and buildings comprised in the Company's real estate located at sector I-9/4, Islamabad. For details please refer to note 4.3 of the audited financial statements.

#### **D) Major Order Booked during the Year**

The Company booked new order valuing Rs. 10,887 million being remaining 99% of the order value of KE TP 1000 Project (KE Transmission Network Rehabilitation).

## Company's Principle Activities and Business Segments

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

## Risks, Uncertainties and Mitigations

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

### A) Operational risks

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

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

### B) Financial risks

Financial risk has been described in detail in note 45 of the attached financial statements that include market risks, credit risks and liquidity risks.

### C) Compliance risk

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

Further, the Business Conduct Guidelines (BCG) clearly defines the Company's expectations from all directors, executives and employees of the Company and from those with whom it conducts business. The Company encourages employees and business partners to report compliance violations that they may 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.

## Environment, Health and Safety (EHS)

EHS remains a priority for the Company at all levels and this year we focused on bringing an attitudinal change in the EHS culture by creating awareness and providing strong feedback on safety performance. Strict compliance on EHS legal and other requirements along with Zero Harm Culture are among the prioritized programs executed this year.

## Company's Future Outlook

We believe that the Company's growth is inextricably linked with the economic growth of Pakistan. We observed that the economic growth of Pakistan is closely interlinked with local and foreign direct investments. Therefore, investment by emerging local companies as well as that stemming from the China-Pakistan Economic Corridor project is likely to strengthen the economic outlook for Pakistan over the medium to long term.

Pakistan GDP increased to 4.7% in 2016 compared to 4.0% in 2015, which is also a healthy indicator regarding future outlook of Pakistan. The economic growth trend is expected to sustain subject to continuity in government's policies and favourable security paradigm in the country.

Your Company is fully committed to create value for stakeholders. The Company has adopted a consistent strategy to position itself along the electrification value chain. We have know-how that extends from power generation to power transmission, power distribution and smart grid to the efficient application of electrical energy. With our strengths in automation, we are well equipped for the future and the age of digitalization.

Further, to ensure sustainable growth and value for stakeholders and to keep pace with the changing environment, the company will continue to closely monitor and review its business portfolio.

## Appropriations

Following is the summary of appropriations made during FY 2016.

|   | Rs in million |
|---|---------------|
| Accumulated loss as at October 01, 2015                       | (1,803)       |
| Net profit after taxation for FY 2016                         | 2,104         |
| Final dividend @ Rs. 10 (100%) per ordinary share for FY 2015 | (82)          |
| Accumulated profit as at September 30, 2016                   | <u>219</u>    |

## 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 reviews its portfolio to provide answers to society's 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 and has implemented all the prescribed stipulations. The same have been summarized in the enclosed statement of compliance with best practices of Code of Corporate Governance duly reviewed by the external auditors.

## Corporate Social Responsibility

In 2015, all 193 UN member states adopted the Agenda 2030 for Sustainable Development and agreed on the 17 sustainable development goals (SDGs). For us at Siemens, sustainable development is the means to achieve profitable and long-term growth.

We have a clear commitment to think and act in the interest of future generations, achieving a balance between Profit, Planet and People.

We make real what matters and we deliver on this promise by combining our innovation with our know-how in the areas of electrification and automation, enhanced by digitalization – aiming at improving the lives of people today and creating lasting value for future generations.

Sustainability at Siemens is a key enabler of our strategy program. We are guided by responsible business practices in our interactions with external and internal stakeholders and we walk the talk within our own operations with regard to environmental and social aspects. We are convinced that sustainability is a business opportunity, especially in the sense of energy and resource efficiency, and a key element for our aim to be the employer of choice.

For further details, please refer to Sustainability at Siemens section of the Annual Report.

## Directors Statements

As required by the Code of Corporate Governance (CCG), we, for and on behalf of the Directors are pleased to state that:

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, 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 the 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 the 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 (CCG), as detailed in the listing regulations.

## Meetings and Activities during the Financial Year

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

| Board and Its Committees |                         | Board Meeting held/ Attendance | Audit Committee Meeting held/ Attendance | Human Resource and Remuneration Committee Meeting held/ Attendance |
|--------------------------|-------------------------|--------------------------------|--|--|
| Mr. Bernhard Niessing    | Non-Executive Director  | 4/4<br>Chairman                | 4/4                                      | N/A  |
| Mr. Helmut von Struve    | MD – Executive Director | 4/4                            | 4/4<br>(by invitation)                   | 2/2  |
| Mr. Qazi Sajid Ali       | Independent Director    | 4/4                            | 4/4                                      | 2/2<br>Chairman  |
| Mr. Marco Schiffer       | Non-Executive Director  | 4/4                            | 4/4                                      | N/A  |
| Mr. Manzoor Ahmed        | Non-Executive Director  | 4/4                            | 4/4<br>Chairman                          | N/A  |
| Dr. Sebastian Brachert   | Non-Executive Director  | 4/4                            | N/A                                      | 2/2  |
| Mr. Helmut Steidle       | Non-Executive Director  | 4/4                            | N/A                                      | 2/2  |



## 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 an aim to improve the low performing segments and at the same time further opportunities of growth are emphasized in all profitable segments.

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

## External Auditors

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

As suggested by the Audit Committee, the Board recommends their reappointment for FY 2017 to its shareholders.

## Corporate Status

The Company is a subsidiary of Siemens Aktiengesellschaft, Germany (Siemens AG), which is incorporated under the laws of the Republic of Germany, and holds 74.6% shares of the Company as at September 30, 2016.

## Pattern of Shareholding

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

## Investments in Retirement Benefits

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

|                | June 30, 2015       | June 30, 2014 | June 30, 2013 |
|----------------|---------------------|---------------|---------------|
|                | (Rupees in million) |               |               |
| Provident Fund | 569.520             | 537.371       | 662.120       |

|               | September 30, 2016  | September 30, 2015 | September 30, 2014 |
|---------------|---------------------|--------------------|--------------------|
|               | (Rupees in million) |                    |                    |
| Gratuity Fund | 139.337             | 212.528            | 208.485            |

## Post Balance Sheet Event

There have been no material changes or events since 30th of September 2016 to the date of this report, which has an impact on the financial statements, except for the declaration of final dividend which is subject to the approval of the Members at the forthcoming Annual General Meeting and the effect of which will be reflected in the next year's (Financial Year 2017) financial statements.

## Acknowledgement

We take this opportunity to thank our valued customer's who have continued to place trust in our products and services and provided sustained support in ensuring the progress of the Company. The Company is also immensely proud of and thankful to its employees for their committed and passionate efforts, loyalty and dedication. We also greatly value the support and cooperation received from our suppliers, business partners, financial institutions, regulators and all other stakeholders who are helping and contributing towards the growth of your Company.

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

**On behalf of the Board**



**Bernhard W. Niessing**  
Chairman



**Helmut von Struve**  
Managing Director

Dubai, December 13, 2016

# 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 system, including financial and operational controls, are adequate and effective and reviewing the company's statement on internal control system 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 investigation reports and discuss significant findings.
13. Review of major receivables of the Company including collection action plan and adequacy of provisioning available thereagainst.
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 calibre 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.

## Terms of Reference of Human Resource 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.
13. To apprise the Board of any disciplinary action taken against any employee.
14. Any other matters relating to Human Resource Management.



# Sustainability at Siemens

# Sustainability at Siemens

In 2015, all 193 UN member states adopted the Agenda 2030 for Sustainable Development and agreed on the 17 sustainable development goals (SDGs). For us at Siemens, sustainable development is the means to achieve profitable and long-term growth. We have a clear commitment to think and act in the interest of future generations, achieving a balance between Profit, Planet and People.

"Ingenuity for life" describes our unrelenting drive and promise to create value for customers, employees and societies. "For life" relates to our role in society: to make real what matters. We deliver on this promise by combining our innovation with our know how — in the areas of electrification and automation, enhanced by digitalization — aiming at improving the lives of people today and creating lasting value for future generations.

Sustainability at Siemens is a key enabler of our strategy program. We are guided by responsible business practice in our interactions with external and internal stakeholders and we walk the talk within our own operations with regard to environmental and social aspects. We are convinced that sustainability is a business opportunity, especially in the sense of energy and resource efficiency, and a key element for our aim to be the employer of choice.

## Materiality

For almost a decade we have included opportunities and risks derived from the five megatrends — Climate Change, Urbanization, Demographic Change, Globalization and Digitalization — in our decision-making processes. External frameworks, like the Sustainable Development Goals, the ten principles of the UN Global Compact, and the Global Reporting Initiative (GRI) G4 guidelines inform our material aspects. We identified key issues in regular dialogue with external and internal stakeholders, and prioritized them with regard to their importance for Siemens and our stakeholders. In fiscal 2014, the results from this materiality process were then discussed with our Sustainability Board and finally approved by our Managing Board and Supervisory Board. The following twelve principles were defined in this process and are annually reviewed:

## PROFIT

- > We contribute to our customers' competitiveness with our products, solutions and services.
- > We partner with our customers to identify and develop sustainability-related business opportunities.
- > We operate an efficient and resilient supply chain through a supplier code of conduct, risk management, and capacity building.
- > We proactively engage with our stakeholders to manage project and reputational risks and identify business-relevant trends.
- > We adhere to the highest compliance and anti-corruption standards and promote integrity via the Siemens Integrity Initiative.

## PLANET

- > We enable our customers to increase energy efficiency, save resources and reduce carbon emissions.
- > We develop our products, solutions and services based on a life-cycle perspective and sound eco-design standards.
- > We minimize the environmental impact of our own operations by applying environmental management programs and aim to become carbon neutral by 2030.

## PEOPLE

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

The Siemens Divisions and regional entities define their material action areas according to their local needs and circumstances. In fiscal 2015, we defined two sustainability focus areas — Business to Society and Decarbonization — which span the 12 principles above. These focus areas aim to accelerate specific aspects while we continue to improve our performance along all 12 principles.



# Corporate Citizenship

Siemens is committed to providing long-term benefits to societies in which we operate, 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. We provide support where it is most needed, applying high management standards and strategically focus our corporate citizenship activities in areas where our company competencies, resources and employee volunteering can make a meaningful difference such as: Education and Science, Social, Environment, Arts and Culture

## Magnificience Exhibition:

In keeping with Siemens' focus on contributing in the area of science and education, it supported the Magnificience exhibition, organized by the Dawood Foundation in Karachi. The main objective of the exhibition was to introduce the world of science to students of all ages and to inspire exploration and education in the field. The exhibition was attended by approximately 30,000 students, parents and educationists. For the hundreds of students from less privileged backgrounds, the event was a unique experience. They

were able to observe from close range how Siemens' innovative equipment is used to produce renewable energy using solar and wind resources as well as the more traditional hydro energy. The children were captivated by the display on patented Siemens experiment kits that allowed them to observe and operate miniature working models of energy generating equipment. Siemens not only made a financial contribution to the exhibition, but many of its team members volunteered their time over 3 days of the event to interact with students and instill in them the love for science.



## What's stopping You

Siemens supported an initiative to help people challenged by different forms of disability to overcome the hindrances, learn a skill and be able to support themselves. It has been observed all too often that people with disabilities are confined within certain boundaries and despite having the ability to do constructive work are not given the opportunity to do so. Usually this is because the families of such people lack the financial resources and/or access to specialized institutes that can help. Siemens contribution to the cause as a socially responsible citizen was to help people confronted with such challenges to traverse the line between 'disabled' and 'differently-abled'.



## Georg Ludwig Rexroth School

Siemens provided financial support to a school run by the Georg Ludwig Rexroth Charitable Trust. The school located in one of the less privileged neighborhoods of Karachi, Orangi Town, aims to provide a competitive standard of education to children who would otherwise have no access to it. The school not only provides regular education but also supports adult literacy and vocational training. Siemens contribution is an effort to alleviate illiteracy, arguably one of the most pressing issues for Pakistan.





The background of the entire page is a composite image. It features an aerial night view of a city, with numerous small lights representing buildings and streets. Overlaid on this city view are several bright, curved light trails in shades of orange and yellow, suggesting movement or data flow. A network of thin white lines connects various points across the image, creating a web-like structure. In the upper portion, there are silhouettes of mountains under a sky with soft, wispy clouds. A large, solid teal rectangle is positioned in the upper left, partially overlapping the city and network elements.

## Financial Report 2016

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

We have reviewed the enclosed Statement of Compliance (the statement) 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 2016 to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.24 (b) of the Code, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not 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 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 2016.



Chartered Accountants  
Date: 13 December 2016  
Place: Karachi

# Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No.5.19.24 of Listing Regulations of Pakistan Stock Exchange Ltd 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 CCG 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               | Name  |
|------------------------|---|
| Independent Director   | Mr. Qazi Sajid Ali  |
| Non-Executive Director | Mr. Manzoor Ahmed<br>Mr. Bernhard Wilhelm Niessing<br>Mr. Helmut Steidle<br>Dr. Sebastian Andreas Brachert<br>Mr. Marco Jochen Schiffer |
| Executive Director     | Mr. Helmut von Struve   |

The independent director meets the criteria of independence under clause 5.19.1 (b) of the CCG

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 the stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred during the year.
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 Managing Director and non-executive directors, have been taken by the Board.
8. All meetings of the Board were presided over by the Chairman. 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 arranged orientation course for its directors as and when needed to apprise them of their duties and responsibilities. Two of the director have already acquired certification under directors training programme conducted by Pakistan Institute of Corporate Governance whereas four directors have received an exemption from that training vide Security & Exchange Commission of Pakistan's letter reference SMD/SE/2(10)/2002 dated September 19, 2014. One director is exempted on the basis of experience criteria.
10. The Board has approved the appointments of Chief Financial Officer (CFO) 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 CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by Managing Director (MD) and CFO before approval of the Board.
13. The directors, MD 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 CCG.
15. The Board has formed an audit committee. It comprises of four members, all of whom are non-executive directors.
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 CCG. 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 two are non-executive directors, one executive director and the chairman of the committee 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 exchange.
22. Material / price sensitive information has been disseminated amongst all the market participants at once through the stock exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

**Bernhard Willhelm Niessing**  
Chairman of the Board

Dubai,  
December 13, 2016

**Helmut von Struve**  
Managing Director



## Auditors' report to the members

We have audited the annexed balance sheet of **Siemens (Pakistan) Engineering Co. Ltd.** (the Company) as at **30 September 2016** 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 2016** and of the profit, its comprehensive income, 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: 13 December 2016  
Place: Karachi

# Siemens (Pakistan) Engineering Company Limited

## Balance Sheet

As at September 30, 2016

|   | Note | 2016<br>(Rupees in '000) | 2015       |
|---|------|--------------------------|------------|
| <b>Equity and liabilities</b>                               |      |                          |            |
| <b>Share capital and reserves</b>                           |      |                          |            |
| <b>Share capital</b>  |      |                          |            |
| - Authorised  |      |                          |            |
| 20,000,000 (2015: 20,000,000) Ordinary shares of Rs 10 each |      | 200,000                  | 200,000    |
| - Issued, subscribed and paid-up                            | 7    | 82,470                   | 82,470     |
| <b>Reserves</b>   |      |                          |            |
| Capital   | 8    | 624,192                  | 624,192    |
| Revenue   | 8    | 4,524,779                | 2,496,789  |
|   |      | 5,148,971                | 3,120,981  |
|   |      | 5,231,441                | 3,203,451  |
| <b>Non-current liabilities</b>                              |      |                          |            |
| Retention money   |      | 12,664                   | 1,280      |
| Other non-current liabilities                               |      | 11,086                   | 19,542     |
|   |      | 23,750                   | 20,822     |
| <b>Current liabilities</b>                                  |      |                          |            |
| Trade and other payables                                    | 9    | 7,908,477                | 6,748,998  |
| Provisions  | 10   | 838,476                  | 954,614    |
| Short-term running finance                                  | 11   | 16,204                   | 212,209    |
| Taxation - net  | 12   | 720,379                  | 753,151    |
|   |      | 9,483,536                | 8,668,972  |
| Liabilities classified as held for sale                     | 4.5  | -                        | 533,053    |
| <b>Total liabilities</b>                                    |      | 9,507,286                | 9,222,847  |
| <b>Contingencies and commitments</b>                        |      |                          |            |
|   | 13   |                          |            |
| <b>Total equity and liabilities</b>                         |      | 14,738,727               | 12,426,298 |
| <b>Assets</b>   |      |                          |            |
| <b>Non-current assets</b>                                   |      |                          |            |
| <b>Fixed assets</b>   |      |                          |            |
| Property, plant and equipment                               | 14   | 240,832                  | 138,316    |
| Intangible assets   | 15   | 5,083                    | 189        |
|   |      | 245,915                  | 138,505    |
| Long-term loans and trade receivables                       | 17   | 126,068                  | 249,675    |
| Long-term deposits and prepayments                          |      | 12,063                   | 18,310     |
| Deferred tax asset  | 18   | 1,296,339                | 1,428,365  |
|   |      | 1,680,385                | 1,834,855  |
| <b>Current assets</b>                                       |      |                          |            |
| Inventories   | 19   | 1,180,684                | 1,291,605  |
| Trade receivables   | 20   | 4,045,675                | 4,175,017  |
| Due against construction work in progress                   | 21   | 2,146,864                | 1,918,572  |
| Loans and advances  | 22   | 56,935                   | 78,640     |
| Deposits and short-term prepayments                         | 23   | 71,033                   | 88,394     |
| Other receivables   | 24   | 322,772                  | 249,617    |
| Cash and bank balances                                      | 25   | 5,234,379                | 679,202    |
|   |      | 13,058,342               | 8,481,047  |
| Assets classified as held for sale                          | 4.4  | -                        | 2,110,396  |
| <b>Total assets</b>   |      | 14,738,727               | 12,426,298 |

The annexed notes 1 to 50 form an integral part of these financial statements.



