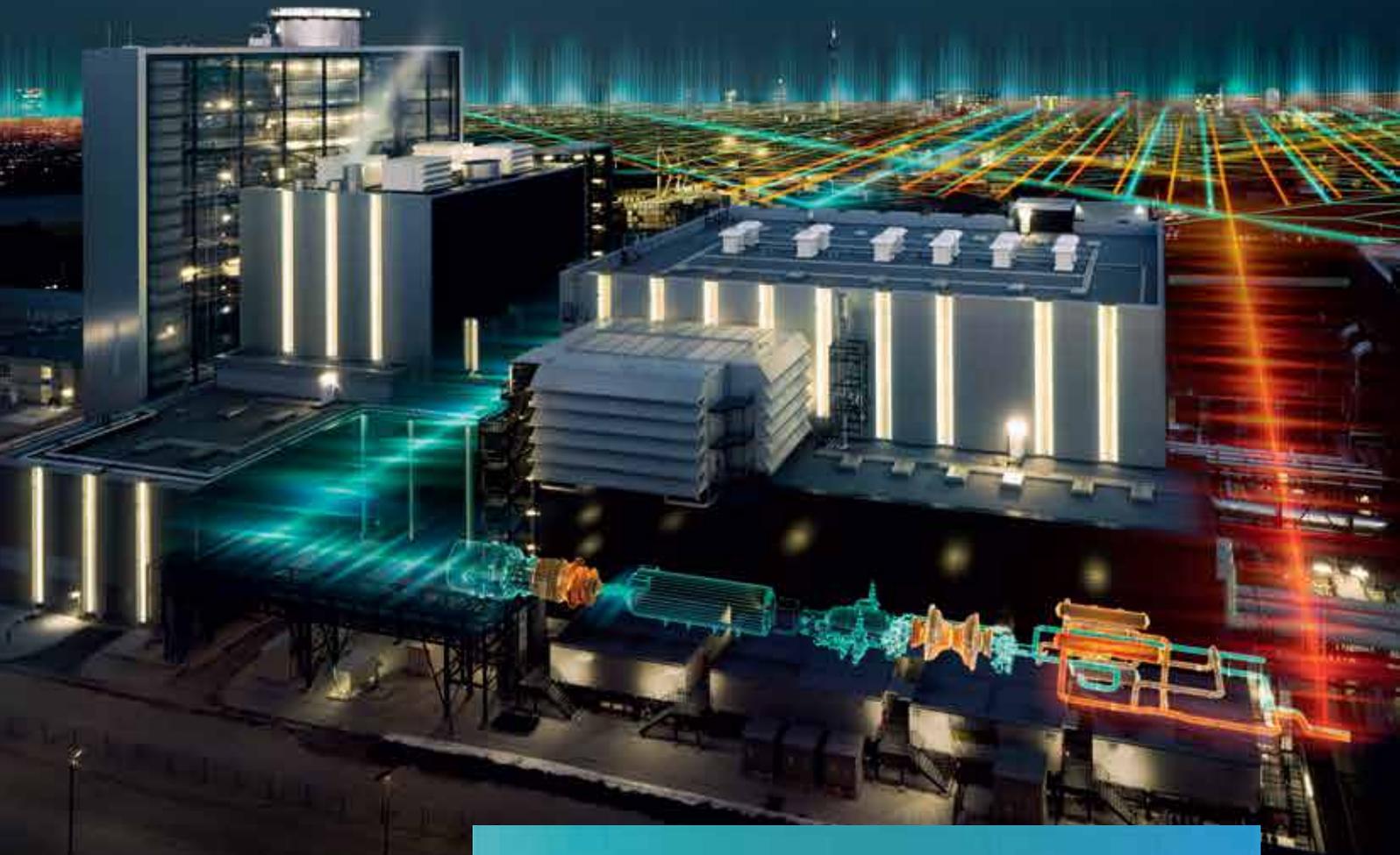




**SIEMENS**

*Ingenuity for life*



# Annual Report 2017 Pakistan

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پراکسی فارم

## Mission

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

## Vision 2020

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

Together we make real what matters.