**Helmut von Struve**  
Managing Director



**Bernhard W. Niessing**  
Chairman



# Siemens (Pakistan) Engineering Company Limited

## Profit and Loss Account

For the year ended September 30, 2016

|  |      | 2016                  |                         |                    | 2015                  |                         |                    |
|--|------|-----------------------|-------------------------|--------------------|-----------------------|-------------------------|--------------------|
|  |      | Continuing operations | Discontinued operations | Company as a whole | Continuing operations | Discontinued operations | Company as a whole |
|  | Note | (Rupees in '000)      |                         |                    |                       |                         |                    |
| Net sales and services   | 26   | 10,029,334            | 144,534                 | 10,173,868         | 7,988,038             | 1,278,871               | 9,266,909          |
| Cost of sales and services   | 27   | (9,078,819)           | (159,976)               | (9,238,795)        | (7,593,609)           | (1,179,410)             | (8,773,019)        |
| Gross profit / (loss)  |      | 950,515               | (15,442)                | 935,073            | 394,429               | 99,461                  | 493,890            |
| Marketing and selling expenses   | 28   | (670,324)             | (42,921)                | (713,245)          | (309,253)             | (132,200)               | (441,453)          |
| General administrative expenses  | 29   | (167,755)             | (15,239)                | (182,994)          | (134,328)             | (36,412)                | (170,740)          |
|  |      | (838,079)             | (58,160)                | (896,239)          | (443,581)             | (168,612)               | (612,193)          |
| Other income   | 30   | 59,755                | -                       | 59,755             | 47,917                | 10,723                  | 58,640             |
| Other operating expenses   | 30   | (13,364)              | -                       | (13,364)           | (1,381)               | (95,467)                | (96,848)           |
| Net other operating income / (expenses)  |      | 46,391                | -                       | 46,391             | 46,536                | (84,744)                | (38,208)           |
| Operating profit / (loss)  |      | 158,827               | (73,602)                | 85,225             | (2,616)               | (153,895)               | (156,511)          |
| Financial income   | 31   | 110,721               | -                       | 110,721            | 5,770                 | -                       | 5,770              |
| Financial expenses   | 31   | (27,656)              | (312)                   | (27,968)           | (175,109)             | (10,030)                | (185,139)          |
| Net finance income / (costs)   |      | 83,065                | (312)                   | 82,753             | (169,339)             | (10,030)                | (179,369)          |
| Profit / (loss) before income tax expense and gain on sale of assets classified as held for sale |      | 241,892               | (73,914)                | 167,978            | (171,955)             | (163,925)               | (335,880)          |
| Income tax   | 32   | (274,460)             | (2,759)                 | (277,219)          | (214,310)             | 21,956                  | (192,354)          |
| Loss before gain on sale of assets classified as held for sale                                   |      | (32,568)              | (76,673)                | (109,241)          | (386,265)             | (141,969)               | (528,234)          |
| Gain on sale of assets classified as held for sale - net of income tax                           | 33   | -                     | 2,213,193               | 2,213,193          | -                     | -                       | -                  |
| Net profit / (loss) for the year   |      | (32,568)              | 2,136,520               | 2,103,952          | (386,265)             | (141,969)               | (528,234)          |
| Basic and diluted earnings / (loss) per share (Rupees)   | 34   | (3.95)                | 259.07                  | 255.12             | (46.84)               | (17.21)                 | (64.05)            |

The annexed notes 1 to 50 form an integral part of these financial statements.



**Helmut von Struve**  
Managing Director



**Bernhard W. Niessing**  
Chairman

# Siemens (Pakistan) Engineering Company Limited

## Statement of Comprehensive Income

For the year ended September 30, 2016

|  | 2016<br>(Rupees in '000) | 2015      |
|--|--------------------------|-----------|
| <b>Net profit / (loss) for the year</b>  | <b>2,103,952</b>         | (528,234) |
| Other comprehensive income for the year not to be reclassified to profit and loss in subsequent periods: |                          |           |
| Recognition of remeasurement gain on defined benefit plan  | 13,881                   | 37,330    |
| Deferred tax on remeasurement gain on defined benefit plan   | (7,373)                  | (11,794)  |
|  | 6,508                    | 25,536    |
| <b>Total comprehensive income / (loss) for the year</b>  | <b>2,110,460</b>         | (502,698) |

The annexed notes 1 to 50 form an integral part of these financial statements.



**Helmut von Struve**  
Managing Director



**Bernhard W. Niessing**  
Chairman

# Siemens (Pakistan) Engineering Company Limited

## Cash Flow Statement

For the year ended September 30, 2016

|   | Note | 2016<br>(Rupees in '000) | 2015        |
|---|------|--------------------------|-------------|
| <b>Cash flows from operating activities</b>                 |      |                          |             |
| Cash generated from operations                              | 35   | 1,278,100                | 2,054,592   |
| Payment to gratuity fund                                    |      | (99,324)                 | (46,705)    |
| Financial expenses paid                                     |      | (18,008)                 | (198,827)   |
| Income tax paid   |      | (405,956)                | (378,308)   |
| Net cash generated from operating activities                |      | 754,812                  | 1,430,752   |
| <b>Cash flows from investing activities</b>                 |      |                          |             |
| Capital expenditure incurred                                |      | (188,839)                | (56,732)    |
| Proceeds from sale of assets classified as held for sale    |      | 4,131,028                | -           |
| Advances against sale of assets classified as held for sale |      | -                        | 280,000     |
| Proceeds from sale of property, plant and equipment         |      | 25,930                   | 27,127      |
| Financial income received                                   |      | 110,721                  | 2,037       |
| Net cash generated from investing activities                |      | 4,078,840                | 252,432     |
| <b>Cash flows from financing activities</b>                 |      |                          |             |
| Dividends paid  |      | (82,470)                 | (82,470)    |
| Short-term loans - net                                      |      | -                        | (1,426,480) |
| Net cash used in financing activities                       |      | (82,470)                 | (1,508,950) |
| Net increase in cash and cash equivalents                   |      | 4,751,182                | 174,234     |
| Cash and cash equivalents at beginning of the year          |      | 466,993                  | 292,759     |
| Cash and cash equivalents at end of the year                | 36   | 5,218,175                | 466,993     |

The annexed notes 1 to 50 form an integral part of these financial statements.



**Helmut von Struve**  
Managing Director



**Bernhard W. Niessing**  
Chairman

# Siemens (Pakistan) Engineering Company Limited

## Statement of Changes in Equity

For the year ended September 30, 2016

|  | Issued,<br>subscribed<br>and<br>paid-up<br>share<br>capital | Capital reserves |   |                             | Revenue reserves    |  |                                | Total     |
|--|---|------------------|---|-----------------------------|---------------------|--|--------------------------------|-----------|
|  |   | Share<br>premium | Capital<br>repurchase<br>reserve<br>account | Other<br>capital<br>reserve | General<br>reserves | Remeasurement<br>loss on defined<br>benefit plan | Accumulated<br>(loss) / profit |           |
|  | ----- (Rupees in '000) -----                                |                  |   |                             |                     |  |                                |           |
| Balance as at September 30, 2014   | 82,470  | 619,325          | 567   | 4,300                       | 4,523,026           | (249,255)  | (1,191,814)                    | 3,788,619 |
| Final dividend @ Rs 10 per Ordinary share of Rs 10<br>each for the year ended September 30, 2014 | -   | -                | -   | -                           | -                   | -  | (82,470)                       | (82,470)  |
| Net loss for the year ended September 30, 2015   | -   | -                | -   | -                           | -                   | -  | (528,234)                      | (528,234) |
| Other comprehensive income for the year  | -   | -                | -   | -                           | -                   | 25,536   | -                              | 25,536    |
| Total comprehensive loss for the year  | -   | -                | -   | -                           | -                   | 25,536   | (528,234)                      | (502,698) |
| Balance as at September 30, 2015   | 82,470  | 619,325          | 567   | 4,300                       | 4,523,026           | (223,719)  | (1,802,518)                    | 3,203,451 |
| Final dividend @ Rs 10 per Ordinary share of Rs 10<br>each for the year ended September 30, 2015 | -   | -                | -   | -                           | -                   | -  | (82,470)                       | (82,470)  |
| Net profit for the year ended September 30, 2016   | -   | -                | -   | -                           | -                   | -  | 2,103,952                      | 2,103,952 |
| Other comprehensive income for the year  | -   | -                | -   | -                           | -                   | 6,508  | -                              | 6,508     |
| Total comprehensive income for the year  | -   | -                | -   | -                           | -                   | 6,508  | 2,103,952                      | 2,110,460 |
| Balance as at September 30, 2016   | 82,470  | 619,325          | 567   | 4,300                       | 4,523,026           | (217,211)  | 218,964                        | 5,231,441 |

The annexed notes 1 to 50 form an integral part of these financial statements.



**Helmut von Struve**  
Managing Director



**Bernhard W. Niessing**  
Chairman

# Siemens (Pakistan) Engineering Company Limited

## Notes to the Financial Statements

For the year ended September 30, 2016

### 1. LEGAL STATUS AND OPERATIONS

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

### 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:

- Provision for liquidated damages and warranty obligations (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)
- Impairment on property, plant and equipment and intangible assets (note 3.4 and 3.5)
- Provisions against inventory, doubtful debts and construction work in progress (notes 3.6, 3.9, 3.10 and 3.11)
- Provision for taxation and deferred taxation (note 3.7)
- Actuarial assumptions for the gratuity scheme and provision thereagainst (note 9.2)
- Expected outcome of litigations involving the Company (note 13.1); and
- Cost of completion of contracts in progress and their results (note 38.1)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 Employees' retirement benefits

The Company's retirement benefit plans comprise of a defined benefit plan and a defined contribution plan.

##### 3.1.1 Defined Benefit Plan

The Company operates a funded gratuity scheme for all its regular permanent employees. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuation carried out annually under the Projected Unit Credit method. Remeasurement gains / losses are recognised directly to equity through statement of Other Comprehensive Income (OCI) and are not reclassified to profit or loss in subsequent periods.

### 3.1.2 Defined Contribution Plan

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

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

Capital work in progress are transferred to 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**

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

#### **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 and deferred tax assets are recognised for all deductible temporary differences. A deferred tax asset is recognised only when it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax relating to items recognised in OCI / Equity is recognised directly in OCI / Equity.

### **3.8 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. Bad debts are written-off as and when identified.

### **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, cheques in hand, deposits held with banks and highly liquid investments with less than three months maturity from the date of acquisition. Running finance facilities availed by the Company, which are repayable on demand and form an integral part of the Company's cash management are considered as part of cash and cash equivalents for the purpose of 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 loans and borrowings and related expenses, cash and bank balances and related income, corporate assets and tax assets and liabilities.

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

### 3.14 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.

### 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.

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

### 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

Leases in which a significant portion of the risks and rewards of ownership is retained by the Muj'ir (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 and amendments effective during the year

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

|         |   |  |
|---------|---|--|
| IFRS 10 | - | Consolidated Financial Statements              |
| IFRS 11 | - | Joint Arrangements                             |
| IFRS 12 | - | Disclosure of Interests in Other Entities      |
| IFRS 13 | - | Fair Value Measurement                         |
| IAS 27  | - | Equity Method in Separate Financial Statements |
| IAS 28  | - | Investments in Associates and Joint Ventures   |

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

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

| Standard                    |   | Effective date<br>(annual periods<br>beginning<br>on or after) |
|-----------------------------|---|--|
| IFRS 2                      | Classification and Measurement of Share-based payments (Amendments)                               | January 1, 2018  |
| IFRS 10, IFRS 12 and IAS 28 | Applying the Consolidation Exception (Amendments)   | January 1, 2016  |
| IFRS 10 and IAS 28          | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment) | January 1, 2016  |

| Standard      |   | Effective date<br>(annual periods<br>beginning<br>on or after) |
|---------------|---|--|
| IFRS 11       | Accounting and Acquisition of Interest in Joint Operation (Amendment)           | January 1, 2016  |
| IAS 1         | Disclosure Initiative (Amendment)   | January 1, 2016  |
| IAS 7         | Disclosure Initiative - Statement of Cash Flows                                 | January 1, 2017  |
| IAS 12        | Recognition of Deferred Tax Assets for Unrealized Losses                        | January 1, 2017  |
| IAS 16 and 38 | Clarification of acceptable method of Depreciation and Amortisation (Amendment) | January 1, 2016  |
| IAS 16 and 41 | Agriculture : Bearer Plants   | January 1, 2016  |
| IAS 27        | Equity method in Separate Financial Statements (Amendment)                      | January 1, 2016  |

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 1, 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

| Standard |   | IASB<br>Effective date<br>(annual periods<br>beginning<br>on or after) |
|----------|---|--|
| IFRS 9   | Financial Instruments: Classification and Measurement | January 1, 2018  |
| IFRS 14  | Regulatory Deferral Accounts                          | January 1, 2016  |
| IFRS 15  | Revenue from Contracts with Customers                 | January 1, 2018  |
| IFRS 16  | Leases  | January 1, 2019  |

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.

#### 4 NON-CURRENT ASSETS HELD FOR SALE

##### 4.1 Transformer Business and Karachi Real Estate

Pursuant to the approval of the Board of Directors in their meeting held on March 30, 2015 and members of the Company in the Extra Ordinary General Meeting held on April 27, 2015, the Company has completed the sale process of the following transactions:

(i) sale of Distribution Transformer (DT) manufacturing business of the Company as a going concern including all assets and received an adjusted purchase price of Rs 953.76 million based on net assets value as at October 31, 2015 from the buyer;

(ii) sale of fixed assets pertaining to Power Transformer (PT) manufacturing facility of the Company and received payment of Rs 300 million as consideration; and

(iii) sale of leasehold/allotment rights in all land and buildings comprised in the Company's real estate located at Estate Avenue, Sindh Industrial Trading Estate, against aggregate consideration of Rs 1,800 million. During the year ended September 30, 2016, the Company received payment of remaining sale consideration of Rs 1,620 million whereas Rs 180 million was received in advance during year ended September 30, 2015.

In aggregate, the Company received payment of Rs 2,874 million during the year ended September 30, 2016 against the above mentioned transactions.

##### 4.2 Healthcare Business

Pursuant to the approval of the Board of Directors in their meeting held on December 17, 2015 and members of the Company in the Annual General Meeting held on January 26, 2016, the Company has completed the sale of the Healthcare Business (HC) as a going concern and has received payment of an (positively) adjusted purchase price of Rs 357.268 million based on net assets value as at January 31, 2016.

##### 4.3 Islamabad Properties

Pursuant to the approval of the Board of Directors in their meetings held on December 19, 2014 and December 17, 2015 and members of the Company in the Annual General Meetings held on January 23, 2015 and January 26, 2016, the Company has completed the sale of the lands and buildings located at Sector I-9/4, Islamabad, Pakistan against total sale consideration of Rs 1,000 million. During the year, the Company received payment of remaining sale consideration of Rs 900 million whereas Rs 100 million was received in advance during year ended September 30, 2015.

##### 4.4 Assets classified as held for sale

|  | 2016             | 2015             |
|--|------------------|------------------|
|  | (Rupees in '000) |                  |
| Transformer business (including DT Business and PT Fixed Assets) | -                | 749,416          |
| Karachi Real Estate  | -                | 249,570          |
| Healthcare business  | -                | 481,018          |
| Islamabad Properties   | -                | 630,392          |
|  | -                | <u>2,110,396</u> |

##### 4.5 Liabilities classified as held for sale

|  |   |                |
|--|---|----------------|
| Transformer business (including DT Business and PT Fixed Assets) | - | 119,785        |
| Healthcare business  | - | 413,268        |
|  | - | <u>533,053</u> |

#### 5. DISCONTINUED OPERATIONS

##### Distribution Transformer and Healthcare businesses

The Distribution Transformer (DT) and Healthcare (HC) businesses were classified as discontinued operations in terms of the decisions of the Board of Directors as mentioned in notes 4.1 and 4.2 respectively to these financial statements. The revenue of DT business for the year ended September 30, 2016 was Rs 44.792 million (2015: Rs 660.936 million) whereas the revenue of HC business was Rs 99.742 million (2015: Rs 617.935 million). During the year ended September 30, 2016 DT business incurred a loss of Rs 54.659 million (2015: loss Rs 185.115 million) whereas HC business incurred a loss of Rs 18.943 million (2015: profit Rs 53.115 million).

**Cash flows from discontinued operations**

2016                      2015  
(Rupees in '000)

|  |                |                  |
|--|----------------|------------------|
| Net cash used in operating activities                    | (606,708)      | (154,554)        |
| Net cash generated from / (used in) investing activities | 1,577,150      | (5,613)          |
| Net cash flows from discontinued operations              | <u>970,442</u> | <u>(160,167)</u> |

For segment reporting, Transformer business has been classified as a separate Business Unit under the Division 'Energy Management' whereas the HC business has been classified as a separate Division (note 48).

**6. OPERATIONS IN AFGHANISTAN**

Effective December 31, 2015 the Company has ceased to participate in further business in Afghanistan due to withdrawal of sales rights by Siemens AG for the Afghanistan territory. However, the Company will continue to execute the order in hand (amounting to Rs 4,651.503 million as at September 30, 2016). Information relating to Afghanistan operations is presented in note 49 to these financial statements.

**7. ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARE CAPITAL**

Ordinary shares of Rs 10 each

| 2016             | 2015             |  | 2016             | 2015          |
|------------------|------------------|--|------------------|---------------|
| (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> |

**7.1** Siemens Aktiengesellschaft (Siemens AG, the parent company) held 6,156,782 Ordinary shares (2015: 6,156,782 Ordinary shares) of Rs 10 each of the Company as at September 30, 2016.

**7.2 Dividends and other appropriations**

The Board of Directors have, in their meeting held on December 13, 2016 proposed a final cash dividend of Rs 120 per Ordinary share of Rs 10 each (2015: Rs 10 per share), amounting to Rs 989.644 million (2015: Rs 82.470 million).

**8. RESERVES**

|  | Note | 2016             | 2015             |
|--|------|------------------|------------------|
|  |      | (Rupees in '000) |                  |
| <b>Capital</b>                             |      |                  |                  |
| Share premium                              | 8.1  | 619,325          | 619,325          |
| Capital repurchase reserve account         | 8.2  | 567              | 567              |
| Other capital reserve                      |      | 4,300            | 4,300            |
|  |      | <u>624,192</u>   | <u>624,192</u>   |
| <b>Revenue</b>                             |      |                  |                  |
| General reserves                           |      | 4,523,026        | 4,523,026        |
| Remeasurement loss on defined benefit plan |      | (217,211)        | (223,719)        |
| Accumulated profit / (loss)                |      | 218,964          | (1,802,518)      |
|  |      | <u>4,524,779</u> | <u>2,496,789</u> |

**8.1** 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.

**8.2** 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 section 95A of the Companies Ordinance, 1984.

## 9. TRADE AND OTHER PAYABLES

|  |      | 2016             | 2015      |
|--|------|------------------|-----------|
|  | Note | (Rupees in '000) |           |
| Trade creditors [including retention money of Rs 262.169 million (2015: Rs 383.015 million)] | 9.1  | 3,253,256        | 3,049,203 |
| Accrued liabilities  |      | 764,605          | 1,188,008 |
| Advances from customers  |      |                  |           |
| For goods  |      | 254,151          | 321,358   |
| For projects and services  |      | 2,630,141        | 1,507,752 |
| Advances against sale of assets classified as held for sale                                  |      | -                | 280,000   |
| Defined benefit plan - gratuity  | 9.2  | 232,585          | 292,313   |
| Interest accrued on short-term borrowings  |      | -                | 3,836     |
| Unearned portion of revenue and maintenance contracts  |      | 96,054           | 69,400    |
| Workers' Welfare Fund (WWF)  |      | 84,591           | 30,246    |
| Workers' Profit Participation Fund (WPPF)  |      | 8,905            | -         |
| Unclaimed dividend   |      | 19,602           | 19,227    |
| Derivative financial instruments   |      | 311,783          | 166,282   |
| Withholding tax payable  |      | 15,479           | 40,502    |
| Other liabilities  |      | 237,325          | 258,987   |
|  |      | 7,908,477        | 7,227,114 |
| Transferred to liabilities classified as held for sale                                       |      | -                | (478,116) |
|  |      | 7,908,477        | 6,748,998 |

9.1 These include sums, aggregating to Rs 2,136.536 million (2015: Rs 2,174.516 million) due to related parties.

### 9.2 Defined benefit plan - gratuity

The actuarial valuation of gratuity scheme was carried out on September 30, 2016. The Projected Unit Credit Method, using the following significant financial assumptions has been used for the actuarial valuation:

- Discount rate 7.75% per annum compound (2015: 9.25%).
- Expected rate of increase in salaries 7.25% per annum (2015: 8.75%).

The amounts recognised in the balance sheet are as follows:

|  |       | 2016             | 2015      |
|--|-------|------------------|-----------|
|  | Note  | (Rupees in '000) |           |
| Fair value of plan assets                              | 9.2.1 | 153,266          | 252,682   |
| Present value of defined benefit obligation            | 9.2.2 | (385,851)        | (544,995) |
| Deficit - recognised as liability in the balance sheet | 9.2.3 | (232,585)        | (292,313) |

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

|                                   |           |          |
|-----------------------------------|-----------|----------|
| Opening balance                   | 252,682   | 235,605  |
| Interest income                   | 19,490    | 30,681   |
| Contributions made by the Company | 99,324    | 46,705   |
| Benefits paid                     | (210,660) | (63,383) |
| Divestment                        | (3,928)   | -        |
| Remeasurement (loss) / gain       | (3,642)   | 3,074    |
|                                   | 153,266   | 252,682  |

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

|                      |           |          |
|----------------------|-----------|----------|
| Opening balance      | 544,995   | 528,817  |
| Current service cost | 42,015    | 46,705   |
| Settlement Gain      | (5,982)   | -        |
| Interest expense     | 40,287    | 67,112   |
| Benefits paid        | (210,660) | (63,383) |
| Divestment           | (7,281)   | -        |
| Remeasurement gains  | (17,523)  | (34,256) |
|                      | 385,851   | 544,995  |

**9.2.3 Movement in net liability in the balance sheet is as follows:**

|  | Note  | 2016<br>(Rupees in '000) | 2015             |
|--|-------|--------------------------|------------------|
| Opening balance of liability                           |       | (292,313)                | (293,212)        |
| Expense recognised for the year                        | 9.2.4 | (56,830)                 | (83,136)         |
| Contributions made by the Company                      |       | 99,324                   | 46,705           |
| Divestment   |       | 3,353                    | -                |
| Net remeasurement gains for the year recognised in OCI |       | 13,881                   | 37,330           |
|  |       | <b>(232,585)</b>         | <b>(292,313)</b> |

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

|                                |               |               |
|--------------------------------|---------------|---------------|
| Current service cost           | 42,015        | 46,705        |
| Settlement Gain                | (5,982)       | -             |
| Interest expense               | 40,287        | 67,112        |
| Interest income on plan assets | (19,490)      | (30,681)      |
|                                | <b>56,830</b> | <b>83,136</b> |

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

|                           | 2016       | % | 2015       |
|---------------------------|------------|---|------------|
| Government bonds          | 82         |   | 91         |
| Cash and cash equivalents | 18         |   | 9          |
|                           | <b>100</b> |   | <b>100</b> |

**9.2.6 Sensitivity analysis for actuarial assumptions**

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

| Assumptions                                 | Impact on defined benefit obligation |               |
|---|--------------------------------------|---------------|
|   | 0.5% increase                        | 0.5% decrease |
|   | (Rupees in '000)                     |               |
| Effect of change in discount rate           | (16,348)                             | 17,635        |
| Effect of change in future salary increases | 17,635                               | (16,496)      |

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

**9.2.8** As per the recommendation of the actuary, the Company plans to contribute Rs 43.799 million to the gratuity fund during the year ending September 30, 2017.

**10. PROVISIONS**

|                                  | Warranties       | Liquidated damages | Losses on sales contracts | Total          |
|----------------------------------|------------------|--------------------|---------------------------|----------------|
|                                  | (Rupees in '000) |                    |                           |                |
| Balance at beginning of the year | 518,076          | 229,680            | 206,858                   | 954,614        |
| Additional provision             | 174,450          | 59,740             | 65,441                    | 299,631        |
| Cost incurred / imposed          | (236,619)        | (16,933)           | (113,075)                 | (366,627)      |
| Reversal of unutilised amounts   | (39,093)         | (10,049)           | -                         | (49,142)       |
| Balance at end of the year       | <b>416,814</b>   | <b>262,438</b>     | <b>159,224</b>            | <b>838,476</b> |



## 11. SHORT-TERM RUNNING FINANCE

|                                |      | 2016             | 2015    |
|--------------------------------|------|------------------|---------|
|                                | Note | (Rupees in '000) |         |
| Unsecured - from related party | 11.1 | 5,516            | -       |
| - from others                  | 11.2 | 10,688           | 20      |
|                                |      | 16,204           | 20      |
| Secured - from others          |      | -                | 212,189 |
|                                |      | 16,204           | 212,209 |

**11.1** This facility is available from Siemens Financial Services (SFS) of Siemens AG, utilised in respect of the projects in the United Arab Emirates (UAE). The mark-up on this facility ranges between 1.51% and 1.84% per annum.

**11.2** These facilities arranged with commercial banks in the United Arab Emirates (UAE) aggregated to Rs 71.102 million (September 30, 2015: Rs 142 million) at interest rates ranges between 4.05% and 4.30% per annum (September 30, 2015: 4.00% to 4.10% per annum).

|                        | 2016             | 2015      |
|------------------------|------------------|-----------|
|                        | (Rupees in '000) |           |
| Provision for taxation | 1,693,709        | 1,481,468 |
| Advance tax            | (973,330)        | (728,317) |
|                        | 720,379          | 753,151   |

## 13. CONTINGENCIES AND COMMITMENTS

### 13.1 Contingencies

The Company is defending various suits filed against it in various courts in Pakistan for sums aggregating to Rs 254.776 million (2015: Rs 187.550 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.

### 13.2 Commitments:

**13.2.1** As at September 30, 2016 capital expenditure contracted for but not incurred amounted to Rs 134.649 million (2015: Rs 32.511 million).

**13.2.2** Post dated cheques issued to the Collector of Customs against import duty aggregate to Rs 28.637 million (2015: Rs 4.103 million).

**13.2.3** Outstanding letters of credit and guarantees

|                                   | 2016             | 2015      |
|-----------------------------------|------------------|-----------|
|                                   | (Rupees in '000) |           |
| (i) Outstanding Letters of credit |                  |           |
| - limit                           | 1,202,048        | 1,364,000 |
| - unutilised portion              | 832,807          | 1,176,318 |
| (ii) Outstanding Guarantees       |                  |           |
| - limit                           | 10,839,744       | 7,040,903 |
| - unutilised portion              | 1,773,082        | 1,359,756 |

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

|   | 2016             | 2015   |
|---|------------------|--------|
|   | (Rupees in '000) |        |
| - Not later than one year                           | 25,137           | 31,391 |
| - Later than one year but not later than five years | 42,418           | 64,526 |
|   | 67,555           | 95,917 |

#### 14. PROPERTY, PLANT AND EQUIPMENT

Note 2016 2015  
(Rupees in '000)

|                          |      |         |         |
|--------------------------|------|---------|---------|
| Operating assets         | 14.1 | 223,685 | 138,188 |
| Capital work in progress |      | 17,147  | 128     |
|                          |      | 240,832 | 138,316 |

##### 14.1 Operating assets

| 2016                        | As at October 1, 2015 |                          |                        | During the year ended September 30, 2016 |                         |   |   | As at September 30, 2016    |       |                          | Depreciation rates |                        |                |              |
|-----------------------------|-----------------------|--------------------------|------------------------|--|-------------------------|---|---|-----------------------------|-------|--------------------------|--------------------|------------------------|----------------|--------------|
|                             | Cost                  | Accumulated depreciation | Accumulated impairment | Net book value                           | Additions / (deletions) | Transferred to non-current assets classified as held for sale | Depreciation / (on deletions) / (impairment reversal) / (on transfer) | Net book value of disposals | Cost  | Accumulated depreciation |                    | Accumulated impairment | Net book value |              |
|                             |                       |                          |                        |  |                         |   | (Rupees in '000)  |                             |       |                          |                    |                        |                | %            |
| Leasehold land              | 2015                  | -                        | -                      | 2,015                                    | -                       | -   | -   | -                           | -     | 2,015                    | -                  | -                      | 2,015          | -            |
| Buildings on leasehold land | 17,323                | 1,880                    | -                      | 15,443                                   | -                       | -   | 2,977   | -                           | -     | 17,323                   | 4,857              | -                      | 12,466         | 2.5 & 20     |
| Plant and machinery         | 264,118               | 182,628                  | 12,036                 | 69,454                                   | 14,431 (26,389)         | -   | 16,881 (21,299)   | -                           | 5,090 | 252,160                  | 178,210            | 12,036                 | 61,914         | 10 & 100     |
| Furniture and fixtures      | 108,347               | 97,128                   | 151                    | 11,068                                   | 24,274 (14,375)         | -   | 4,709 (13,554)  | -                           | 821   | 118,246                  | 88,283             | 151                    | 29,812         | 20, 25 & 100 |
| Office equipment            | 140,197               | 117,898                  | -                      | 22,299                                   | 77,917 (51,439)         | -   | 30,487 (50,491)   | -                           | 948   | 166,675                  | 97,894             | -                      | 68,781         | 20 & 33.33   |
| Vehicles                    | 175,867               | 161,583                  | 17                     | 14,267                                   | 41,567 (25,974)         | -   | 12,875 (24,922)   | -                           | 1,052 | 191,460                  | 149,536            | 17                     | 41,907         | 25           |
| Tools and patterns          | 149,577               | 145,884                  | 51                     | 3,642                                    | 8,285 (4,884)           | -   | 5,137 (4,884)   | -                           | -     | 152,978                  | 146,137            | 51                     | 6,790          | 20, 50 & 100 |
|                             | 857,444               | 707,001                  | 12,255                 | 138,188                                  | 166,474 (123,061)       | -   | 73,066 (115,150)  | -                           | 7,911 | 900,857                  | 664,917            | 12,255                 | 223,685        |              |

| 2015                        | As at October 1, 2014 |                          |                        | During the year ended September 30, 2015 |                        |  |  | As at September 30, 2015               |   |         |                          | Depreciation rates |                        |                     |
|-----------------------------|-----------------------|--------------------------|------------------------|--|------------------------|--|--|--|---|---------|--------------------------|--------------------|------------------------|---------------------|
|                             | Cost                  | Accumulated depreciation | Accumulated impairment | Net book value                           | Additions/ (deletions) | Transferred to non-current assets classified as held for sale* | Depreciation / (on deletions) / (on transfer)* | (Impairment reversal) / (on transfer)* | Net book value of disposals / transfer* | Cost    | Accumulated depreciation |                    | Accumulated impairment | Net book value      |
|                             |                       |                          |                        |  |                        |  |  |  |   |         |                          |                    |                        | %                   |
| Leasehold land              | 53,149                | -                        | -                      | 53,149                                   | -                      | (51,134) *   | -  | -                                      | (51,134) *                              | 2,015   | -                        | -                  | 2,015                  | -                   |
| Buildings on leasehold land | 332,563               | 137,358                  | -                      | 195,205                                  | 14,577                 | (329,817) *  | 3,942 (139,420) *                              | -                                      | (190,397) *                             | 17,323  | 1,880                    | -                  | 15,443                 | 2.5 & 10            |
| Plant and machinery         | 1,076,431             | 731,062                  | 105,927                | 239,442                                  | 5,370 (88,298)         | (729,385) *  | 40,113 (85,716) (502,831) *                    | (50,599) (43,292) *                    | 2,582 (183,262) *                       | 264,118 | 182,628                  | 12,036             | 69,454                 | 10, 20, 25 & 100    |
| Furniture and fixtures      | 145,833               | 133,978                  | 985                    | 10,870                                   | 7,612 (6,189)          | (38,909) *   | 6,532 (6,041) (37,341) *                       | (231) (603) *                          | 148 (965) *                             | 108,347 | 97,128                   | 151                | 11,068                 | 20, 25, 33.33 & 100 |
| Office equipment            | 155,616               | 128,563                  | -                      | 27,053                                   | 19,955 (15,561)        | (19,813) *   | 18,762 (14,698) (14,729) *                     | -                                      | 863 (5,084) *                           | 140,197 | 117,898                  | -                  | 22,299                 | 20, 33.33 & 100     |
| Vehicles                    | 210,101               | 181,276                  | 32                     | 28,793                                   | - (19,974)             | (14,260) *   | 14,526 (19,974) (14,245) *                     | (15)                                   | - (15) *                                | 175,867 | 161,583                  | 17                 | 14,267                 | 25 & 50             |
| Tools and patterns          | 236,905               | 226,100                  | 2,709                  | 8,096                                    | 9,306 (19,008)         | (77,626) *   | 8,750 (19,008) (69,958) *                      | (1,847) (811) *                        | - (6,857) *                             | 149,577 | 145,884                  | 51                 | 3,642                  | 50 & 100            |
|                             | 2,210,598             | 1,538,337                | 109,653                | 562,608                                  | 56,820 (149,030)       | (1,260,944) *  | 92,625 (145,437) (778,524) *                   | (52,692) (44,706) *                    | 3,593 (437,714) *                       | 857,444 | 707,001                  | 12,255             | 138,188                |                     |

\* Net book value of Rs 184.115 million, Rs 249.570 million and Rs 4.029 million relating to DT & PT, Karachi Real Estate and HC respectively has been transferred to non-current assets classified as held-for-sale (note 4).

**14.1.1** Operating assets include items having an aggregate cost of Rs 480.123 million (2015: Rs 544.701 million) which have been fully depreciated and are still in use of the Company.