## A lived Ownership Culture

- Equity
- Leadership
- Values
- Behaviors
- People Orientation

## Seven Overarching Goals

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

# Key Operating and Financial data

Six Years Summary	2017	2016	2015	2014	2013	2012
<b>(Rupees in '000)</b>						
<b>Trading Results</b>						
New orders	11,964,608	22,839,389	8,811,758	9,257,688	12,353,737	13,824,146
Net turnover	14,552,923	10,173,868	9,266,909	9,781,082	13,039,194	13,834,074
Export of goods and services	122,049	122,604	75,207	213,123	287,341	145,083
Contracts executed outside Pakistan	1,918,556	1,389,008	793,082	1,157,327	1,892,413	2,584,064
Gross profit	2,434,092	935,073	493,890	704,710	327,657	915,209
Operating profit / (loss)	1,315,504	85,225	(156,511)	41,126	(559,586)	(22,360)
Profit / (loss) before tax from continuing operations	1,451,968	241,892	(171,955)	688,562	(758,158)	373,802
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	1,451,968	2,609,162	(335,880)	(234,653)	(820,859)	(63,614)
Profit / (loss) after tax	1,103,396	2,103,952	(528,234)	(523,795)	(974,943)	(5,153)
Earnings / (loss) before interest, taxes, depreciation and amortisation (excluding one time gain on sale of assets classified as held for sale)	1,589,118	265,596	(95,825)	165,690	(455,901)	185,261
Final dividend	618,528	989,644	82,470	82,470	164,941	989,644
<b>Financial Position</b>						
Share capital	82,470	82,470	82,470	82,470	82,470	82,470
Reserves and Retained Earnings	5,244,134	5,148,971	3,120,981	3,706,149	4,382,234	6,437,914
Property, plant and equipment	312,647	240,832	138,316	562,824	1,383,047	1,544,021
Net current assets	3,571,478	3,574,806	1,389,418	1,603,447	1,154,390	2,740,419
Long-term / deferred liabilities	68,668	23,750	20,822	27,966	52,283	60,731
<b>Investors Information</b>						
Gross profit ratio	16.73%	9.19%	5.33%	7.20%	2.51%	6.62%
EBITDA Margin to sales	10.92%	2.61%	-1.03%	1.69%	-3.50%	1.34%
Return on equity / capital employed	20.71%	40.22%	-16.49%	-13.83%	-21.84%	-0.08%
Inventory turnover ratio (in times)	3.60	2.52	1.82	1.55	2.06	1.90
Inventory turnover ratio (no. of days)	101	145	200	235	177	192
Debtor turnover ratio (in times)	3.24	2.42	2.16	1.89	2.04	1.78
Debtor turnover ratio (no. of days)	113	151	169	193	179	205
Creditor turnover ratio (in times)	1.58	1.22	1.30	1.38	1.85	1.88
Creditor turnover ratio (no. of days)	231	299	281	264	197	194
Operating cycle (no. of days)	(17)	(3)	88	164	159	203
Total assets turnover ratio (in times)	1.00	0.75	0.70	0.63	0.74	0.69
Fixed assets turnover ratio (in times)	52.59	53.67	26.43	10.05	8.91	8.71
Current ratio	1.39	1.38	1.22	1.16	1.09	1.23
Quick / acid test ratio	1.22	1.17	0.74	0.87	0.92	0.98
Cash dividend per share (Rs)	75	120	10	10	20	120
Dividend yield ratio	0.10	0.13	0.01	0.01	0.02	0.15
Interest cover ratio	89.49	109.20	(1.28)	0.06	(3.08)	0.07
Breakup value per share (Rs)	645.88	634.34	388.44	459.39	541.37	790.64
Market value per share (Rs)	757	906	1,096	1,064	903	800
Share price during the year						
High (Rs)	1,570	1,100	1,360	1,599	1,218	1,050
Low (Rs)	650	717	838	933	590	630
Earnings / (loss) per share (Rs)	133.79	255.12	(64.05)	(63.51)	(118.22)	(0.62)
Profit / (loss) before tax in percent to sales	9.98%	25.65%	-3.62%	-2.40%	-6.30%	-0.46%
Profit / (loss) after tax in percent of sales	7.58%	20.68%	-5.70%	-5.36%	-7.48%	-0.04%
<b>Cash Flows</b>						
Net cash flow from operating activities	(624,268)	754,812	1,430,752	1,000,287	552,246	1,799,955
Net cash flow from investing activities	(28,645)	4,078,840	252,432	(14,379)	(19,756)	14,240
Net cash flow from financing activities	(984,662)	(82,470)	(1,508,950)	(488,461)	760,356	(82,470)
Net change in cash and cash equivalents	(1,637,575)	4,751,182	174,234	497,447	1,292,846	1,731,725

## 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

Sebastian Andreas Brachert	Chairman
Helmut von Struve	Managing Director
Marco Jochen Schiffer	Director
Manuel Kuehn	Director
Beatrice Bock	Director
Manzoor Ahmed	Director
Qazi Sajid Ali	Independent 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

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

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

## Chairman's / Directors' Profile



### Sebastian Andreas Brachert

Chairman

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

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

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

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

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

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

### Other Directorships, Offices and Memberships

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



### Helmut von Struve

Managing Director

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

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

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

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

### Other Directorships, Offices and Memberships

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



## Marco Jochen Schiffer

Director

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, Offices and Memberships

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



## Manuel Kuehn

Director

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

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

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

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

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

### Other Directorships, Offices and Memberships

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



## Beatrice Eva - Maria Bock

Director

- 2010 Siemens AG, Munich, Germany  
Corporate Finance, Shareholder Controlling, CF Management Trainee
- 2012 Siemens AG, Munich, Germany  
Division Mobility and Logistics, Performance Controller
- 2014 Siemens AG, Munich, Germany  
Division Mobility, Executive Assistant to the CFO
- 2016 Siemens LLC, Abu Dhabi, United Arab Emirates  
Division Mobility, Executive Vice President Finance Middle East

Studied Arabic and Economics (BA Hons) at the School of Oriental and Africa Studies, University College London and Energy, Trade and Finance (MSc.) at Cass Business School in London, UK.

### Other Directorships, Offices and Memberships

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



## Manzoor Ahmed

Director

Mr. Manzoor Ahmed is presently Acting Managing Director, National Investment Trust Limited. Being COO, since 7 years, Mr. Ahmed has been successfully managing the operations and investment portfolio worth over Rs. 100 Billion. He has experience of over 28 years of the Mutual Fund Industry and has been placed at many key positions within NIT that includes capital market operations, investments, research and liaising with the regulatory authorities. He is M.B.A. and also holds D.A.I.B.P. At present, he is a candidate for CFA Level III.

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

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

### Other Directorships, Offices and Memberships

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



## Qazi Sajid Ali

### Independent Director

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

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

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

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

### Other Directorships, Offices and Memberships

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

# Chairman Review Report

The Company under the guidance of Board has shown improved performance during FY 2017 in which it generated profit of Rs. 1,452 million before tax, highest since 2010. The Board guided the Company to achieve its objectives in line with Siemens global strategy. With focus on core competence in the field of electrification, automation and digitalization Siemens is successfully contributing in economy and development of infrastructure of the Country.

The Board of the Company comprises of highly professional and experienced people. Members of the Board have necessary mix of skills and expertise in the areas of business, strategy, financial, legal, administration and management, which is fundamental to the Company's governance. All Board members are aware of their fiduciary responsibilities and play important role in providing strategic direction to the management and necessary guidance for compliance with policies and standards.

As Chairman of the Company, I ensure that all directors are encouraged to give their inputs. In addition, inputs from the Independent Director and Director representing minority shareholders are always given due consideration while taking any decision.

The Board appreciates the new requirement of having a permanent seat for woman representation in the Board of listed company to promote gender diversity. In this regard, despite having time provided for compliance with the said requirement by Securities and Exchange Commission of Pakistan, the Board has taken necessary steps for early implementation by appointing Ms. Beatrice Bock as director of the Company.

The Board and its committees met regularly during the year and exercise governance role after making due deliberations on each and every matter placed before it. The Board performance is annually evaluated which clearly demonstrates that the performance of the Directors collectively and individually remains highly satisfactory and Board Members have exercised the required strategic oversight. The efforts of the Board's Audit Committee and the Human Resources & Remuneration Committee are particularly noteworthy for their valuable contributions in providing requisite leadership support.

During the year two, causal vacancies were created in the Board due to resignations of Mr. Bernhard Niessing and Mr. Helmut Steidle. Said vacancies were duly filled with the appointment of Mr. Manuel Kuehn and Ms. Beatrice Bock as directors of the Company.

Lastly, I take this opportunity to thank you my fellow Board Members as well as Stakeholders for their continued patronage and trust.

Together, we deliver.



**Dr. Sebastian Andreas Brachert**  
Chairman

## Dear Shareholder,

We, the undersigned, for and on behalf of the Board of Directors are pleased to present your company, Siemens (Pakistan) Engineering Co. Ltd. ("Company") annual report and the audited financial statements for the financial year ended September 30, 2017 ("FY 2017") together with auditors' report thereon.

This year your Company has generated profit before tax of Rs 1.45 billion which is the highest in last eight years which was made possible through high level of trust posed by the customers, concerted efforts of management and increased level of employees' commitment and dedication.

Key Financial Indicators (KPI) for FY 2017 compared to FY 2016 are summarized below:

KPIs	FY 2017 Rs '000	FY 2016 Rs '000
Net sales and services	14,552,923	10,173,868
Operating profit	1,315,504	85,225
Profit before income tax expense and gain on sale of assets classified as held for sale	1,451,968	167,978
Gain on sale of assets classified as held for sale - net of income tax	-	2,213,193
Net profit for the year	1,103,396	2,103,952*
Earnings per share (Rupees)	133.79	255.12*

\* Net Profit and Earning Per Share for FY 2016 included onetime gain of Rs. 2,213 million from the sale of assets classified as held for sale. Excluding said onetime gain Net Profit / (Loss) for FY 2016 was Rs. (109 million) and Earning Per Share was Rs. (13.2).

## Dividend

The Board appreciates the confidence and trust of its shareholders. Keeping in view the Company's financial performance and future cash flow requirements, the Board is pleased to recommend a final cash dividend of Rs. 75 per ordinary share (750%), to meet the shareholders' expectation.

## 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.

## 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 deals with supply, installation, commissioning and services for power plants and related equipment. Whereas, EM Division deals with execution 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 project management (such as timely completion of the projects and change in estimates/plan costs), environment, health and safety and supply chain management.

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

### B) Financial risks

Financial risk has been described in detail in note 44 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 regulation 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 & Safety (EHS).

The Company recorded another engaged and productive year for cultural changes and setting the compass for Zero Harm. EHS commitments at all levels, from senior management to workers have been ensured to reduce work related risks across all operations of the Company. To achieve the optimized performance ownership culture played a pivotal role, derived from top management. Focus on zero tolerance for EHS non-compliances, whether statutory or Siemens. Global policies were further fine-tuned by enhanced awareness and better collaboration.

## Company's Future Outlook

The Company shall continue to focus on its core business in the field of electrification, automation and digitalization and is fully geared to exploit all available opportunities in the market. The Company's future prospects during FY 2018 are inextricably linked with the overall growth of the Country. The potential investment under China-Pakistan Economic Corridor projects and other private investment present positive opportunities for the Company.

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

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

## Appropriations

Following is the summary of appropriations made during FY 2017.

	<b>(Rupees: in millions)</b>
Accumulated profit as at October 01, 2016	219
Net profit after taxation for FY 2017	1,103
Final dividend of Rs. 120 (1200%) per share for FY 2016	(989)
Accumulated profit at September 30, 2017	333

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

## 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.

## 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 enclosed Statement of Compliance with the best practices of Code of Corporate Governance duly reviewed by the external auditors.

## Corporate Social Responsibility

Corporate Social Responsibility has been an integral part of Siemens and we strive to contribute to the sustainable development of the regions, in which Siemens' operate. Corporate Social Responsibility is Siemens' voluntary commitment in society with the aim to advance societies by making our technology and knowledge accessible to more people around the world. As part of our commitment to social responsibility, Siemens globally donates approximately 26 million Euros annually.

We build our commitment on three pillars: access to technology, access to education, and sustaining communities. In this reference, some of the social activities in which Siemens participated in Pakistan are as follows:

- **Magnifisience Exhibition:** For the second year running Siemens supported and participated in the Magnifi-Science Exhibition 2017, organized by The Dawood Foundation in Karachi.
- **Georg Ludwig Rexroth School:** Siemens provided financial support to a school run by the Georg Ludwig Rexroth Charitable Trust School located in one of the less privileged neighborhoods of Karachi, Orangi Town.
- **Green Office Initiative:** Siemens partnered with WWF Pakistan in its Green Office programme to address the environmental challenges and learn ways to be instrumental in improving our environment. Green Office Program is a practical and simple Environmental Management System specifically for office conditions to reduce overall carbon emissions.

Details of the activities in which Siemens participated during FY 2017 have been provided in Corporate Social Responsibility section of this Annual Report.

## Directors' Statement

As required by the Code, 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 preparation of financial statements;
- d) The accounting estimates are based on reasonable and prudent judgment;
- e) International Accounting Standards (IAS) and IFRS, as applicable in Pakistan, have been followed in preparation of financial statements;
- f) The system of internal control is sound in design and has been effectively implemented and monitored;
- g) There are no significant doubts upon the Company's ability to continue as a going concern; and

- h) There has been no material departure from the best practices of corporate governance, as detailed in the 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, is as follows:

Board and Its Committees		Board Meeting held/ Attendance	Audit Meeting held/ Attendance	Human Resource and Remuneration Meeting held/ Attendance
Dr. Sebastian Brachert*	Non-Executive Director	4/4 (Chairman)	N/A	2/2
Mr. Bernhard Niessing**	Non-Executive Director	3/3	3/3	N/A
Mr. Helmut von Struve	MD - Executive Director	4/4	4/4****	2/2
Mr. Qazi Sajid Ali	Independent Director	4/4	4/4	2/2 (Chairman)
Mr. Marco Schiffer	Non-Executive Director	4/4	4/4	N/A
Mr. Manzoor Ahmed	Non-Executive Director	4/4	4/4 (Chairman)	N/A
Mr. Helmut Steidle	Non-Executive Director	4/4	N/A	2/2
Mr. Manuel Kuehn**	Non-Executive Director	1/1	N/A	N/A
Ms. Beatrice Bock***	Non-Executive Director	N/A	N/A	N/A

\* Dr. Sebastian Brachert has been entrusted with the responsibility of Chairmanship of the Board effective July 27, 2017.