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

|  | Original<br>cost             | Accumulated<br>depreciation<br>and<br>impairment | Net book<br>value | Sale<br>proceeds | Mode of<br>disposal | Name and address of purchaser                        |
|--|------------------------------|--|-------------------|------------------|---------------------|--|
|  | ----- (Rupees in '000) ----- |  |                   |                  |                     |  |
| Plant and machinery                        |                              |  |                   |                  |                     |  |
| Hydraulic Crane 25 Tons                    | 8,000                        | 6,367  | 1,633             | 3,200            | Auction             | Muhammad Umer, Plot No. 3/LY-10, Moosa Lane Karachi. |
| DG Set 500 KVA                             | 3,348                        | 2,316  | 1,032             | 1,759            | Negotiation         | ENI Pakistan, The Forum, Clifton , Karachi           |
| DG Set 315 KVA                             | 3,775                        | 2,894  | 881               | 709              | Auction             | Zamin & Co, Abbas Manzil, Bara Kaho. Islamabad       |
| DG Set 30 KVA                              | 999                          | 350  | 649               | 649              | Company Policy      | Syed Nadeem Kazmi - Ex Employee                      |
| DG Set 30 KVA                              | 1,094                        | 456  | 638               | 547              | Company Policy      | Murtaza Abbas - Ex Employee                          |
| Synchronizing Panel for DG Set             | 575                          | 408  | 167               | 302              | Negotiation         | ENI Pakistan, The Forum, Clifton , Karachi           |
| Canopy for DG Set                          | 285                          | 197  | 88                | 150              | Negotiation         | ENI Pakistan, The Forum, Clifton , Karachi           |
| Items with book value below Rs 50,000 each | 8,313                        | 8,311  | 2                 | 3,429            | Various             | Various  |
|  | 26,389                       | 21,299   | 5,090             | 10,745           |                     |  |
| Furniture and fixtures                     |                              |  |                   |                  |                     |  |
| Camera D/N WD700 TVLOutDoor                | 584                          | 97   | 487               | -                | Company Policy      | Murtaza Abbas - Ex Employee                          |
| VECTICS AX16 DVR                           | 207                          | 34   | 173               | 1                | Company Policy      | Murtaza Abbas - Ex Employee                          |
| Camera D/N WD700 TVLOut/InDoor             | 191                          | 32   | 159               | -                | Company Policy      | Murtaza Abbas - Ex Employee                          |
| Items with book value below Rs 50,000 each | 13,393                       | 13,391   | 2                 | 77               | Various             | Various  |
|  | 14,375                       | 13,554   | 821               | 78               |                     |  |
| Office equipment                           |                              |  |                   |                  |                     |  |
| HIPATH - 4000 STMI Card                    | 200                          | 77   | 123               | -                | Scrapped            |  |
| CISCO switch                               | 284                          | 199  | 85                | -                | Scrapped            |  |
| I-Phone                                    | 92                           | 18   | 74                | 62               | Insurance claim     |  |
| Laptop                                     | 94                           | 29   | 65                | -                | Scrapped            |  |
| Laptop                                     | 94                           | 29   | 65                | 68               | Insurance claim     |  |
| I-Phone                                    | 77                           | 19   | 58                | -                | Scrapped            |  |
| Items with book value below Rs 50,000 each | 50,598                       | 50,120   | 478               | 329              | Various             | Various  |
|  | 51,439                       | 50,491   | 948               | 459              |                     |  |
| Vehicles                                   |                              |  |                   |                  |                     |  |
| Honda Civic                                | 2,112                        | 1,716  | 396               | 528              | Company Policy      | Ahmed Shaheen - Employee                             |
| Honda Civic                                | 2,058                        | 1,801  | 257               | 515              | Company Policy      | Rashid Iftikhar - Employee                           |
| Honda Civic                                | 2,058                        | 1,844  | 214               | 515              | Company Policy      | Abdul Majid Mannan - Employee                        |
| Toyota Corolla                             | 1,478                        | 1,293  | 185               | 369              | Company Policy      | Naeem Ahmed - Employee                               |
| Items with book value below Rs 50,000 each | 18,268                       | 18,268   | -                 | 12,721           | Various             | Various  |
|  | 25,974                       | 24,922   | 1,052             | 14,648           |                     |  |
| Tools and patterns                         |                              |  |                   |                  |                     |  |
| Items with book value below Rs 50,000 each | 4,884                        | 4,884  | -                 | -                | Scrapped            |  |
|  | 4,884                        | 4,884  | -                 | -                |                     |  |
| September 30, 2016                         | 123,061                      | 115,150  | 7,911             | 25,930           |                     |  |
| September 30, 2015                         | 149,030                      | 145,437  | 3,593             | 27,127           |                     |  |

## 15. INTANGIBLE ASSETS

|          | Note | 2016<br>(Rupees in '000) | 2015       |
|----------|------|--------------------------|------------|
| Software | 15.1 | 5,083                    | 189        |
|          |      | <u>5,083</u>             | <u>189</u> |

### 15.1 Software

|      | As at October 1, 2015 |                          |                | During the year         |   |   |                                     | As at September 30, 2016 |                          |                | Amortisation rate |
|------|-----------------------|--------------------------|----------------|-------------------------|---|---|-------------------------------------|--------------------------|--------------------------|----------------|-------------------|
|      | Cost                  | Accumulated amortisation | Net book value | Additions / (deletions) | Transferred to non-current assets classified as held for sale | Amortisation on / (deletions)/ (transfer) | Net book value of deletion transfer | Cost                     | Accumulated amortisation | Net book value |                   |
|      | (Rupees in '000)      |                          |                |                         |   |   |                                     |                          |                          |                | %                 |
| 2016 | 81,576                | 81,387                   | 189            | 5,346 (1,884)           | -   | 357 (1,789)                               | 95 -                                | 85,038                   | 79,955                   | 5,083          | 33.33             |
| 2015 | 82,051                | 81,666                   | 385            | 200 (450)               | (225)   | 396 (450)                                 | - (225)                             | 81,576                   | 81,387                   | 189            | 33.33             |

15.2 Intangible assets include items having an aggregate cost of Rs 79.707 million (2015: Rs 81.141 million) which have been fully amortised and are still in use of the Company.

16. Depreciation and amortisation have been allocated as follows:

|                                 | Note | Depreciation     | Amortisation | 2016<br>Total | 2015<br>Total |
|---------------------------------|------|------------------|--------------|---------------|---------------|
|                                 |      | (Rupees in '000) |              |               |               |
| Cost of sales                   | 27.1 | 41,827           | 205          | 42,032        | 72,289        |
| Marketing and selling expenses  | 28   | 20,767           | 101          | 20,868        | 15,739        |
| General administrative expenses | 29   | 10,472           | 51           | 10,523        | 4,993         |
|                                 |      | <u>73,066</u>    | <u>357</u>   | <u>73,423</u> | <u>93,021</u> |

## 17. LONG-TERM LOANS AND TRADE RECEIVABLES

|   | Note | 2016<br>(Rupees in '000) | 2015           |
|---|------|--------------------------|----------------|
| <b>Loans</b>  |      |                          |                |
| Considered good - secured                             |      |                          |                |
| Due from non-executive employees                      |      | 447                      | 799            |
| Receivable within one year shown under current assets | 22   | (205)                    | (509)          |
| Long term portion                                     |      | 242                      | 290            |
| Discounting to present value                          |      | (31)                     | (42)           |
|   |      | <u>211</u>               | <u>248</u>     |
| <b>Trade receivables</b>                              |      |                          |                |
| Considered good                                       |      | 142,334                  | 266,404        |
| Considered doubtful                                   |      | 264                      | 14,465         |
|   |      | <u>142,598</u>           | <u>280,869</u> |
| Provision for doubtful trade receivables              |      | (264)                    | (14,465)       |
| Discounting to present value                          |      | (16,477)                 | (16,977)       |
|   |      | <u>125,857</u>           | <u>249,427</u> |
|   |      | <u>126,068</u>           | <u>249,675</u> |

**18. DEFERRED TAX ASSET**

|  | Note | 2016<br>(Rupees in '000) | 2015             |
|--|------|--------------------------|------------------|
| Debit / (credit) balances arising in respect of: |      |                          |                  |
| Unadjusted tax losses / tax credits              |      | 602,930                  | 703,175          |
| Provisions                                       |      | 615,889                  | 693,407          |
| Remeasurement loss on defined benefit plan       |      | 61,468                   | 68,841           |
| Discounting of long-term receivables             |      | 3,671                    | 4,232            |
| Accelerated tax depreciation and amortisation    |      | 12,381                   | (41,290)         |
|  | 18.1 | <u>1,296,339</u>         | <u>1,428,365</u> |

- 18.1** The Company has not recognised deferred tax asset of Rs 305.648 million (2015: Rs 305.648 million) in respect of minimum tax and Nil (2015: Rs 83.625) in respect of unadjusted tax losses in these financial statements in accordance with the policy as stated in note 3.7.2 to the financial statements. Minimum tax amounting to Rs 51.985 million, Rs 102.753 million, Rs 78.185 million and Rs 72.725 million will expire in 2017, 2018, 2019 and 2020 respectively.

|   | Note | 2016<br>(Rupees in '000) | 2015             |
|---|------|--------------------------|------------------|
| Raw materials and components                      |      | 262,904                  | 901,475          |
| Work-in-process                                   |      | 607,040                  | 942,096          |
| Finished goods                                    |      | 405,476                  | 467,450          |
|   |      | <u>1,275,420</u>         | <u>2,311,021</u> |
| Provision for slow moving and obsolete items      |      | (275,717)                | (495,493)        |
|   |      | <u>999,703</u>           | <u>1,815,528</u> |
| Goods-in-transit                                  |      | 180,981                  | 275,663          |
|   |      | <u>1,180,684</u>         | <u>2,091,191</u> |
| Transferred to assets classified as held for sale |      | -                        | (799,586)        |
|   | 19.1 | <u>1,180,684</u>         | <u>1,291,605</u> |

- 19.1** These include items costing Rs 170.262 million (2015: Rs 196.625 million) valued at their net realisable value of Rs 160.745 million (2015: Rs 186.376 million).

|   | Note | 2016<br>(Rupees in '000) | 2015             |
|---|------|--------------------------|------------------|
| Considered good                                   |      |                          |                  |
| Due from related parties                          | 20.1 | 27,888                   | 24,679           |
| Due from others                                   |      | 4,017,787                | 4,340,706        |
|   |      | <u>4,045,675</u>         | <u>4,365,385</u> |
| Considered doubtful                               |      | 969,935                  | 902,894          |
|   |      | <u>5,015,610</u>         | <u>5,268,279</u> |
| Provision for doubtful receivables                |      | (969,935)                | (902,894)        |
|   |      | <u>4,045,675</u>         | <u>4,365,385</u> |
| Transferred to assets classified as held for sale |      | -                        | (190,368)        |
|   |      | <u>4,045,675</u>         | <u>4,175,017</u> |

- 20.1** Represents amounts due from Rousch (Pakistan) Power Limited.

- 20.2** Information relating to trade receivable ageing is presented in note 45.2.

**21. DUE AGAINST CONSTRUCTION WORK IN PROGRESS**

|  |                  |                  |
|--|------------------|------------------|
| Considered good                                      | 2,146,864        | 1,918,572        |
| Considered doubtful                                  | 215,352          | 130,804          |
|  | <u>2,362,216</u> | <u>2,049,376</u> |
| Provision for doubtful construction work in progress | (215,352)        | (130,804)        |
|  | <u>2,146,864</u> | <u>1,918,572</u> |



## 22. LOANS AND ADVANCES

|   |      | 2016             | 2015    |
|---|------|------------------|---------|
|   | Note | (Rupees in '000) |         |
| Considered good   |      |                  |         |
| Current portion of loans due from non-executive employees | 17   | 205              | 509     |
| Advances to:  |      |                  |         |
| Suppliers   |      | 46,828           | 65,070  |
| Executive employees                                       |      | 9,334            | 5,464   |
| Non-executive employees                                   |      | 568              | 9,066   |
|   |      | 56,730           | 79,600  |
|   |      | 56,935           | 80,109  |
| Transferred to assets classified as held for sale         |      | -                | (1,469) |
|   |      | 56,935           | 78,640  |

## 23. DEPOSITS AND SHORT-TERM PREPAYMENTS

### Deposits

|   |          |          |
|---|----------|----------|
| Considered good                                   | 55,205   | 105,710  |
| Considered doubtful                               | 12,775   | 22,177   |
|   | 67,980   | 127,887  |
| Provision for doubtful deposits                   | (12,775) | (22,177) |
|   | 55,205   | 105,710  |
| Prepayments                                       | 15,828   | 26,861   |
|   | 71,033   | 132,571  |
| Transferred to assets classified as held for sale | -        | (44,177) |
|   | 71,033   | 88,394   |

## 24. OTHER RECEIVABLES

|   |      |           |           |
|---|------|-----------|-----------|
| Considered good                                   |      |           |           |
| Sales tax refundable                              |      | 192,750   | 113,308   |
| Interest accrued                                  |      | 23,998    | 23,998    |
| Others  | 24.1 | 106,024   | 117,514   |
|   |      | 322,772   | 254,820   |
| Considered doubtful                               |      |           |           |
| Sales tax refundable                              |      | 51,772    | 51,772    |
| Others  |      | 178,473   | 164,642   |
|   |      | 230,245   | 216,414   |
|   |      | 553,017   | 471,234   |
| Provision against doubtful other receivables      |      | (230,245) | (216,414) |
|   |      | 322,772   | 254,820   |
| Transferred to assets classified as held for sale |      | -         | (5,203)   |
|   |      | 322,772   | 249,617   |

24.1 This includes receivables amounting to Rs 30.903 million (2015: nil) from Siemens Healthcare (Private) Limited .

## 25. CASH AND BANK BALANCES

|                  | 2016             | 2015    |
|------------------|------------------|---------|
|                  | (Rupees in '000) |         |
| With banks in    |                  |         |
| Current accounts | 143,464          | 584,367 |
| Deposit accounts | 4,987,002        | -       |
|                  | 5,130,466        | 584,367 |
| Cheques in hand  | 102,883          | 93,275  |
| Cash in hand     | 1,030            | 1,560   |
|                  | 5,234,379        | 679,202 |

|  |                    | 2016             |             | 2015        |
|--|--------------------|------------------|-------------|-------------|
|  |                    | (Rupees in '000) |             |             |
|  |                    | Note             |             |             |
| <b>26. NET SALES AND SERVICES</b>                |                    |                  |             |             |
| Execution of contracts                           | - outside Pakistan |                  | 1,389,008   | 793,082     |
|  | - local            |                  | 2,661,149   | 2,146,071   |
|  |                    |                  | 4,050,157   | 2,939,153   |
| Sale of goods                                    | - outside Pakistan |                  | 1,858       | 7,158       |
|  | - local            |                  | 3,928,109   | 5,199,646   |
|  |                    |                  | 3,929,967   | 5,206,804   |
| Rendering of services                            | - outside Pakistan |                  | 120,746     | 68,049      |
|  | - local            |                  | 2,072,998   | 1,052,903   |
|  |                    |                  | 2,193,744   | 1,120,952   |
|  |                    |                  | 10,173,868  | 9,266,909   |
| Sales tax  |                    |                  | 1,463,951   | 1,350,628   |
| Gross sales and services                         |                    |                  | 11,637,819  | 10,617,537  |
| Sales tax  |                    |                  | (1,463,951) | (1,350,628) |
|  |                    |                  | 10,173,868  | 9,266,909   |
| <b>27. COST OF SALES AND SERVICES</b>            |                    |                  |             |             |
| Opening inventory of finished goods              |                    | 19               | 467,450     | 677,084     |
| Cost of goods manufactured and services rendered |                    | 27.1             | 8,232,175   | 7,578,300   |
| Finished goods purchased                         |                    |                  | 944,646     | 985,085     |
|  |                    |                  | 9,644,271   | 9,240,469   |
| Closing inventory of finished goods              |                    | 19               | (405,476)   | (467,450)   |
|  |                    |                  | 9,238,795   | 8,773,019   |

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

|  |      | 2016             | 2015        |
|--|------|------------------|-------------|
|  | Note | (Rupees in '000) |             |
| Opening inventories  |      |                  |             |
| Raw materials and components   | 19   | 901,475          | 1,198,940   |
| Work-in-process  | 19   | 942,096          | 912,007     |
| Goods-in-transit   | 19   | 275,663          | 96,139      |
|  |      | 2,119,234        | 2,207,086   |
| Purchase of goods and services   |      | 4,851,258        | 4,981,577   |
| Salaries, wages and employees welfare expenses   |      | 923,609          | 1,065,842   |
| Gratuity   |      | 35,165           | 53,005      |
| Provident fund contribution  |      | 21,116           | 25,655      |
| Royalty  |      | 8,796            | 35,264      |
| Commission   |      | 27,519           | 18,371      |
| Fuel, power and water  |      | 89,664           | 174,664     |
| Repairs and maintenance  |      | 58,825           | 102,149     |
| Rent, rates and taxes  |      | 157,289          | 176,808     |
| Vehicle lease rentals  |      | 13,993           | 17,498      |
| Provision for liquidated damages   |      | 49,691           | 1,923       |
| (Reversal of provision) / provision for warranty   |      | (77,849)         | 58,650      |
| Provision for losses on sales contracts  |      | 65,441           | 98,769      |
| Insurance  |      | 46,696           | 48,984      |
| Provision / (reversal of provision) for slow moving and<br>obsolete items of inventories - net |      | 8,383            | (71,442)    |
| Inventories written off  |      | 5,511            | 1,655       |
| IT, networking and data communication  |      | 114,713          | 81,231      |
| Depreciation and amortisation  | 16   | 42,032           | 72,289      |
| Reversal of impairment on property plant and equipment   |      | -                | (52,692)    |
| Travelling and conveyance  |      | 196,521          | 184,446     |
| Transportation   |      | 90,172           | 101,076     |
| Stationery, telex and telephone  |      | 33,827           | 37,128      |
| Security   |      | 67,227           | 72,361      |
| Exchange loss - net  |      | 193,627          | 129,362     |
| Legal and professional charges   |      | 11,017           | 11,440      |
| Bank charges   |      | 84,169           | 48,590      |
| Others   |      | 69,538           | 61,279      |
|  |      | 9,307,184        | 9,742,968   |
| Closing inventories  |      |                  |             |
| Raw materials and components   | 19   | (262,904)        | (901,475)   |
| Work-in-process  | 19   | (607,040)        | (942,096)   |
| Goods-in-transit   | 19   | (180,981)        | (275,663)   |
|  |      | (1,050,925)      | (2,119,234) |
|  |      | 8,256,259        | 7,623,734   |
| Sale of scrap  |      | (24,084)         | (45,434)    |
|  |      | 8,232,175        | 7,578,300   |

**28. MARKETING AND SELLING EXPENSES**

|  | Note | 2016<br>(Rupees in '000) | 2015           |
|--|------|--------------------------|----------------|
| Salaries and employees welfare expenses                                  |      | 272,307                  | 355,515        |
| Gratuity   |      | 16,536                   | 23,994         |
| Provident fund contribution  |      | 12,551                   | 12,202         |
| Fuel, power and water  |      | 13,937                   | 25,680         |
| Repairs and maintenance  |      | 15,511                   | 22,890         |
| Rent, rates and taxes  |      | 18,496                   | 16,847         |
| Vehicle lease rentals  |      | 17,082                   | 18,573         |
| Advertising and sales promotion  |      | 21,986                   | 28,280         |
| Insurance  |      | 10,603                   | 13,124         |
| Provision / (reversal of provision) for doubtful trade receivables - net |      | 89,035                   | (174,155)      |
| Receivable write off   |      | 489                      | -              |
| Provision for doubtful construction work in progress - net               |      | 84,548                   | 10,372         |
| Provision for doubtful deposits and other receivables - net              |      | 22,746                   | 27,585         |
| Discounting of long-term loans and trade receivables - net               |      | (511)                    | 2,104          |
| IT, networking and data communication                                    |      | 23,570                   | 21,347         |
| Depreciation and amortisation  | 16   | 20,868                   | 15,739         |
| Travelling and conveyance  |      | 50,952                   | 52,717         |
| Transportation   |      | 3,036                    | 2,769          |
| Stationery, telex and telephone  |      | 11,016                   | 15,798         |
| Security   |      | 7,412                    | 3,859          |
| Legal and professional charges   |      | 6,701                    | 5,896          |
| Bank charges   |      | 2,557                    | 2,558          |
| Others   |      | 35,008                   | 36,478         |
|  |      | <b>756,436</b>           | <b>540,172</b> |
| Commission income  |      | (38,843)                 | (96,976)       |
| Sale of scrap  |      | (4,348)                  | (1,743)        |
|  |      | <b>713,245</b>           | <b>441,453</b> |