\*\* Mr. Bernhard Niessing, Ex-Chairman of Board and Non-Executive Director, resigned on 27th July 2017 and Mr. Manuel Kuehn was co-opted as director in his stead. In addition, Effective July 28, 2017, Mr. Kuehn has also been appointed as member of the Human Resource and Remuneration Committee of the Board in place of Mr. Helmut Steidle.

\*\*\* Mr. Helmut Steidle, Non-Executive Director, resigned on 28th July 2017 and Ms. Beatrice Bock was co-opted as director in his stead. In addition, effective July 28, 2017, Ms. Bock has also been appointed as member of the Audit Committee of the Board in place of Mr. Niessing.

\*\*\*\* By invitation

## Evaluation of the Board's Performance and Directors' Training Program

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

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 2018 to the 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, which holds 74.6% shares of the Company as at September 30, 2017.

## Pattern of Shareholding

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

## Investments in retirement benefits

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

	June 30, 2016	June 30, 2015	June 30, 2014
	(Rupees in million)		
<b>Provident Fund</b>	<b>458.979</b>	569.520	537.371

	September 30, 2016	September 30, 2015	September 30, 2014
	(Rupees in million)		
<b>Gratuity Fund</b>	<b>139.337</b>	212.528	208.485

## Post Balance Sheet Event and Significant Developments during FY 2017 (if any)

There have been no material changes or events since 30th of September 2017 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 of the Company at the forthcoming Annual General Meeting the effect of which will be reflected in the FY 2018 financial statements.

In addition, no significant / unusual development occurred during the year

## Acknowledgement

We take this opportunity to thank our valued customers who have continued to place trust in our products and services and provided sustained support in ensuring the progress of the Company. The Company is 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 our 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



**Dr. Sebastian Andreas Brachert**  
Chairman



**Helmut von Struve**  
Managing Director

Karachi, 23<sup>rd</sup> November 2017

# 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 asset.
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:
  - a) salary increments, bonus and other pay adjustments in the light of a salary review conducted annually;
  - b) changes to the compensation ranges and incentive compensation plan, if any;
  - c) salary adjustments and incentive compensation awards for staff;
  - d) 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.

An aerial night view of a modern industrial facility, possibly a data center or manufacturing plant. The buildings are illuminated with warm white lights, and the sky is dark. In the foreground, there are several large, glowing blue and orange structures, possibly representing data processing or manufacturing equipment. The background shows a city skyline with lights. A network of glowing lines in blue and orange is overlaid on the scene, suggesting a digital or data network. A teal banner is positioned at the top of the image, containing the text "Sustainability at Siemens".

# Sustainability at Siemens

# Sustainability at Siemens

Sustainability is a core principle at Siemens. However, for us, it involves more than the sustainable use of natural resources; it also comprises the sustainable development of businesses, communities, and countries. Since its founding in 1847, our company's aspiration has been to provide technologies that improve quality of life and create value for people all over the world. Today, our reference for determining value we create for society is the United Nations' "Agenda 2030" for Sustainable Development. Its 17 Sustainable Development Goals include good health and well-being, affordable and clean energy, sustainable cities and communities, and climate action, and they are designed to foster sustainable development in all areas of life. Working from these goals, we identify issues that are relevant to the country and demonstrate how we can contribute to achieving these goals – through our electrification, automation, and digitalization portfolio, through our healthcare technologies and through our corporate social responsibility activities. We call this approach "Business to Society" (B2S).

"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

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

## 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

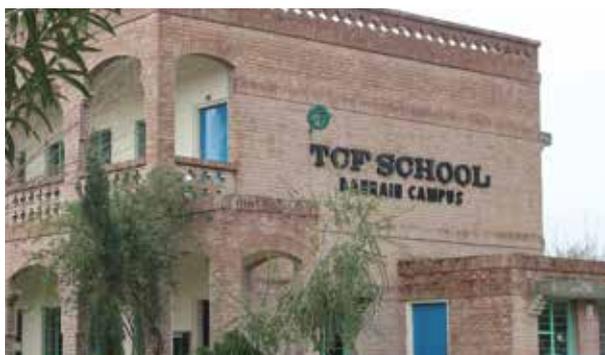
- We contribute to the sustainable development of societies with our portfolio, local operations, and thought leadership.
- We foster long-term relationships with local societies through Corporate Citizenship projects carried out jointly with partners.
- We live a zero-harm culture and promote the health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

# Corporate Citizenship

Corporate citizenship has been an integral part of Siemens from the very beginning. We strive to contribute to the sustainable development of the regions, in which we operate. Corporate Citizenship is Siemens' voluntary commitment in society with the aim to advance societies by making our technology and knowledge accessible to more people around the world. As part of our commitment to social responsibility, Siemens as a group donates some 26 million Euros annually. We strive to create shared value in every country, in which we operate, while strengthening our business performance. We build our commitment on three pillars: access to technology, access to education, and sustaining communities.

## Support for The Citizens Foundation

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



## Magnifisience Exhibition:

For the second year running Siemens supported and participated in the Magnfi-Science Exhibition 2017, organized by The Dawood Foundation in Karachi. This is the largest science exhibition of the country in terms of size, scale, impact and with approximately 50,000 people attending over three days from Karachi, Sindh and beyond. Where the exhibition introduces the many wonders of science in an interesting and interactive manner, it also provokes teachers and schools to adopt more innovative ways of teaching to bring out the best in children.