**29. GENERAL ADMINISTRATIVE EXPENSES**

|   |    |                |                |
|---|----|----------------|----------------|
| Salaries and employees welfare expenses |    | 91,242         | 94,371         |
| Gratuity                                |    | 5,129          | 6,137          |
| Provident fund contribution             |    | 2,786          | 2,402          |
| Fuel, power and water                   |    | 5,815          | 7,573          |
| Repairs and maintenance                 |    | 6,102          | 5,244          |
| Rent, rates and taxes                   |    | 6,694          | 2,964          |
| Vehicle lease rentals                   |    | 5,289          | 3,977          |
| Insurance                               |    | 1,641          | 717            |
| IT, networking and data communication   |    | 10,706         | 10,479         |
| Auditors' remuneration                  | 37 | 7,761          | 6,352          |
| Depreciation and amortisation           | 16 | 10,523         | 4,993          |
| Travelling and conveyance               |    | 9,892          | 8,380          |
| Stationery, telex and telephone         |    | 2,873          | 3,265          |
| Security                                |    | 4,968          | 1,619          |
| Legal and professional charges          |    | 284            | 465            |
| Bank charges                            |    | 590            | 634            |
| Others                                  |    | 11,410         | 11,302         |
|   |    | <b>183,705</b> | <b>170,874</b> |
| Sale of scrap                           |    | (711)          | (134)          |
|   |    | <b>182,994</b> | <b>170,740</b> |

|  | 2016             | 2015             |
|--|------------------|------------------|
|  | (Rupees in '000) |                  |
| <b>30. OTHER INCOME AND OTHER OPERATING EXPENSES</b>           |                  |                  |
| Gain on sale of property, plant and equipment                  | 17,924           | 23,534           |
| Liabilities no longer payable written back                     | 41,831           | 31,431           |
| Rental income  | -                | 3,675            |
| <b>Other income</b>  | <b>59,755</b>    | <b>58,640</b>    |
| Expenses in connection with assets classified as held for sale | -                | 95,467           |
| WPPF   | 8,905            | -                |
| WWF  | 4,459            | 1,381            |
| <b>Other operating expenses</b>                                | <b>13,364</b>    | <b>96,848</b>    |
| Net other operating income / (expenses)                        | <b>46,391</b>    | <b>(38,208)</b>  |
| <b>31. FINANCIAL INCOME AND EXPENSES</b>                       |                  |                  |
| Interest on trade and other receivables                        | -                | 3,734            |
| Income on amounts placed with banks under deposit accounts     | 110,721          | 2,036            |
| <b>Financial income</b>  | <b>110,721</b>   | <b>5,770</b>     |
| Interest on short-term borrowings                              | 10,399           | 133,314          |
| Interest on trade and other payables                           | 13,796           | 13,720           |
| Commission on guarantees                                       | 3,773            | 38,105           |
| <b>Financial expenses</b>                                      | <b>27,968</b>    | <b>185,139</b>   |
| Net finance income / (costs)                                   | <b>82,753</b>    | <b>(179,369)</b> |
| <b>32. INCOME TAX</b>  |                  |                  |
| Current  | 274,893          | 178,518          |
| Deferred   | 2,326            | 13,836           |
|  | <b>277,219</b>   | <b>192,354</b>   |
| Tax on sale of assets classified as held for sale              | 227,991          | -                |
|  | <b>505,210</b>   | <b>192,354</b>   |
| <b>32.1 Reconciliation of income tax</b>                       |                  |                  |
| Accounting profit / (loss)                                     | 2,609,162        | (335,880)        |
| Enacted tax rate   | 31%              | 32%              |
| Tax on accounting profit / (loss) at enacted rate              | 808,840          | (107,482)        |
| Tax effect of income assessed under                            |                  |                  |
| Final Tax Regime   | 161,701          | 70,387           |
| Tax effect of exempt income                                    | (591,259)        | -                |
| Minimum Tax  | -                | 72,725           |
| Tax effect of movement in deferred tax assets                  | 29,584           | 127,685          |
| Foreign tax  | 96,344           | 29,039           |
|  | <b>505,210</b>   | <b>192,354</b>   |

### 33. GAIN ON SALE OF ASSETS CLASSIFIED AS HELD FOR SALE

|   | DT<br>Business | PT<br>Fixed Assets | Karachi<br>Real Estate | Islamabad<br>Properties | Healthcare<br>Business | Total       |
|---|----------------|--------------------|------------------------|-------------------------|------------------------|-------------|
| (Rupees in '000)  |                |                    |                        |                         |                        |             |
| Sales price - adjusted  | 953,760        | 300,000            | 1,800,000              | 1,000,000               | 357,268                | 4,411,028   |
| Identifiable (assets) / liabilities disposed off  |                |                    |                        |                         |                        |             |
| Property, plant and equipment   | (65,501)       | (118,614)          | (249,570)              | (630,392)               | (3,805)                | (1,067,882) |
| Long-term deposits and prepayments  | (394)          | -                  | -                      | -                       | (1,580)                | (1,974)     |
| Inventories   | (477,397)      | -                  | -                      | -                       | (337,753)              | (815,150)   |
| Trade receivables   | (17,483)       | -                  | -                      | -                       | (90,264)               | (107,747)   |
| Short-term deposits, prepayments<br>and other receivables                               | (211)          | -                  | -                      | -                       | (64,573)               | (64,784)    |
| Other non-current liabilities   | 3,262          | -                  | -                      | -                       | 1,309                  | 4,571       |
| Trade and other payables  | 69,214         | -                  | -                      | -                       | 165,474                | 234,688     |
| Provisions  | 11,388         | -                  | -                      | -                       | 42,355                 | 53,743      |
| Net assets disposed off   | (477,122)      | (118,614)          | (249,570)              | (630,392)               | (288,837)              | (1,764,535) |
| Gain on sale of assets classified as<br>held for sale before<br>expenses and income tax | 476,638        | 181,386            | 1,550,430              | 369,608                 | 68,431                 | 2,646,493   |
| Expenses in connection with<br>disposal transactions                                    |                |                    |                        |                         |                        | (155,423)   |
| Workers' Welfare Funds  |                |                    |                        |                         |                        | (49,886)    |
| Income tax on above   |                |                    |                        |                         |                        | (227,991)   |
| Gain on sale of assets classified as held for sale - net of income tax                  |                |                    |                        |                         |                        | 2,213,193   |

### 34. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

2016 2015  
(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 from continuing operations              | (32,568)  | (386,265) |
| Profit / (loss) for the year from discontinued operations | 2,136,520 | (141,969) |
| Profit / (loss) for the year                              | 2,103,952 | (528,234) |

(No. of shares)

|  |           |           |
|--|-----------|-----------|
| Weighted average number of Ordinary shares | 8,247,037 | 8,247,037 |
|--|-----------|-----------|

(Rupees)

|   |        |         |
|---|--------|---------|
| From continuing operations                    | (3.95) | (46.84) |
| From discontinued operations                  | 259.07 | (17.21) |
| Basic and diluted earnings / (loss) per share | 255.12 | (64.05) |



|  | Note | 2016<br>(Rupees in '000) | 2015             |
|--|------|--------------------------|------------------|
| <b>35. CASH GENERATED FROM OPERATIONS</b>  |      |                          |                  |
| Profit / (loss) before tax for the year  |      | 2,609,162                | (335,880)        |
| Adjustment for non-cash expenses:  |      |                          |                  |
| Depreciation and amortisation  |      | 73,423                   | 93,021           |
| Reversal of impairment on property, plant and equipment  |      | -                        | (52,692)         |
| Provision / (reversal of provision) for slow moving and<br>obsolete items of inventories - net |      | 8,383                    | (71,442)         |
| Provision / (reversal of provision) for doubtful trade receivables - net                       |      | 89,035                   | (174,155)        |
| Receivable write off   |      | 489                      | -                |
| Provision for doubtful construction work in progress   |      | 84,548                   | 10,372           |
| Provision for doubtful deposits and other receivables - net                                    |      | 22,746                   | 27,585           |
| Discounting of long-term loans and trade receivables - net                                     |      | (511)                    | 2,104            |
| Gain on sale of assets classified as held for sale   |      | (2,646,493)              | -                |
| Gain on sale of property, plant and equipment  |      | (17,924)                 | (23,534)         |
| Liabilities no longer payable written back   |      | (41,831)                 | (31,431)         |
| Gratuity   |      | 56,830                   | 83,136           |
| Financial expenses   |      | 27,968                   | 185,139          |
| Financial income   |      | (110,721)                | (5,770)          |
| <b>Adjustment for other items:</b>   |      |                          |                  |
| Long-term loans and trade receivables  |      | 137,760                  | (78,100)         |
| Long-term deposits and prepayments   |      | 5,760                    | 226              |
| Retention money payable  |      | 11,384                   | (9,485)          |
| Other non-current liabilities  |      | (5,127)                  | 3,583            |
| Working capital changes  | 35.1 | 973,219                  | 2,431,915        |
|  |      | <b>1,278,100</b>         | <b>2,054,592</b> |

#### 35.1 Working capital changes

##### (Increase) / decrease in current assets

|   |               |                  |
|---|---------------|------------------|
| Inventories                               | 315,133       | 297,486          |
| Trade receivables                         | 144,921       | 43,996           |
| Due against construction work in progress | (312,840)     | 1,369,047        |
| Loans and advances                        | 21,186        | (38,277)         |
| Deposits and short-term prepayments       | 8,144         | (13,662)         |
| Other receivables                         | (81,783)      | (26,321)         |
|   | <b>94,761</b> | <b>1,632,269</b> |

##### Increase / (decrease) in current liabilities

|                          |                |                  |
|--------------------------|----------------|------------------|
| Trade and other payables | 994,596        | 705,412          |
| Provisions               | (116,138)      | 94,234           |
|                          | <b>878,458</b> | <b>799,646</b>   |
|                          | <b>973,219</b> | <b>2,431,915</b> |

### 36. CASH AND CASH EQUIVALENTS

|                             | Note | 2016<br>(Rupees in '000) | 2015           |
|-----------------------------|------|--------------------------|----------------|
| Cash and bank balances      | 25   | 5,234,379                | 679,202        |
| Short-term running finances | 11   | (16,204)                 | (212,209)      |
|                             |      | <u>5,218,175</u>         | <u>466,993</u> |

### 37. AUDITORS' REMUNERATION

|  |  |              |              |
|--|--|--------------|--------------|
| Audit fee  |  | 3,596        | 3,587        |
| Fee for special reports and certifications, review of half yearly interim financial information, code of corporate governance and audits of Gratuity fund and WPPF |  | 2,492        | 1,379        |
| Out of pocket expenses   |  | 1,673        | 1,386        |
|  |  | <u>7,761</u> | <u>6,352</u> |

### 38. LONG-TERM CONSTRUCTION CONTRACTS

|                                 |  |                  |                  |
|---------------------------------|--|------------------|------------------|
| Contract revenue to date        |  | 11,593,259       | 13,729,716       |
| Contract costs incurred to date |  | 11,319,760       | 13,606,425       |
| Gross profit realised to date   |  | 273,499          | 123,291          |
| Advances received               |  | 1,710,575        | 1,049,878        |
| Retention money receivable      |  | 1,919,220        | 1,534,359        |
| Gross amount due from customers |  | <u>3,429,352</u> | <u>3,583,474</u> |

**38.1** 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.

### 39. PROVIDENT FUND

|                                | Note | 2016<br>(Rupees in '000) | 2015    |
|--------------------------------|------|--------------------------|---------|
| Size of the fund (fair value)  |      | 460,400                  | 633,457 |
| Fair value of investments      | 39.1 | 432,743                  | 551,405 |
| Percentage of investments made |      | 94%                      | 87%     |
| Cost of investments made       |      | 406,869                  | 512,866 |

**39.1** Break-up of fair value of investments in terms of amount and as percentage of the size of the fund is as follows:

|                           | 2016                     |            | 2015                     |            |
|---------------------------|--------------------------|------------|--------------------------|------------|
|                           | Investments<br>(Rs '000) | %          | Investments<br>(Rs '000) | %          |
| Pakistan Investment Bonds | 381,443                  | 83%        | 451,405                  | 71%        |
| Treasury Bills            | 51,300                   | 11%        | 100,000                  | 16%        |
|                           | <u>432,743</u>           | <u>94%</u> | <u>551,405</u>           | <u>87%</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 information 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.

### 40. EMPLOYEES

|                         | 2016 | 2015 |
|-------------------------|------|------|
| Number of employees     | 642  | 786  |
| Average during the year | 595  | 799  |

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

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

|  | 2016             |            | 2015            |            |
|--|------------------|------------|-----------------|------------|
|  | Chief Executive  | Executives | Chief Executive | Executives |
|  | (Rupees in '000) |            |                 |            |
| Salaries and allowances - fixed                                  | 27,920           | 635,903    | 34,653          | 672,933    |
| Salaries and allowances - variable including bonus               | 6,323            | 234,693    | 13,323          | 238,338    |
| Compensation for loss of office / (adjustment)                   | -                | 22,992     | -               | (7,398)    |
| Retirement benefits and Company's contribution to provident fund | 77               | 69,840     | 3,742           | 68,693     |
| Perquisites and benefits:  |                  |            |                 |            |
| - Group insurance and medical / social security                  | -                | 14,005     | 870             | 13,618     |
| - Share based benefits   | 40               | 872        | 1,377           | 1,943      |
| - Long service bonus   | -                | -          | -               | 869        |
| - Education fees (children)                                      | 3,099            | 1,703      | -               | -          |
| - House maintenance, utilities and club membership               | 2,121            | 57         | 129             | 1,710      |
|  | 39,580           | 980,065    | 54,094          | 990,706    |
| Number of persons  | 1                | 302        | 1               | 327        |

- 41.1** In addition to the above, the Chief Executive has also been provided with a Company maintained furnished accommodation and two cars alongwith security. Certain executives have also been provided with a Company maintained furnished accommodation and a car alongwith security.
- 41.2** The aggregate amount charged in these financial statements in respect of directors' fee paid to two directors (2015: two) was Rs 2.552 million (2015: Rs 3.162 million).
- 41.3** Certain executives of the Company are also provided with free use of Company's cars and Generating sets in accordance with their entitlements.
- 41.4** An amount of Rs 76.557 million (2015: Rs 91.277 million) was incurred on account of compensation to key management personnel, the details of which are as follows:

|                          | 2016             | 2015   |
|--------------------------|------------------|--------|
|                          | (Rupees in '000) |        |
| Short-term benefits      | 73,899           | 81,761 |
| Post-employment benefits | 1,829            | 7,383  |
| Other long-term benefits | -                | 69     |
| Share based benefits     | 829              | 2,064  |
|                          | 76,557           | 91,277 |

#### 42. SHARE BASED BENEFITS

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

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

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

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

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

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

|                                     | 2016             | 2015  |
|-------------------------------------|------------------|-------|
|                                     | Number of Awards |       |
| Balance as at beginning of the year | 2,066            | 1,600 |
| Granted during the year             | 530              | 603   |
| Expired / forfeited during the year | (2,022)          | (137) |
| Balance as at end of the year       | 574              | 2,066 |

Total expenses for share based benefits during the year ended September 30, 2016 was Rs 2.989 million (2015: Rs 3.419 million). The liabilities as of September 30, 2016 aggregated to Rs 2.546 million (2015: Rs 8.387 million) and is reported under accrued liabilities and other non-current liabilities.

#### 43. 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 | 2016<br>(Rupees in '000) | 2015      |
|---|------|--------------------------|-----------|
| <b>Parent company</b>                               |      |                          |           |
| Sales of goods and rendering of services            |      | 22,757                   | 71,718    |
| Purchases of goods and receipt of services          |      | 1,589,410                | 1,537,970 |
| Commission and allowances earned                    |      | 19,187                   | 26,702    |
| Dividends paid                                      |      | 61,568                   | 61,568    |
| <b>Associated companies</b>                         |      |                          |           |
| Sales of goods and rendering of services            |      | 196,575                  | 418,965   |
| Purchases of goods and receipt of services          |      | 1,164,455                | 915,430   |
| Commission and allowances earned                    |      | 19,655                   | 70,274    |
| Financial expenses                                  |      | 8,692                    | 7,547     |
| <b>Others</b>                                       |      |                          |           |
| Sale of Healthcare business                         | 33   | 357,268                  | -         |
| Dividends paid                                      |      | 5                        | 5         |
| Contribution to employees' retirement benefit funds |      | 135,777                  | 123,395   |
| Compensation to key management personnel            | 41.4 | 76,557                   | 91,277    |

- 43.1 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.