The exhibition is also unique in its ability to communicate with children from different socio-economic backgrounds. Siemens' demonstrated its innovative equipment used to produce renewable energy such as solar, wind and hydro. 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.

Visitors to the Siemens Lab fabricated a small battery operated car to understand how cars can run on electricity. 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.



## 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.



## Green Office Initiative

Siemens has partnered with WWF Pakistan for its Green Office program to address environmental challenges and learn ways to be instrumental in improving our environment.

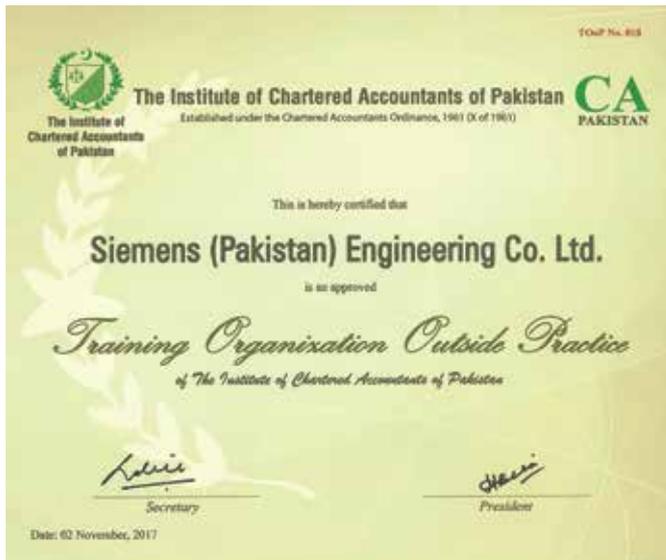
Green Office Program is a practical and simple Environmental Management System specifically for office conditions to reduce overall carbon emissions. This program will help us reduce our environmental foot print and in educating employees to be better and responsible citizens and understand their civic and environmental responsibilities.

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



## Training and HR Development

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



An aerial night photograph of a modern building with a large teal overlay. The overlay contains the text "Financial Report 2017". The building's facade is illuminated, and the surrounding area is dark with some lights visible in the distance.

# Financial Report 2017

## **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 2017 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 2017.



Chartered Accountants  
Date: 23 November 2017  
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
Non-Executive Director	<a href="#">Dr. Sebastian Andreas Brachert (Chairman)</a>
	<a href="#">Mr. Marco Jochen Schiffer</a>
	<a href="#">Mr. Manzoor Ahmed</a>
	<a href="#">Mr. Manuel Kuehn</a>
	<a href="#">Ms. Beatrice Bock</a>
Executive Director	<a href="#">Mr. Helmut von Struve</a>
Independent Director	<a href="#">Mr. Qazi Sajid Ali</a>

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) except Mr. Manzoor Ahmed who is serving as director in ten listed companies and has been granted exemption from the related requirement by Securities and Exchange Commission of Pakistan.
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 NBFIs or, being a member of the stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year casual vacancies were created due to resignation of Mr. Bernhard Wilhelm Niessing and Mr. Helmut Steidle, which were duly filled by the Board by appointing Mr. Manuel Kuehn and Ms. Beatrice Bock as directors of the Company in accordance with the Companies Act, 2017 on the next day of the occurrence of casual vacancy.
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 directors have already acquired certification under directors training programme conducted by Pakistan Institute of Corporate Governance whereas two 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. Whereas, two new directors appointed on 27th and 28th of July, 2017 will be obtaining the required certification in the due course.

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 Companies Act, 2017 and 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.



**Dr. Sebastian Andreas Brachert**  
Chairman of the Board



**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 2017 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 repealed 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 repealed 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 repealed 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 repealed 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 2017 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: 23 November 2017  
Place: Karachi

# Siemens (Pakistan) Engineering Co. Ltd.

## Balance Sheet

As at September 30, 2017

	Note	2017 (Rupees in '000)	2016
<b>Equity and liabilities</b>			
<b>Share capital and reserves</b>			
<b>Share capital</b>			
- Authorised 20,000,000 (2016: 20,000,000) Ordinary shares of Rs 10 each		200,000	200,000
- Issued, subscribed and paid-up	5	82,470	82,470
<b>Reserves</b>			
Capital	6	624,192	624,192
Revenue	6	4,619,942	4,524,779
		5,244,134	5,148,971
		5,326,604	5,231,441
<b>Non-current liabilities</b>			
Retention money		50,202	12,664
Other non-current liabilities		18,466	11,086
		68,668	23,750
<b>Current liabilities</b>			
Trade and other payables	7	7,426,020	7,908,477
Provisions	8	1,048,084	838,476
Short-term running finance	9	167,415	16,204
Taxation - net	10	410,083	720,379
		9,051,602	9,483,536
<b>Total liabilities</b>		9,120,270	9,507,286
<b>Contingencies and commitments</b>			
<b>Total equity and liabilities</b>		14,446,874	14,738,727
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Property, plant and equipment	12	312,647	240,832
Intangible assets	13	4,216	5,083
		316,863	245,915
Long-term loans and trade receivables	15	385,150	126,068
Long-term deposits and prepayments		7,507	12,063
Deferred tax asset	16	1,114,274	1,296,339
		1,823,794	1,680,385
<b>Current assets</b>			
Inventories	17	1,617,439	1,180,684
Trade receivables	18	4,927,341	4,045,675
Due against construction work in progress	19	1,788,654	2,146,864
Loans and advances	20	129,685	56,935
Deposits and short-term prepayments	21	76,970	71,033
Other receivables	22	334,976	322,772
Cash and bank balances	23	3,748,015	5,234,379
		12,623,080	13,058,342
<b>Total assets</b>		14,446,874	14,738,727

The annexed notes 1 to 47 form an integral part of these financial statements.