#### 44. PLANT CAPACITY AND ACTUAL PRODUCTION

|                                   | Capacity<br>2016 | Actual<br>Production<br>2016 | Actual<br>Production<br>2015 |
|-----------------------------------|------------------|------------------------------|------------------------------|
| Switchgears & distribution boards | 4,500 Nos.       | 2,390 Nos.                   | 2,510 Nos.                   |

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

## 45. 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.

### 45.1 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.

|                            | 2016             | 2015    |
|----------------------------|------------------|---------|
|                            | (Rupees in '000) |         |
| Forward exchange contracts |                  |         |
| - Purchased value          | 133,951          | 149,279 |
| - Fair value               | 131,787          | 149,320 |
| Options                    |                  |         |
| - Purchased value          | 5,916            | 24,778  |
| - Fair value               | 5,876            | 24,397  |

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

|                             | 2016          | 2015     |
|-----------------------------|---------------|----------|
|                             | (AED in '000) |          |
| Trade and other receivables | 38,391        | 49,540   |
| Cash and bank balances      | -             | 3        |
| Trade and other payables    | (9,458)       | (10,835) |
| Short-term running finances | (570)         | (1)      |
|                             | 28,363        | 38,707   |

|                             | 2016          | 2015    |
|-----------------------------|---------------|---------|
|                             | (EUR in '000) |         |
| Trade and other receivables | 6,636         | 3,270   |
| Trade and other payables    | (14,433)      | (8,700) |
|                             | (7,797)       | (5,430) |

|                             | 2016           | 2015           |
|-----------------------------|----------------|----------------|
|                             | (USD in '000)  |                |
| Trade and other receivables | 5,762          | 5,668          |
| Cash and bank balances      | 8,148          | 5,535          |
| Trade and other payables    | (23,012)       | (15,631)       |
|                             | <u>(9,102)</u> | <u>(4,428)</u> |

Sensitivity of Company's profit / (loss) before tax to a reasonably possible change in exchange rate of currencies applied to foreign currency assets and liabilities as at September 30, 2016 keeping all other variables constant is as follows:

|                                     | 2016     | 2015 |
|-------------------------------------|----------|------|
| Change in exchange rate             | ± 1%     | 1%   |
| Effect on loss before tax (Rs '000) | ± 10,431 | 298  |

#### 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:

|                                   | 2016                | 2015 | 2016             | 2015           |
|-----------------------------------|---------------------|------|------------------|----------------|
|                                   | Effective rates (%) |      | (Rupees in '000) |                |
| <b>Financial Assets</b>           |                     |      |                  |                |
| Bank balances                     | 4.63                | -    | 4,987,002        | -              |
| <b>Financial Liabilities</b>      |                     |      |                  |                |
| Short-term running finances (AED) | 2.67                | 2.48 | 16,204           | 20             |
| Short-term borrowings (Rs)        | -                   | 8.83 | -                | 212,189        |
|                                   |                     |      | <u>16,204</u>    | <u>212,209</u> |

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

|  | 2016     | 2015   |
|--|----------|--------|
| Effect on profit / (loss) before tax (Rs '000) | ± 23,726 | 13,747 |

#### 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.



## 45.2 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:

|   | 2016              | 2015             |
|---|-------------------|------------------|
|   | (Rupees in '000)  |                  |
| <b>Category - Loans and receivables</b>   |                   |                  |
| Loans to employees                        | 416               | 757              |
| Advances to employees                     | 9,902             | 14,530           |
| Advances to suppliers                     | 46,828            | 65,070           |
| Trade deposits                            | 59,110            | 110,479          |
| Trade receivables                         | 4,171,532         | 4,424,444        |
| Due against construction work in progress | 2,146,864         | 1,918,572        |
| Other receivables                         | 360,267           | 352,723          |
| Bank balances                             | 5,233,349         | 677,642          |
|   | <b>12,028,268</b> | <b>7,564,217</b> |

### 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:

|                          | 2016             |            | 2015             |            |
|--------------------------|------------------|------------|------------------|------------|
|                          | (Rupees in '000) | %          | (Rupees in '000) | %          |
| <b>Government sector</b> |                  |            |                  |            |
| Energy                   | 4,037,238        | 51         | 3,705,874        | 46         |
| Aviation                 | 816,359          | 10         | 772,864          | 10         |
| Housing                  | 387,179          | 5          | 481,190          | 6          |
| Civil works              | 147,530          | 2          | 149,444          | 2          |
| Communication            | 52,329           | 1          | 177,617          | 2          |
| Others                   | 246,066          | 3          | 313,966          | 4          |
| Sub-total                | 5,686,701        | 72         | 5,600,955        | 70         |
| <b>Private sector</b>    |                  |            |                  |            |
| Energy                   | 1,425,094        | 18         | 1,658,738        | 20         |
| Civil works              | 153,683          | 2          | 41,828           | 0          |
| Sugar                    | 45,854           | 1          | 157,183          | 2          |
| Dealers and agents       | 100,399          | 1          | 76,756           | 1          |
| Housing                  | 72,087           | 1          | 53,504           | 1          |
| Communication            | 43,995           | 0          | 30,824           | 0          |
| Cement                   | 85,667           | 1          | 36,124           | 1          |
| Others                   | 296,385          | 4          | 424,970          | 5          |
| Sub-total                | 2,223,164        | 28         | 2,479,927        | 30         |
| Total                    | <b>7,909,865</b> | <b>100</b> | <b>8,080,882</b> | <b>100</b> |

### Trade receivables

To mitigate the credit risk against trade receivables, the Company has a system of assigning credit limits to its customers based on an extensive credit rating scorecards. Outstanding customer receivables are regularly monitored. The Company endeavors to cover the credit risks on 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 credit where possible. As at September 30, 2016, trade receivables amounting to Rs 883.826 million (2015: Rs 752.337 million) were secured through letters of credit.

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

|  | 2016             | 2015      |
|--|------------------|-----------|
|  | (Rupees in '000) |           |
| - <b>Related parties</b>                   |                  |           |
| Not yet due                                | 9,493            | 9,692     |
| Past due 1-180 days                        | 18,677           | 15,236    |
| Past due 181-360 days                      | -                | -         |
|  | 28,170           | 24,928    |
| Less: Provision for impairment             | (282)            | (249)     |
|  | 27,888           | 24,679    |
| - <b>Others</b>                            |                  |           |
| Not yet due                                | 3,127,767        | 3,265,986 |
| Past due 1-180 days                        | 490,811          | 891,784   |
| Past due 181-360 days                      | 334,205          | 334,081   |
| Past due 361-720 days                      | 285,333          | 215,649   |
| Past due 721-1080 days                     | 146,603          | 107,866   |
| Over 1080 days                             | 745,319          | 708,854   |
|  | 5,130,038        | 5,524,220 |
| Less: Provision for impairment             | (969,917)        | (917,110) |
| Less: Discounting on long-term receivables | (16,477)         | (16,977)  |
|  | 4,143,644        | 4,590,133 |
|  | 4,171,532        | 4,614,812 |

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

|  | 2016             | 2015      |
|--|------------------|-----------|
|  | (Rupees in '000) |           |
| Balance at beginning of the year             | 917,359          | 1,091,952 |
| Provision / (Reversal) during the year - net | 89,318           | (174,155) |
| Provision utilised against write offs        | (283)            | (438)     |
| Transferred to discontinued operations       | (36,195)         | -         |
| Balance at end of the year                   | 970,199          | 917,359   |

#### 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:

|  | 2016             | 2015    |
|--|------------------|---------|
|  | (Rupees in '000) |         |
| Balance at beginning of the year       | 238,591          | 211,006 |
| Provision made during the year - net   | 22,746           | 27,585  |
| Transferred to discontinued operations | (18,317)         | -       |
| Balance at end of the year             | 243,020          | 238,591 |

#### Cash and bank balances

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

### 45.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to 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 11.1 and 11.2 to these financial statements.

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

|                              | Carrying<br>amount           | Less than 12<br>months | 1 to 2 years  | 2 to 5 years |
|------------------------------|------------------------------|------------------------|---------------|--------------|
|                              | ----- (Rupees in '000) ----- |                        |               |              |
| <b>Financial liabilities</b> |                              |                        |               |              |
| <b>2016</b>                  |                              |                        |               |              |
| Long-term retention money    | 12,664                       | -                      | 12,664        | -            |
| Trade and other payables     | 4,274,788                    | 4,274,788              | -             | -            |
| Short-term borrowings        | 16,204                       | 16,204                 | -             | -            |
|                              | <u>4,303,656</u>             | <u>4,290,992</u>       | <u>12,664</u> | <u>-</u>     |
| <b>2015</b>                  |                              |                        |               |              |
| Long-term retention money    | 1,280                        | -                      | 1,280         | -            |
| Trade and other payables     | 4,519,261                    | 4,519,261              | -             | -            |
| Short-term borrowings        | 212,209                      | 212,209                | -             | -            |
|                              | <u>4,732,750</u>             | <u>4,731,470</u>       | <u>1,280</u>  | <u>-</u>     |

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

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

### 47. CAPITAL RISK MANAGEMENT

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

The Company manages its capital structure by monitoring return on net assets and makes adjustment to it in the light of changes in economic conditions.

The Company is not subject to externally imposed capital requirements.

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

## 48. INFORMATION ABOUT OPERATING BUSINESS SEGMENTS

(All rupees in '000)

| Divisions<br>Business Units  | Power and Gas | Energy Management      |                             |                          |           |           | Logistics & Airport Solutions | Digital Factory | Process Industries & Drives | Healthcare (Discontinued) | Eliminations | Company as a whole |  |
|--|---------------|------------------------|-----------------------------|--------------------------|-----------|-----------|-------------------------------|-----------------|-----------------------------|---------------------------|--------------|--------------------|--|
|  |               | Transmission Solutions | Transformers (Discontinued) | Medium Voltage & Systems | Others    | Total     |                               |                 |                             |                           |              |                    |  |
| ------(Rupees in '000)-----  |               |                        |                             |                          |           |           |                               |                 |                             |                           |              |                    |  |
| REVENUE  |               |                        |                             |                          |           |           |                               |                 |                             |                           |              |                    |  |
| Sales to external customers  | 725,163       | 3,346,115              | 44,792                      | 2,086,722                | 861,500   | 6,339,129 | 426,534                       | 1,557,433       | 1,025,867                   | 99,742                    | -            | 10,173,868         |  |
| Inter-segment sales  | -             | -                      | 1,740                       | 598,079                  | 552,487   | 1,152,306 | -                             | 54,482          | 349                         | -                         | (1,207,137)  | -                  |  |
| Total revenue  | 725,163       | 3,346,115              | 46,532                      | 2,684,801                | 1,413,987 | 7,491,435 | 426,534                       | 1,611,915       | 1,026,216                   | 99,742                    | (1,207,137)  | 10,173,868         |  |
| RESULT   |               |                        |                             |                          |           |           |                               |                 |                             |                           |              |                    |  |
| Segment result   | 145,759       | (239,789)              | (54,659)                    | 202,493                  | 143,624   | 51,669    | (156,882)                     | 99,722          | (19,356)                    | (18,943)                  | -            | 101,969            |  |
| Interest expense   | -             | -                      | -                           | -                        | -         | -         | -                             | -               | -                           | -                         | -            | (10,399)           |  |
| Interest income  | -             | -                      | -                           | -                        | -         | -         | -                             | -               | -                           | -                         | -            | 110,721            |  |
| Other operating income   | -             | -                      | -                           | -                        | -         | -         | -                             | -               | -                           | -                         | -            | 17,924             |  |
| Others   | -             | -                      | -                           | -                        | -         | -         | -                             | -               | -                           | -                         | -            | (52,237)           |  |
| Income tax   | -             | -                      | -                           | -                        | -         | -         | -                             | -               | -                           | -                         | -            | (277,219)          |  |
| Gain on sale of assets Classified as held for sale - net of income tax | -             | -                      | -                           | -                        | -         | -         | -                             | -               | -                           | -                         | -            | 2,213,193          |  |
| Net profit for the period  | -             | -                      | -                           | -                        | -         | -         | -                             | -               | -                           | -                         | -            | 2,103,952          |  |
| OTHER INFORMATION  |               |                        |                             |                          |           |           |                               |                 |                             |                           |              |                    |  |
| Capital expenditure  | 14,706        | 56,682                 | -                           | 5,990                    | 2,058     | 64,730    | 683                           | 12,027          | 12,795                      | 552                       | -            | -                  |  |
| Depreciation, impairment and amortisation                              | 5,823         | 8,025                  | -                           | 10,638                   | 1,462     | 20,125    | 2,481                         | 3,402           | 9,795                       | 777                       | -            | -                  |  |
| Non-cash expenses other than depreciation and amortisation             | 70            | 419                    | (4,666)                     | (242)                    | 274       | (4,215)   | (151)                         | 240             | (793)                       | (1,290)                   | -            | -                  |  |
| ASSETS AND LIABILITIES   |               |                        |                             |                          |           |           |                               |                 |                             |                           |              |                    |  |
| Segment assets   | 331,726       | 4,062,265              | -                           | 914,348                  | 539,572   | 5,516,185 | 831,206                       | 610,809         | 579,815                     | -                         | -            | 7,869,741          |  |
| Segment liabilities  | 1,124,035     | 4,048,124              | -                           | 734,759                  | 650,288   | 5,433,171 | 467,806                       | 457,693         | 635,448                     | -                         | -            | 8,118,153          |  |
| 2015   |               |                        |                             |                          |           |           |                               |                 |                             |                           |              |                    |  |
| REVENUE  |               |                        |                             |                          |           |           |                               |                 |                             |                           |              |                    |  |
| Sales to external customers  | 573,459       | 1,985,997              | 660,936                     | 1,999,261                | 666,806   | 5,313,000 | 379,387                       | 1,015,820       | 1,367,308                   | 617,935                   | -            | 9,266,909          |  |
| Inter-segment sales  | -             | 100                    | 115,296                     | 287,202                  | 356,129   | 758,727   | -                             | 68,143          | 590                         | -                         | (827,460)    | -                  |  |
| Total revenue  | 573,459       | 1,986,097              | 776,232                     | 2,286,463                | 1,022,935 | 6,071,727 | 379,387                       | 1,083,963       | 1,367,898                   | 617,935                   | (827,460)    | 9,266,909          |  |
| RESULT   |               |                        |                             |                          |           |           |                               |                 |                             |                           |              |                    |  |
| Segment result   | 187,554       | (335,439)              | (185,115)                   | 161,296                  | 124,346   | (234,912) | (297,793)                     | 77,840          | 65,699                      | 53,115                    | -            | (148,497)          |  |
| Interest expense   | -             | -                      | -                           | -                        | -         | -         | -                             | -               | -                           | -                         | -            | (133,268)          |  |
| Interest income  | -             | -                      | -                           | -                        | -         | -         | -                             | -               | -                           | -                         | -            | 2,036              |  |
| Other operating income   | -             | -                      | -                           | -                        | -         | -         | -                             | -               | -                           | -                         | -            | 3,675              |  |
| Others   | -             | -                      | -                           | -                        | -         | -         | -                             | -               | -                           | -                         | -            | (59,826)           |  |
| Income tax   | -             | -                      | -                           | -                        | -         | -         | -                             | -               | -                           | -                         | -            | (192,354)          |  |
| Net loss for the period  | -             | -                      | -                           | -                        | -         | -         | -                             | -               | -                           | -                         | -            | (528,234)          |  |
| OTHER INFORMATION  |               |                        |                             |                          |           |           |                               |                 |                             |                           |              |                    |  |
| Capital expenditure  | 2,925         | 2,343                  | 3,719                       | 8,819                    | 1,327     | 16,208    | 3,101                         | 2,582           | 5,518                       | 3,057                     | -            | -                  |  |
| Depreciation and amortisation  | 6,139         | 3,617                  | (29,288)                    | 11,971                   | 1,047     | (12,653)  | 5,049                         | 1,909           | 11,987                      | 1,951                     | -            | -                  |  |
| Non-cash expenses other than depreciation and amortisation             | (31)          | 15                     | 1,517                       | 591                      | 58        | 2,181     | (570)                         | 1,148           | (1,296)                     | 62                        | -            | -                  |  |
| ASSETS AND LIABILITIES   |               |                        |                             |                          |           |           |                               |                 |                             |                           |              |                    |  |
| Segment assets   | 100,952       | 3,977,524              | 760,087                     | 1,181,880                | 578,413   | 6,497,904 | 802,814                       | 572,617         | 798,466                     | 481,018                   | -            | 9,253,771          |  |
| Segment liabilities  | 817,809       | 2,463,335              | 516,061                     | 894,701                  | 493,679   | 4,367,776 | 519,447                       | 516,666         | 691,609                     | 413,268                   | -            | 7,326,575          |  |

**48.1** The Company is operating through business divisions namely Power and Gas (PG), Energy Management (EM), Digital Factory (DF), Process Industries and Drives (PD), Logistics & Airport Solutions (LAS) and Healthcare (HC). The PG Division includes supply, installation, commissioning and related services of power plant and related equipment. EM Division mainly relates to execution of sub-station projects under contracts, supply of switchboards and panels, supply and installation of sub-station automation and telecommunication systems, transmission, and distribution equipment and related services. DF and PD Divisions include designing, engineering services, information technology services and supply and installation of motors and drives etc. LAS Division includes designing, engineering and construction services in electrical field relating to airport projects. HC (now discontinued) includes supply and services of healthcare equipment.

**48.2 Geographical information**  
**Revenues from external customers**

|                      | 2016              | 2015             |
|----------------------|-------------------|------------------|
|                      | (Rupees in '000)  |                  |
| Pakistan             | 8,662,256         | 8,001,786        |
| Afghanistan          | 1,389,008         | 734,512          |
| United Arab Emirates | 89,663            | 263,770          |
| Germany              | 286               | 192,675          |
| Others               | 32,655            | 74,166           |
|                      | <b>10,173,868</b> | <b>9,266,909</b> |

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

**Non-current assets**

|                      | 2016             | 2015           |
|----------------------|------------------|----------------|
|                      | (Rupees in '000) |                |
| Pakistan             | 307,943          | 255,758        |
| United Arab Emirates | 29,427           | 123,730        |
| Afghanistan          | 46,676           | 27,002         |
|                      | <b>384,046</b>   | <b>406,490</b> |

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

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

**48.4 Segment assets and liabilities**

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

|  | 2016              | 2015              |
|--|-------------------|-------------------|
|  | (Rupees in '000)  |                   |
| Segment assets for reportable segments | 7,869,741         | 9,253,771         |
| Corporate assets                       | 304,966           | 933,929           |
| <b>Unallocated</b>                     |                   |                   |
| Deferred tax asset                     | 1,296,339         | 1,428,365         |
| Cash and bank balances                 | 5,234,379         | 679,202           |
| Others                                 | 33,302            | 131,031           |
| Total assets as per balance sheet      | <b>14,738,727</b> | <b>12,426,298</b> |

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

|   | 2016             | 2015      |
|---|------------------|-----------|
|   | (Rupees in '000) |           |
| Segment liabilities for reportable segments | 8,118,153        | 7,326,575 |
| Corporate liabilities                       | 113,919          | 397,040   |
| <b>Unallocated</b>                          |                  |           |
| Trade and other payables                    | 554,835          | 533,892   |
| Short-term borrowings                       | -                | 212,189   |
| Taxation - net                              | 720,379          | 753,151   |
| Total liabilities as per balance sheet      | 9,507,286        | 9,222,847 |

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.