**Helmut von Struve**  
Managing Director



**Umer Jalil Anwer**  
Chief Financial Officer



**Dr. Sebastian Andreas Brachert**  
Director

# Siemens (Pakistan) Engineering Co. Ltd.

## Profit and Loss Account

For the year ended September 30, 2017

	Note	2017 (Rupees in '000)	2016
<b>Net sales and services</b>	24	14,552,923	10,173,868
Cost of sales and services	25	(12,118,831)	(9,238,795)
<b>Gross profit</b>		2,434,092	935,073
Marketing and selling expenses	26	(814,849)	(713,245)
General administrative expenses	27	(210,144)	(182,994)
		(1,024,993)	(896,239)
Other income	28	15,971	59,755
Other operating expenses	28	(109,566)	(13,364)
Net other operating (expenses) / income		(93,595)	46,391
<b>Operating profit</b>		1,315,504	85,225
Financial income	29	152,872	110,721
Financial expenses	29	(16,408)	(27,968)
Net finance income		136,464	82,753
<b>Profit before income tax expense and gain on sale of assets classified as held for sale</b>		1,451,968	167,978
Income tax	30	(348,572)	(277,219)
<b>Profit / (loss) before gain on sale of assets classified as held for sale</b>		1,103,396	(109,241)
<b>Gain on sale of assets classified as held for sale - net of income tax</b>		-	2,213,193
<b>Net profit for the year</b>		1,103,396	2,103,952
Basic and diluted earnings per share (Rupees)	31	133.79	255.12

The annexed notes 1 to 47 form an integral part of these financial statements.



**Helmut von Struve**  
Managing Director



**Umer Jalil Anwer**  
Chief Financial Officer



**Dr. Sebastian Andreas Brachert**  
Director

# Siemens (Pakistan) Engineering Co. Ltd.

## Statement of Comprehensive Income

For the year ended September 30, 2017

	2017	2016
	(Rupees in '000)	
<b>Net profit for the year</b>	<b>1,103,396</b>	2,103,952
Other comprehensive (loss) / income for the year not to be reclassified to profit and loss in subsequent periods:		
Recognition of remeasurement (loss) / gain on defined benefit plan	(23,015)	13,881
Deferred tax on remeasurement (loss) / gain on defined benefit plan	4,426	(7,373)
	(18,589)	6,508
<b>Total comprehensive income for the year</b>	<b>1,084,807</b>	2,110,460

The annexed notes 1 to 47 form an integral part of these financial statements.



**Helmut von Struve**  
Managing Director



**Umer Jalil Anwer**  
Chief Financial Officer



**Dr. Sebastian Andreas Brachert**  
Director

# Siemens (Pakistan) Engineering Co. Ltd.

## Cash Flow Statement

For the year ended September 30, 2017

	2017	2016
	(Rupees in '000)	
<b>Cash flows from operating activities</b>		
Cash (used in) / generated from operations	32 (105,442)	1,278,100
Payment to gratuity fund	(43,799)	(99,324)
Financial expenses paid	(2,650)	(18,008)
Income tax paid	(472,377)	(405,956)
Net cash (used in) / generated from operating activities	<u>(624,268)</u>	<u>754,812</u>
<b>Cash flows from investing activities</b>		
Capital expenditure incurred	(193,824)	(188,839)
Proceeds from sale of assets classified as held for sale	-	4,131,028
Proceeds from sale of property, plant and equipment	14,890	25,930
Financial income received	150,289	110,721
Net cash (used in) / generated from investing activities	<u>(28,645)</u>	<u>4,078,840</u>
<b>Cash flows from financing activities</b>		
Dividends paid	(984,662)	(82,470)
Net cash used in financing activities	<u>(984,662)</u>	<u>(82,470)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(1,637,575)</u>	<u>4,751,182</u>
Cash and cash equivalents at beginning of the year	5,218,175	466,993
Cash and cash equivalents at end of the year	33 <u><u>3,580,600</u></u>	<u><u>5,218,175</u></u>

The annexed notes 1 to 47 form an integral part of these financial statements.



**Helmut von Struve**  
Managing Director



**Umer Jalil Anwer**  
Chief Financial Officer



**Dr. Sebastian Andreas Brachert**  
Director

# Siemens (Pakistan) Engineering Co. Ltd.

## Statement of Changes in Equity

For the year ended September 30, 2017

	Issued, subscribed and paid-up share capital	Capital reserves			Revenue reserves			Total
		Share premium	Capital repurchase reserve account	Other capital reserve	General reserves	Remeasurement loss on defined benefit plan	Accumulated (loss) / profit	
(Rupees in '000)								
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 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
Final dividend @ Rs 120 per Ordinary share of Rs 10 each for the year ended September 30, 2016	-	-	-	-	-	-	(989,644)	(989,644)
Net profit for the year ended September 30, 2017	-	-	-	-	-	-	1,103,396	1,103,396
Other comprehensive loss for the year	-	-	-	-	-	(18,589)	-	(18,589)
Total comprehensive income for the year	-	-	-	-	-	(18,589)	1,103,396	1,084,807
<b>Balance as at September 30, 2017</b>	<b>82,470</b>	<b>619,325</b>	<b>567</b>	<b>4,300</b>	<b>4,523,026</b>	<b>(235,800)</b>	<b>332,716</b>	<b>5,326,604</b>

The annexed notes 1 to 47 form an integral part of these financial statements.



**Helmut von Struve**  
Managing Director



**Umer Jalil Anwer**  
Chief Financial Officer



**Dr. Sebastian Andreas Brachert**  
Director

# Siemens (Pakistan) Engineering Co. Ltd.

## Notes to the Financial Statements

For the year ended September 30, 2017

### 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. As per the requirements of circular No. 23/2017 dated October 04, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the repealed Ordinance). Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Ordinance, provisions of and directives issued under the repealed Ordinance. In case requirements differ, the provisions of or directives under the repealed Ordinance 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 estimates are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In preparing these financial statements, the significant estimates, assumptions and judgements made by the management in applying accounting policies include:

- Provision for liquidated damages and warranty obligations (note 3.2)
- Method of depreciation and amortisation, residual values, useful lives and 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 7.2)
- Expected outcome of litigations involving the Company (note 11.1); and
- Cost of completion of contracts in progress and their results (note 35.1)

### 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.

### 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 cash flow statement.

### 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 been 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 applicable. These financial assets and liabilities are subsequently measured at fair value or amortised cost as the case may be. The Company derecognises the financial assets and financial liabilities when it ceases to be a party to contractual provisions of such instruments.