**48.5** 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.

**48.6** 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.

## **49. OPERATIONS IN AFGHANISTAN**

### **49.1 Results of the Afghanistan Operations**

|                                 | 2016             | 2015      |
|---------------------------------|------------------|-----------|
|                                 | (Rupees in '000) |           |
| Net sales and services          | 1,389,009        | 695,744   |
| Cost of sales and services      | (1,254,291)      | (906,602) |
| Gross profit / (loss)           | 134,718          | (210,858) |
| Marketing and selling expenses  | (56,901)         | (113,195) |
| General administrative expenses | (25,121)         | (15,953)  |
|                                 | (82,022)         | (129,148) |
| Other operating expenses        | (5)              | -         |
| Operating profit / (loss)       | 52,691           | (340,006) |
| Financial expenses              | (727)            | (599)     |
| Profit / (loss) before tax      | 51,964           | (340,605) |
| Income tax                      | (96,344)         | (29,039)  |
| Net loss for the year           | (44,380)         | (369,644) |

|  | 2016  | 2015    |
|--|---|---------|
|  | (Rupees in '000)  |         |
| <b>49.2 Cash flows from the Afghanistan Operations</b>   |   |         |
| Net cash (used in) / generated from operating activities | (249,065)   | 213,318 |
| Net cash used in investing activities                    | (1,230)   | (627)   |
| Net cash flows from Afghanistan Operations               | (250,295)   | 212,691 |
| <b>49.3 Assets of the Afghanistan Operations</b>         |   |         |
| Property, plant and equipment                            | 2,198   | 1,797   |
| Long-term loans and trade receivables                    | 44,479  | 25,484  |
| Long-term deposits & prepayments                         | 43  | 95      |
| Trade receivables  | 520,498   | 190,749 |
| Due against construction work in progress                | 313,438   | 75,864  |
| Inventories  | 769   | 45,137  |
| Deposits and short-term prepayments                      | 52  | 52      |
| Other receivables  | 6,380   | 12,057  |
|  | 887,857   | 351,235 |
| <b>49.4 Liabilities of the Afghanistan Operations</b>    |   |         |
| Long term retention money                                | 6,516   | -       |
| Other non-current liabilities                            | 551   | 289     |
| Trade and other payables                                 | 892,607   | 660,188 |
| Provisions   | 32,241  | 9,144   |
|  | 931,915   | 669,621 |
| <b>49.5</b>  | For segment reporting, operations in Afghanistan have been classified in 'Transmission Solutions' under the Division 'Energy Management' (note 48). |         |

## 50. GENERAL

These financial statements were authorised for issue by the Board of Directors of the Company in the meeting held on December 13, 2016.



**Helmut von Struve**  
Managing Director



**Bernhard W. Niessing**  
Chairman



# Siemens (Pakistan) Engineering Company Limited

Incorporation Number: CUIN 0000617

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

As at September 30, 2016

For the year ended September 30, 2016

| Number of Shareholders | Shareholding |           |        | Total Shares held |
|------------------------|--------------|-----------|--------|-------------------|
|                        | From         | To        |        |                   |
| 859                    | 1            | 100       | shares | 20,406            |
| 412                    | 101          | 500       | shares | 96,774            |
| 66                     | 501          | 1,000     | shares | 49,910            |
| 53                     | 1,001        | 5,000     | shares | 107,163           |
| 7                      | 5,001        | 10,000    | shares | 56,510            |
| 5                      | 10,001       | 15,000    | shares | 61,900            |
| 1                      | 15,001       | 20,000    | shares | 16,150            |
| 2                      | 25,001       | 30,000    | shares | 50,770            |
| 2                      | 30,001       | 35,000    | shares | 66,400            |
| 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                      | 175,001      | 180,000   | shares | 178,101           |
| 1                      | 1,040,001    | 1,045,000 | shares | 1,042,683         |
| 1                      | 6,155,001    | 6,160,000 | shares | 6,156,782         |
| 1414                   |              |           |        | 8,247,037         |

# Siemens (Pakistan) Engineering Company Limited

## Categories of Shareholders

As at September 30, 2016

| Particulars   |           | Shares held | Percentage |
|---|-----------|-------------|------------|
| <b>Director</b>   |           |             |            |
| Mr. Qazi Sajid Ali  |           | 500         | 0.01       |
| <b>Associated companies, undertakings and related parties</b>                                     |           |             |            |
| Siemens AG, Germany   |           | 6,156,782   | 74.65      |
| <b>NIT and ICP</b>  |           |             |            |
| National Investment Trust   |           | 1,042,683   | 12.64      |
| <b>Banks</b>  |           |             |            |
| The Bank of Punjab  | 178,101   | 240,798     | 2.92       |
| Faysal Bank Ltd   | 39,018    |             |            |
| MCB Bank Ltd  | 11,280    |             |            |
| The Bank of Khyber  | 10,000    |             |            |
| Invest Capital Investment Bank Limited  | 1,600     |             |            |
| National Bank of Pakistan   | 529       |             |            |
| First Dawood Investment Bank Limited  | 270       |             |            |
| <b>Insurance Companies</b>  |           |             |            |
| Adamjee Insurance Co Ltd  | 148,131   | 243,312     | 2.95       |
| IGI Insurance Co Ltd  | 70,031    |             |            |
| EFU Life Assurance Ltd  | 25,150    |             |            |
| <b>Modarabas and Mutual Funds</b>   |           |             |            |
| CDC-Trustee NIT-Equity Market Opportunity Fund  | 25,620    | 28,145      | 0.34       |
| B.R.R. Guardian Modaraba  | 1,420     |             |            |
| Crescent Standard Modaraba  | 1,100     |             |            |
| N. H. Capital Fund Ltd  | 5         |             |            |
| <b>General Public</b>   |           |             |            |
|   |           | 359,514     | 4.36       |
| <b>Others</b>   |           |             |            |
|   |           | 175,303     | 2.13       |
| Trustee National Bank of Pakistan Employees Pension Fund  | 86,308    |             |            |
| Acacia Partners LP  | 32,700    |             |            |
| Acacia Conservation Fund-Offshore Ltd   | 13,500    |             |            |
| Trustee Mohammed Amin Wakf Estate   | 11,790    |             |            |
| Pakistan National Shipping Corporation  | 6,930     |             |            |
| DJM Securities (Private) Limited  | 4,000     |             |            |
| Ever Fresh Farms (Pvt) Limited  | 3,520     |             |            |
| Shafi Lifestyle (Pvt) Limited   | 3,420     |             |            |
| Acacia Institutional Partners LP  | 3,400     |             |            |
| Trustee National Bank of Pakistan Employees Benevolent Fund Trust                                 | 3,029     |             |            |
| Pak Ping Carpets (Pvt) Ltd  | 1,600     |             |            |
| United Trading & Manufac. Pvt Ltd   | 1,500     |             |            |
| GRO Banyan Partners LP  | 1,000     |             |            |
| Trustees Al-Bader Welfare Trust   | 864       |             |            |
| FDM Capital Securities (Pvt) Ltd  | 500       |             |            |
| Acacia II Partners LP   | 500       |             |            |
| NCC Pre Settlement Delivery Account   | 300       |             |            |
| Fikree's (SMC-Pvt) Ltd.   | 240       |             |            |
| Dossa Cotton & General Trading (Pvt) Ltd  | 200       |             |            |
| Maple Leaf Capital Ltd  | 1         |             |            |
| IGI Finex Securities Ltd  | 1         |             |            |
| <b>Total</b>  |           | 8,247,037   | 100.00     |
| <b>Shareholders holding 5% or more voting interest</b>  |           |             |            |
| Siemens AG, Germany   | 6,156,782 |             |            |
| National Investment Trust   | 1,042,683 |             |            |
| <b>Trades in shares carried out by Directors, Executives and their spouses and minor children</b> |           |             |            |
| Spouse of one of the executive hold 600 shares  |           |             |            |

# Notice of Annual General Meeting

Notice is hereby given that the sixty fourth (64th) annual general meeting of the members of Siemens (Pakistan) Engineering Company Limited (the "Company") will be held on January 24, 2017 at 10:30 a.m. at B-72, Estate Avenue, S.I.T.E., Karachi, to transact the following business:

## ORDINARY BUSINESS

1. To confirm the minutes of the annual general meeting held on January 26, 2016.
2. To receive, consider and adopt the audited financial statements for the financial year ended September 30, 2016 and reports of the auditors and directors thereon.
3. To consider and declare cash dividend of Rs. 120 (Rupees one hundred and twenty) per ordinary share (1,200%) for the financial year ended September 30, 2016.
4. To appoint auditors and to fix their remuneration for the financial year ending September 30, 2017. The present auditors EY Ford Rhodes, 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 pass with or without modification the following resolution for amending the Articles of Association of the Company by inserting a new clause 95-A to enable e-voting in compliance with E-voting Regulations-2016:

Resolved that, as and by way of special resolution, the Articles of Association of the Company be amended by inserting the following new article immediately after Article 95 as Article 95A:

95A "Notwithstanding anything contained in these Articles, the Company shall facilitate Members to exercise voting rights at a general meeting of the members through electronic means in accordance with the applicable laws, rules and regulations that may be issued or amended in this regard from time to time, provided that the Company receives the requisite number of demands for electronic voting."

**By order of the Board of Directors**

**Abdul Mannan Majid**  
Company Secretary

Karachi: January 2, 2017

## Notes:

1. The Share Transfer Books of the company shall remain closed from January 16, 2017 to January 24, 2017 (both days inclusive). Transfers received by Company's Share Registrar by the close of business on January 15, 2017, will be considered in time for the purpose of Annual General Meeting and payment of cash dividend, if approved by the members.
2. Presentation of original Computerised National Identity Card (CNIC) by member or his/her proxy to participate in the meeting is mandatory.
3. A member entitled to attend and vote may appoint another member as his/her proxy to attend and vote on his/her behalf. A member shall not be entitled to appoint more than one proxy. Duly completed Proxy forms in order to be valid must be received at the Registered Office of the Company not less than 48 hours before the time of meeting.
4. Any change of address of the member should immediately be notified to Company's Share Registrar.
5. CDC account holders are also required to follow the guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

## 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) The members registered on Central Depository Company (CDC) are also requested to bring their particulars, I.D. numbers and account numbers in CDS.
- iii) In case of a corporate entity the Board of Directors' resolution/Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

## 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) Corporate entities shall submit the Board of Directors resolution/Power of Attorney with specimen signature along with proxy form.
6. Annual accounts of the company for the financial year ended September 30, 2016 has been provided on the company's website- [www.siemens.com.pk/annual\\_report.html](http://www.siemens.com.pk/annual_report.html)
  7. The rates for deduction of withholding tax on the amount of dividend paid by the companies are @ 12.5% for filers of income tax returns and @ 20% for non-filers of income tax returns. All members are advised to ensure their names are on Active Tax-payers list (ATL) provided on the website of Federal Board of Revenue (FBR) otherwise tax on dividend will be deducted @ 20% instead 12.5%.
  8. The corporate members having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate members having physical shares should send a copy of their NTN certificate to our Share Registrar. The members while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.
  9. In order to comply with directive of FBR for determining the shareholding ratio of the joint account holders for deduction of withholding tax on dividend, members are requested to provide the requisite information to our Share Registrar.
  10. As per the requirements of the SECP it has become mandatory to incorporate the CNIC No. on the dividend warrants of the individual 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 the Share Registrar. In case of non-availability of a valid copy of the CNIC in the Company's record the dividend warrant will be withheld till further directive from SECP.
  11. Members are hereby informed that in pursuant to SECP's S.R.O. 787(1)/2014 dated September 8, 2014 regarding electronic transmission of Annual Report, we have attached the request form in the Annual Report and also uploaded on our company's website-[www.siemens.com.pk/investor.html](http://www.siemens.com.pk/investor.html). Members who want to avail this facility are requested to submit the request form duly filled to the Share Registrar.
  12. Members of the Company are encouraged to provide duly filled and signed dividend mandate to enable the Company to make payment of dividend (as and when declared and approved by the members) electronically directly into bank account. 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](http://www.siemens.com.pk/investor.html)
  13. The members who hold shares in physical form are requested to submit the dividend mandate form duly filled to the Share Registrar.
  14. 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) Ltd**  
**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 fourth (64th) annual general meeting of the Members of Siemens (Pakistan) Engineering Company Limited to be held on January 24, 2017 regarding amendment of the Articles of Association of the Company.

The proposed amendments to the Articles of Association of the Company are being made in order to give effect to the Companies (E-Voting) Regulations, 2016 issued by the Securities and Exchange Commission of Pakistan.

The resolution is set forth in the notice convening the Annual General Meeting and shall be passed as a Special Resolution.

### Disclosures

No Director of the Company has any interest of whatsoever nature, direct or indirect, in the Special business conducted at the Annual General Meeting.

## کارپوریٹ حیثیت

کمپنی ستمبر Aktiengesellschaft، جرمنی (سیمنز AG) کا ذیلی ادارہ ہے، جو کہ ری پبلک آف جرمنی کے قوانین کے تحت قائم کیا گیا ہے، کمپنی میں اس کے 30 ستمبر 2016 کے مطابق 74.6% شیئرز ہیں۔

## پیئرن آف شیئر ہولڈنگ

کمپنی پاکستان اسٹاک ایکسچینج لیمنڈ پر لسٹ ہے۔ شیئر ہولڈنگ کا تفصیلی طریقہ کار اور کیلنگر پر بشمول ڈائریکٹرز اور ایگزیکٹوز کی جانب سے رکھے گئے شیئرز، اگر ہوں، سالانہ رپورٹ کے ساتھ منسلک کئے گئے ہیں۔

## رٹائرمنٹ کے فوائد میں سرمایہ کاری

کمپنی اپنے مستقل ملازمین کے لئے پروڈیونٹ اور گریجویٹ فنڈ کا انتظام رکھتی ہے، ان فنڈز کو متعلقہ بورڈ آف ٹرسٹیز ترتیب دیتے ہیں۔ ان فنڈز کی سرمایہ کاریوں کی قدر برطانیہ ان کے متعلقہ آڈٹ شدہ مالیاتی گوشوارے مندرجہ ذیل ہیں:

| 30 جون 2015 | 30 جون 2014 | 30 جون 2013   |
|-------------|-------------|---------------|
|             |             | روپے لکھن میں |
| 569.520     | 537.371     | 662.120       |
|             |             | پروڈیونٹ فنڈ  |
|             |             | روپے لکھن میں |
| 139.337     | 212.528     | 208.485       |
|             |             | گریجویٹ فنڈ   |

## بعد از بیلنس شیٹ ایونٹ

30 ستمبر 2016 سے اس رپورٹ کی تاریخ تک اس میں ایسی کوئی خاص تبدیلیاں واقع نہیں ہوئیں جن کے سبب مالیاتی گوشواروں پر کوئی اثر واقع ہو، علاوہ جتنی منافع منقسمہ کے ڈیکلریشن کے، جو آئندہ سالانہ عام اجلاس میں ممبران کی منظوری سے شروط ہے، اگر اس کا کوئی اثر پڑا تو آئندہ سال (مالی سال 2017) کے مالیاتی گوشواروں میں شامل کیا جائے گا۔

## اعتراف

ہم اس موقع پر اپنے قابل قدر کسٹمرز کا شکریہ ادا کرتے ہیں کہ جنہوں نے ہماری پروڈکٹس اور سروسز پر اپنا اعتماد برقرار رکھا اور کمپنی کی کارکردگی کو یقینی بنانے میں ہمارے ساتھ تعاون کیا۔ کمپنی اپنے ملازمین کی لگن اور مصہر آزما کوششوں، سچائی اور باندھداری پر فخر کرتی ہے اور ان کا جہد دل سے شکریہ ادا کرتی ہے۔ ہم اپنے سپلائرز، کاروباری شراکت داروں، مالیاتی اداروں، ریگولیٹرز اور دیگر تمام اسٹیک ہولڈرز کا ان کے تعاون اور مدد کو قدر کی نگاہ سے دیکھتے ہیں کہ ان کی مدد اور تعاون سے کمپنی کی ترقی وابستہ ہے۔

ہم اپنے شیئر ہولڈرز کے دل کی گہرائیوں سے شکر گزار ہیں بالخصوص ان کے اعتماد اور یقین اور غیر متزلزل حمایت کے۔

## منجانب بورڈ

Helmut von Struve

مینجنگ ڈائریکٹر

Bernhard W. Niessing

چیئرمین

دئی، 13 دسمبر 2016

## ڈائریکٹر اسٹیمٹس

کوڈ آف کارپوریٹ گورننس (CCG) کی ضروریات کے تحت، ہم ڈائریکٹرز کی جانب سے یہ بیان کرتے ہوئے خوش محسوس کرتے ہیں کہ:

- (I) کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے، کمپنی کے معاملات کی بہتر صورتحال، اس کے آپریشنز کے نتائج، کشش قوت اور ایکویٹی کی تبدیلیوں کو بہتر طور پر واضح کر رہے ہیں۔
- (II) کمپنی نے اپنے اکاؤنٹس کا مکمل ریکارڈ برقرار رکھا ہے۔
- (III) مالیاتی گوشواروں کی تیاری میں مروجہ اکاؤنٹنگ پالیسیوں پر باقاعدہ عمل درآمد کیا گیا ہے۔ مزید برآں حساب کتاب کے تخمینے مناسب اور محتاط اندازے کے مطابق ہیں۔
- (IV) مالیاتی گوشواروں کی تیاری میں پاکستان میں الاگو انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز (IAS) اور IFRS کی پاسداری کی گئی ہے۔
- (V) اندرونی ضابطے کا نظام بہترین حالت میں ہے اور اس پر موثر عمل درآمد اور نگرانی کی جاتی ہے۔
- (VI) کمپنی کی کاروباری صلاحیت پر کسی طرح کے نمایاں شکوک و شبہات نہیں ہیں۔
- (VII) لسٹنگ ریکولیشنز میں مذکور CCG پر بہترین عمل درآمد سے متعلق کسی طرح کی خلاف ورزی نہیں دیکھی گئی۔