### 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 agreements have 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, IFRS 12 and IAS 28	Applying the Consolidation Exception (Amendment)
IFRS 11	Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)
IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendment)
IAS 16 & IAS 38	Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
IAS 16 & IAS 41	Agriculture: Bearer Plants (Amendment)
IAS 27	Equity Method in Separate Financial Statements (Amendment)

#### Improvements to Accounting Standards Issued by the IASB

IFRS 5	Changes in methods of disposal
IFRS 7	Disclosures - Servicing contracts
IFRS 7	Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
IAS 19	Discount rate: regional market issue

The adoption of the above standards and amendments to accounting standards did not have any effect on the financial statements.

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

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

Standard		Effective date (annual periods beginning on or after)
IFRS 2	Classification and Measurement of Share-based payments (Amendments)	January 1, 2018
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7	Disclosure Initiative - Statement of Cash Flows	January 1, 2017
IAS 12	Recognition of Deferred Tax Assets for Unrealized Losses (Amendment)	January 1, 2017
IFRS 4	Insurance contracts (Amendment)	January 1, 2018
IAS 40	Transfers of Investment Property (Amendments)	January 1, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019

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, 2018. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

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

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 other than the application of IFRS 15 as described below:

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers which will be effective for annual periods beginning on or after January 1, 2018, however, early application is permitted. Subsequent to the year ended September 30, 2017, SECP vide S.R.O. 007(1) / 2017 dated October 4, 2017, has also notified the adoption of IFRS 15 'Revenue From Contracts With Customer' for annual periods beginning on or after July 1, 2018.

According to the new standard, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services. IFRS 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment. IFRS 15 supersedes IAS 11, Construction Contracts and IAS 18, Revenue as well as related interpretations. Currently, it is expected that changes, if any, in the total amount of revenue to be recognized for a customer contract will be very limited. Based on assessment performed, the vast majority of construction-type contracts currently accounted for under the percentage-of-completion method are expected to fulfill the requirements for revenue recognition over time. Besides, changes to the Statement of Financial Position are expected, e.g. separate line items for contract assets and contract liabilities are required, and quantitative and qualitative disclosures are added.

#### 4. OPERATIONS IN AFGHANISTAN

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

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

Ordinary shares of Rs 10 each

2017	2016		2017	2016
(No. of shares)			(Rupees in '000)	
6,217,780	6,217,780	Issued for cash	62,178	62,178
81,700	81,700	Issued for consideration other than cash	817	817
1,526,800	1,526,800	Issued as bonus shares	15,268	15,268
(56,683)	(56,683)	Shares bought back	(567)	(567)
477,440	477,440	Issued under a scheme of amalgamation	4,774	4,774
<u>8,247,037</u>	<u>8,247,037</u>		<u>82,470</u>	<u>82,470</u>

5.1 Siemens Aktiengesellschaft (Siemens AG, the parent company) held 6,156,782 Ordinary shares (2016: 6,156,782 Ordinary shares) of Rs 10 each of the Company as at September 30, 2017.

#### 5.2 Dividends and other appropriations

The Board of Directors have, in their meeting held on November 23, 2017 proposed a final cash dividend of Rs 75 per Ordinary share of Rs 10 each (2016: Rs 120 per share), amounting to Rs 618.528 million (2016: Rs 989.644 million).

#### 6. RESERVES

	Note	2017	2016
		(Rupees in '000)	
<b>Capital</b>			
Share premium	6.1	619,325	619,325
Capital repurchase reserve account	6.2	567	567
Other capital reserve		4,300	4,300
		<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		(235,800)	(217,211)
Accumulated profit		332,716	218,964
		<u>4,619,942</u>	<u>4,524,779</u>

6.1 This represents premium of Rs 50 per share on the issue of 186,340 Ordinary shares of Rs 10 each and Rs 70 per share on the issue of 223,608 Ordinary shares of Rs 10 each during the years ended September 30, 1988 and 1990, respectively, and premium of Rs 1,277 per share on the issue of 477,440 Ordinary shares of Rs 10 each under the scheme of amalgamation during the year ended September 30, 2007. This amount was reduced by Rs 15.334 million on account of 56,683 Ordinary shares of Rs 10 each bought back by the Company during the year ended September 30, 2003.

6.2 This represents the amount by which the share capital of the Company was reduced on the buy back of 56,683 Ordinary shares of Rs 10 each and transferred from the distributable profits of the Company to 'capital repurchase reserve account' during the year ended September 30, 2003. This reserve was created to comply with the requirements of section 95A of the repealed Companies Ordinance, 1984.

## 7. TRADE AND OTHER PAYABLES

	Note	2017 (Rupees in '000)	2016
Trade creditors [including retention money of Rs 302.534 million (2016: Rs 262.169 million)]	7.1	4,137,369	3,253,256
Accrued liabilities		792,129	764,605
Advances from customers			
For goods		292,210	254,151
For projects and services		980,550	2,630,141
Defined benefit plan - gratuity	7.2	271,928	232,585
Accrued interest		118,667	104,909
Unearned portion of revenue and maintenance contracts		101,900	96,054
Workers' Welfare Fund (WWF)		115,842	84,591
Workers' Profit Participation Fund (WPPF)		78,077	8,905
Unclaimed dividend		24,584	19,602
Derivative financial instruments		247,154	311,783
Withholding tax payable		19,968	15,479
Other liabilities		245,642	132,416
		<b>7,426,020</b>	<b>7,908,477</b>

7.1 These include sums aggregating to Rs 1,580.782 million (2016: Rs 2,136.536 million) due to related parties.

### 7.2 Defined benefit plan - gratuity

The actuarial valuation of gratuity scheme was carried out on September 30, 2017. The Projected Unit Credit Method, using the following significant financial assumptions, has been used for the actuarial valuation:

- Discount rate 8.25% per annum compound (2016: 7.75%).
- Expected rate of increase in salaries 7.75% per annum (2016: 7.25%).