## مالی سال کے دوران اجلاس اور سرگرمیاں

بورڈ آف ڈائریکٹرز، اور اس کی آڈٹ اور ریورس ریویو ٹرینیشن کمیٹیوں کے اجلاسوں کی تعداد وشمول حاضری مندرجہ ذیل ہے:

| بورڈ اور اس کی مجموعی کمیٹیاں | منعقد کئے گئے<br>بورڈ اجلاس /<br>حاضری | منعقد کئے گئے<br>آڈٹ کمیٹی اجلاس /<br>حاضری منعقد<br>کئے گئے | ہیومن ریسورس<br>ورٹیویو ٹرینیشن<br>کمیٹی اجلاس /<br>حاضری |
|-------------------------------|--|--|---|
| جناب برنہارڈ نیسنگ            | 4/4<br>جیمز مین                        | 4/4  | N/A   |
| جناب ہیلمٹ وون اسٹروو         | 4/4                                    | 4/4<br>دعوت کے ذریعے   | 2/2   |
| جناب قاضی ساجد علی            | 4/4                                    | 4/4  | 2/2<br>جیمز مین   |
| جناب مارکوفر                  | 4/4                                    | 4/4  | N/A   |
| جناب منظور احمد               | 4/4                                    | 4/4<br>جیمز مین  | N/A   |
| ڈاکٹر سیسٹیان براچٹ           | 4/4                                    | N/A  | 2/2   |
| جناب ہیلمٹ اسٹیل              | 4/4                                    | N/A  | 2/2   |

## بورڈ کی کارکردگی کا جائزہ اور ڈائریکٹرز کا ٹریننگ پروگرام

بورڈ نے سالانہ کارکردگی کا جائزہ لینے کے لئے ایک طریقہ کار وضع کیا ہے۔ بورڈ کا ہر ممبر بورڈ کے تمام اجلاسوں میں شرکت کو یقینی بناتا ہے۔ تمام اہم امور پر تفصیلی تبادلہ خیالات ہوتا ہے اور انتظامیہ کو واضح رہنمائی فراہم کی جاتی ہے اور بورڈ اور اس کی کمیٹیاں مستقل بنیادوں پر ان امور کی نگرانی کرتے ہیں۔ بورڈ اس بات کو یقینی بناتا ہے کہ کمپنی کارپوریٹ گورننس کے بہترین تجربات پر عمل پیرا ہو۔ بورڈ ہر سہ ماہی میں کاروبار کے مختلف شعبوں کی کارکردگی کا جائزہ لیتا ہے تاکہ کارکردگی میں کمی والے شعبوں کو ترقی دی جاسکے اور منافع بخش شعبوں میں مزید بہتری کو ممکن بنایا جاسکے۔

ڈائریکٹرز کے ٹریننگ پروگرام کی تفصیلات کے لیے اسٹیمٹ آف کپلائنس کا سیریل نمبر 9 ملاحظہ کریں۔

## بیرونی آڈیٹرز

موجودہ آڈیٹرز، EY فورڈ روڈز، چارڈز اکاؤنٹنٹس (ارنٹ اینڈ یونٹنگ گلوبل ایسٹڈ کی ممبر فرم) آئے والے سالانہ عام اجلاس کے اختتام پر رٹائرڈ ہو رہے ہیں انہوں نے اہل ہونے کی بنیاد پر، خود کو دوبارہ انتخاب کے لئے پیش کیا ہے۔

آڈٹ کمیٹی کے مشورے پر، بورڈ اپنے چیئر ہولڈر کو مالی سال 2017 کے لئے ان کے دوبارہ انتخاب کی تجویز دیتا ہے۔



## ڈیوٹ (منافع منقسمہ)

یورڈ مختلف کاروباری اور اثاثہ جاتی فروخت سے حاصل ہونے والے سرمائے کی بدولت کمپنی کی بہتر ہوتی ہوئی لیکویڈٹی صورتحال کے ساتھ شیئر ہولڈرز کی توقعات اور کمپنی کو مالی ضروریات کے لئے مطلوبہ سرمایہ کے پیش نظر بہترین جتنی نقد منافع منقسمہ بحساب 120 روپے فی عمومی شیئر (1200%) تجویز کرتے ہوئے خوش محسوس کرتا ہے۔

## گزشتہ چھ سالوں کی اہم کاروباری اور مالیاتی تفصیلات

گزشتہ چھ سالوں پر مشتمل اہم کاروباری اور مالیاتی تفصیلات کا جائزہ سالانہ رپورٹ سے منسلک ہے۔

## مالی سال 2016 کی قابل ذکر کارکردگی

(I) ٹرانسفا مر برنس پونٹ اور کراچی رینل اسٹیٹ دوران سال کمپنی نے اپنے ٹرانسفا مر میٹروپولیٹن گرگ برنس کی ڈسٹری بیوٹن، پاور ٹرانسفا مر میٹروپولیٹن گرگ بھولت کے نمونہ اثاثہ جات اور اسٹیٹ ایونیو سائٹ کراچی میں واقع کمپنی کی رینل اسٹیٹ جو عمارت اور پلاٹ پر مشتمل ہے کی لیز ہولڈ الاٹمنٹ کی فروخت مکمل کی۔ تفصیلات کے لئے آڈیٹڈ فنانشل اسٹیٹمنٹس کا نوٹ نمبر 4.1 ملاحظہ کریں۔

(II) ہٹل کیکر کا کاروبار دوران سال کمپنی نے اپنے ہٹل کیکر کا کاروبار کی فروخت کا مرحلہ مکمل کیا۔ تفصیلات کے لئے آڈیٹڈ فنانشل اسٹیٹمنٹس کا نوٹ نمبر 4.2 ملاحظہ کریں۔

(III) اسلام آباد کے اثاثہ جات دوران سال کمپنی نے اسلام آباد کے اسٹیٹ ایونیو کے سیکٹر 9/4-1، میں واقع اپنی رینل اسٹیٹ جو عمارت اور پلاٹ پر مشتمل ہے کی لیز ہولڈ الاٹمنٹ کی فروخت کا مرحلہ مکمل کیا۔ تفصیلات کے لئے آڈیٹڈ فنانشل اسٹیٹمنٹس کا نوٹ نمبر 4.3 ملاحظہ کریں۔

(IV) دوران سال بہت بڑا آرڈر بک کیا کمپنی نے KE TP 1000 پروجیکٹ کے انیسٹرکٹرا نمیشن نیٹ ورک کی بحالی کا ایک بہت بڑا آرڈر بک کیا جس کی مالیت 10,887 ملین روپے ہے جو کل آرڈر بک 99 فیصد بنتا ہے۔

## کمپنی کی بنیادی سرگرمیاں اور کاروباری شعبہ جات

کمپنی جن کاروباری ڈویژن میں اپنی سرگرمیاں جاری رکھے ہوئے ہے ان میں پاور اینڈ گیس (PG)، پاور جنریشن سروسز (PS)، انرجی مینجمنٹ (EM)، ڈسٹریکٹو فیکٹری (DF)، پروسس اینڈ سٹریز اور ڈرائیو (PD)، موٹو (MO)، اور ایل اے ایس (LAS)۔ کمپنی کی PG اور PS ڈویژن پاور پلانٹس اور اس سے متعلقہ سائز و سامان کی فراہمی، تنصیب، قیام اور خدمات فراہم کرتا ہے، جبکہ EM ڈویژن معاہدوں کے تحت مختلف پروجیکٹس پر کام دیکھتا ہے، اس میں سب اسٹیشنز اور ٹرانسمیشنز، کم اور درمیانہ درجے کے سوئچ بورڈ اور ٹرانزیکٹو کی مینو، کچرنگ اور سپلائی، ٹویشن سسٹمز، ٹرانسمیشن، سائز و سامان اور متعلقہ خدمات کی ڈسٹری بیوٹن شامل ہے۔ DF اور PD ڈویژن آٹومیشن، انفارمیشن ٹیکنالوجی کی خدمات، اور موٹرز اور ڈرائیو وغیرہ کی تنصیب اور فراہمی کے کام سرانجام دیتا ہے۔ MO ڈویژن موٹو اور انفراسٹرکچر سلوشن، سروسز اور پروجیکٹس کے کام انجام دیتا ہے جبکہ LAS انجینئرنگ اور ایئر پورٹ سلوشن خدمات فراہم کرتا ہے۔

## خطرات، غیر یقینی صورتحال اور ان کا حل

کمپنی بشمول دیگر درج ذیل خطرات سے متاثر ہو سکتی ہے جن کو نیچے کیلئے مخصوص حکمت عملی مرتب ہے۔

(I) کاروباری خطرات کاروباری خطرات صارفین سے تعلق، پروجیکٹ کی مینجمنٹ (جیسا کہ پروجیکٹس کی بروقت تکمیل، لاگت اور تخمینہ میں تبدیلی)، ماحول، صحت اور حفاظت اور پلاٹ کی مینجمنٹ پر مشتمل ہیں۔

کمپنی مذکورہ کاروباری خطرات پر قابو پانے کے لئے ضروری چیزوں اور مہارتوں سے متعلق ذرائع کی فراہمی جاری رکھے ہوئے ہے۔ انتظامیہ خطرات پر قابو پانے کی منصوبہ بندیاں کر رہی ہے جس میں نظر انداز کردہ، منتقل کردہ، کم کردہ یا قبول کردہ کی منصوبہ بندی شامل ہے۔

(II) مالیاتی خطرہ مالیاتی خطرے کو فنانشل اسٹیٹمنٹس سے منسلک نوٹ 45 میں واضح کیا گیا ہے جس میں مارکیٹ خطرات، کریڈٹ خطرات اور لیکویڈٹی خطرات شامل ہیں۔

(III) کمپلائنس (عمل درآمد) خطرہ کمپنی اس بات کو یقینی بناتی ہے کہ قوانین، ضوابط اور عمل درآمد میں ناکامی سے جرمانہ، کام روک دینا، بلکیسٹ ہونا یا لائسنس کی منسوخی واقع ہو سکتی ہے۔ چنانچہ کمپنی قوانین پر عمل درآمد پر ناکامی کی سرگرمیوں پر کی طرح کی گنجائش نہیں چھوڑتی۔ مزید برآں ایسے خطرات کو کم کرنے کے لئے کمپنی میں ایک مربوط اور موثر عمل درآمد کا ماحول قائم کیا گیا ہے۔

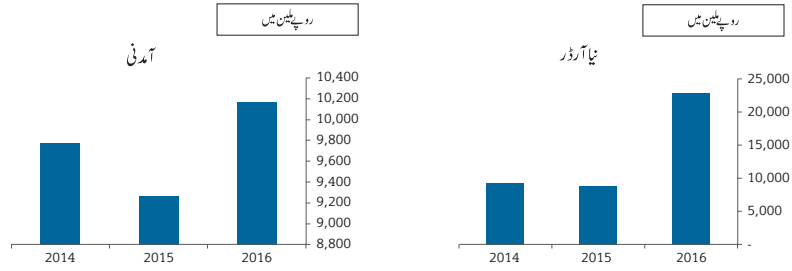
اس کے ساتھ برنس کنڈکٹ گائڈ لائن (BCG) کمپنی کی توقعات کو واضح کرتی ہیں جو کمپنی اپنے ڈائریکٹرز، ایگزیکٹوز، ملازمین اور اپنے کاروبار میں شامل دیگر افراد سے رکھتی ہے۔ کمپنی ملازمین اور اپنے کاروباری شراکت داروں کو قوانین کی خلاف ورزی سے متعلق بیان دینے کی ہمت افزائی کرتی ہے اور ان کے خلاف حکمت خطرات پر ان کو اعتماد دلانی ہے۔ اس عمل کو پورے بھولت بنانے کے لئے کئی طرح کے رپورٹنگ میکانزم بھی کام کر رہے ہیں جیسا کہ کمپنی کی ویب سائٹ پر "Tell Us"۔



## معزز شیئر ہولڈرز،

ہم، زیر دستگی، بورڈ آف ڈائریکٹرز کے توسط اور جانب سے آپ کی کمپنی، سیمین پاکستان انجینئرنگ کمپنی لمیٹڈ "کمپنی" کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گواہیوں کو پیش کرتے ہیں۔ رپورٹ برائے مالی سال ختم شدہ 30 ستمبر، 2016 پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

اس سال آپ کی کمپنی کئی سالوں سے، ہماری اور پورٹ فولیو کی ترتیب کے بعد منافع بخش آپریشنز شروع کر چکی ہے۔ کمپنی ایک بار پھر اپنے صارفین کا اعتماد حاصل کر رہی ہے جو کہ ہماری بہتری کا ثبوت ہے۔ منافع کا حصول انتظامیہ کی کوششوں اور ملازمین کی محنت اور لگن میں بہتری سے ممکن ہوا۔ نئے آرڈر میں اضافے کی بدولت مالی سال 2015 اور مالی سال 2014 کے مقابلے میں ہونے والی آمدنی ذیل میں دیئے گئے گراف میں واضح کی گئی ہے:



اہم فیاض انڈیکسز (KPIs) برائے مالی سال 2016 مقابلہ مالی سال 2015 کو اس طرح واضح کیا جاتا ہے:

| KPIs  | مالی سال 2016 | مالی سال 2015 | تبدیلی کا تناسب |
|---|---------------|---------------|-----------------|
| مجموعی بیلا اور سروسز   | 10,173,868    | 9,266,909     | 9.8%            |
| کاروباری نفع / (نقصان)  | 85,225        | (156,511)     | 154.5%          |
| فروخت کے لئے رکھے گئے اثاثہ جات پر قبل از کم ٹیکس اخراجات اور محصول | 167,978       | (335,880)     | 150.0%          |
| فروخت کے لئے رکھے گئے اثاثہ جات پر محصول - مجموعی انکم ٹیکس         | 2,213,193     | -             | -               |
| مجموعی نفع / (نقصان) برائے سال                                      | 2,103,952     | (528,234)     | 498%            |
| نفع / (نقصان) ہر ایک عام شیئر پر (روپے)                             | 255.12        | (64.05)       | 498%            |

## دوران سال:

- کمپنی نے اپنے مسلسل آپریشنز کی بدولت مندرجہ ذیل نقصان کے باوجود بعد از ٹیکس منافع کمایا ہے (I) نئے اسلام آباد ایئر پورٹ کے پروجیکٹس کی تکمیل میں تاخیر کے باعث پروجیکٹس کے چارجز، (II) کچھ انرجی ٹرانسمیشن پروجیکٹس میں نقصانات (III) زائد قیمتوں کی فراہمی، اور (IV) Embedded derivatives کی قیمت میں قابل قدر اضافہ
- کمپنی نے ایک دفعہ مندرجہ ذیل کی فروخت پر 213.2 ملین روپے کا بعد از ٹیکس نفع کمایا: (I) اسٹیٹ ایونیو، سائبر کراچی میں واقع پلاٹ اور عمارتوں کے لیز ہولڈ / الاؤمنٹ کے حقوق (II) ٹرانسپارٹ مینوفیکچرنگ کاروبار کی ڈسٹری بیوٹن (III) پاور ٹرانسپارٹ مینوفیکچرنگ سہولت سے متعلق اثاثہ جات (IV) اسلام آباد کے سیکٹر 9/4 میں واقع پلاٹ اور عمارتیں، اور (V) کمپنی کا صحت سے متعلق کاروبار
- بنیادی کاروبار پر توجہ، اخراجات میں کمی، مضبوط مالی انتظام اور ملازمین کی محنت اور لگن میں اضافے کے لئے انتظامیہ کی کوششوں کے سبب اس سال کمپنی کے اہم شعبوں میں بہتری رونما ہوئی ہے
- کمپنی کے انرجی مینجمنٹ (EM) ڈویژن کا کمپنی کے مجموعی ریونیو میں 73.6 فیصد حصہ رہا۔ مجموعی طور پر EM ڈویژن کا ریونیو اور کاروباری منافع میں اس سال بل ترتیب 23.4 فیصد اور 122 فیصد اضافہ ہوا





# Proxy Form

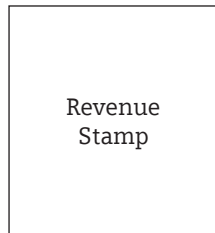
I/We \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_ being a member  
of SIEMENS (PAKISTAN) ENGINEERING COMPANY LIMITED hereby appoint  
\_\_\_\_\_ of \_\_\_\_\_  
or failing him \_\_\_\_\_ of \_\_\_\_\_  
as my/our proxy to vote for me/us and my/our behalf at the annual general meeting of the company to be held at Karachi on January 24, 2017  
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. 

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2. Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC No. 

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## 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.

## پراکسی فارم

میں / ہم

ضلع

متعلقہ

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

متعلقہ

متعلقہ

کو یا

کو اپنا متبادل مقرر کرتا ہوں / کرتے ہیں جو کراچی میں مورخہ 24 جنوری 2017ء کو یا کسی تبدیلی کے ساتھ منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں میری / ہماری جگہ ووٹ دیں گے۔

آج تاریخ \_\_\_\_\_ متعلقہ دن \_\_\_\_\_

دستخط شیئر ہولڈرز

فولیو نمبر:

CDS اکاؤنٹ نمبر:

گواہان:

۱۔ دستخط

نام:

پتہ:

قومی شناختی کارڈ نمبر:

ریونیو اسٹمپ

۲۔ دستخط

نام:

پتہ:

قومی شناختی کارڈ نمبر:

نوٹس:

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

# Dividend Mandate Form

THK Associates (Pvt.) Limited  
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.














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#### Karachi

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

#### City Office

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Shahra-e-Firdousi, Clifton,  
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+9221-35876386

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1<sup>st</sup> Floor, UBL Building,  
Jinnah Avenue Blue Area  
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Phone: +9251-2075444  
Fax: +9251-2812162  
+9251-2812163

#### Lahore

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

#### Peshawar

6th Floor, State Life Building,  
The Mall,  
Peshawar-25000.  
Phone: +9291-5276029  
Fax: +9291-5276187

#### Afghanistan

House No. 2, Street No. 3,  
Dar-ul-Aman Road  
Kartahe Seeh,  
P.O Box No. 5640,  
Kabul, Afghanistan.  
Phone No: 0093-20-2500640

#### Dubai Office

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