The amounts recognised in the balance sheet are as follows:

	Note	2017 (Rupees in '000)	2016
Fair value of plan assets	7.2.1	176,525	153,266
Present value of defined benefit obligation	7.2.2	(448,453)	(385,851)
Deficit - recognised as liability in the balance sheet	7.2.3	<b>(271,928)</b>	<b>(232,585)</b>

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

Opening balance	153,266	252,682
Interest income	12,339	19,490
Contributions made by the Company	43,799	99,324
Benefits paid	(29,817)	(210,660)
Divestment	-	(3,928)
Remeasurement loss	(3,062)	(3,642)
	<b>176,525</b>	<b>153,266</b>

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

Opening balance	385,851	544,995
Current service cost	43,799	42,015
Settlement gain	-	(5,982)
Interest expense	28,667	40,287
Benefits paid	(29,817)	(210,660)
Divestment	-	(7,281)
Remeasurement loss / (gain)	19,953	(17,523)
	<b>448,453</b>	<b>385,851</b>

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

	Note	2017 (Rupees in '000)	2016
Opening balance of liability		(232,585)	(292,313)
Expense recognised for the year	7.2.4	(60,127)	(56,830)
Contributions made by the Company		43,799	99,324
Divestment		-	3,353
Net remeasurement (loss) / gain for the year recognised in OCI		(23,015)	13,881
		<u>(271,928)</u>	<u>(232,585)</u>

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

Current service cost	43,799	42,015
Settlement gain	-	(5,982)
Interest expense	28,667	40,287
Interest income on plan assets	(12,339)	(19,490)
	<u>60,127</u>	<u>56,830</u>

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

	2017	2016
	----- % -----	
Government bonds	-	82
Treasury bills	84	-
Cash and cash equivalents	16	18
	<u>100</u>	<u>100</u>

**7.2.6 Sensitivity analysis for actuarial assumptions**

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

Assumptions	Impact on defined benefit obligation	
	0.5% increase	0.5% decrease
	(Rupees in '000)	
Effect of change in discount rate	(18,837)	20,309
Effect of change in future salary increases	20,309	(19,006)

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

**7.2.8** As per the recommendation of the actuary, the Company plans to contribute Rs 50.970 million to the gratuity fund during the year ending September 30, 2018.

**8. PROVISIONS**

	Warranties	Liquidated damages	Losses on sales contracts	Total
	----- (Rupees in '000) -----			
Balance at beginning of the year	416,814	262,438	159,224	838,476
Additional provision	428,312	76,564	77,328	582,204
Cost incurred / imposed	(136,071)	(19,983)	(110,160)	(266,214)
Reversal of unutilised amounts	(59,295)	(22,757)	(24,330)	(106,382)
Balance at end of the year	<u>649,760</u>	<u>296,262</u>	<u>102,062</u>	<u>1,048,084</u>

## 9. SHORT-TERM RUNNING FINANCE

		2017	2016
	Note	(Rupees in '000)	
Unsecured - from related party	9.1	167,415	5,516
- from others	9.2	-	10,688
		<u>167,415</u>	<u>16,204</u>

9.1 This facility is available from Siemens Financial Services (SFS) of Siemens AG, utilised in respect of the projects in the United Arab Emirates (UAE). The mark-up on this facility ranges between 2.04% and 2.51% per annum (September 30, 2016: 1.51% and 1.84% per annum).

9.2 These facilities arranged with commercial banks in the United Arab Emirates (UAE) aggregated to Rs 71.6 million (September 30, 2016: Rs 71.102 million) at interest rates ranges between 4.32% and 5.07% per annum (September 30, 2016: 4.05% and 4.30% per annum).

## 10. TAXATION - Net

	2017	2016
	(Rupees in '000)	
Provision for taxation	1,656,192	1,693,709
Advance tax	(1,246,109)	(973,330)
	<u>410,083</u>	<u>720,379</u>

## 11. CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

The Company is defending various suits filed against it in various courts in Pakistan for sums aggregating to Rs 267.712 million (2016: Rs 254.776 million) related to its business operations. The Company's management is confident, based on the advice of its legal advisors, that these suits will be decided in Company's favour and, accordingly, no provision has been made for any liability against these law suits in these financial statements.

### 11.2 Commitments

11.2.1 As at September 30, 2017 capital expenditure contracted for but not incurred amounted to Rs 84.113 million (2016: Rs 134.649 million).

11.2.2 Post dated cheques issued to the Collector of Customs against import duty aggregate to Rs 46.407 million (2016: Rs 28.637 million).

### 11.2.3 Letters of credit and guarantees

	2017	2016
	(Rupees in '000)	
(i) Letters of credit		
- limit	1,298,528	1,202,048
- unutilised portion	665,858	832,807
(ii) Guarantees		
- limit	10,745,690	10,839,744
- unutilised portion	2,092,426	1,773,082

11.2.4 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:

	2017	2016
	(Rupees in '000)	
- Not later than one year	23,285	25,137
- Later than one year but not later than five years	20,479	42,418
	<u>43,764</u>	<u>67,555</u>

## 12. PROPERTY, PLANT AND EQUIPMENT

Note 2017 2016  
(Rupees in '000)

Operating assets	311,376	223,685
Capital work in progress	1,271	17,147
	<u>312,647</u>	<u>240,832</u>

### 12.1 Operating assets

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

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)	Depreciation / (on deletions)	Net book value of disposals	Cost	Accumulated depreciation		Accumulated impairment	Net book value
Leasehold land	2,015	-	-	2,015	-	-	-	2,015	-	-	2,015	-
Buildings on leasehold land	17,323	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
	<b>857,444</b>	<b>707,001</b>	<b>12,255</b>	<b>138,188</b>	<b>166,474 (123,061)</b>	<b>73,066 (115,150)</b>	<b>7,911</b>	<b>900,857</b>	<b>664,917</b>	<b>12,255</b>	<b>223,685</b>	

**12.1.1** Operating assets include items having an aggregate cost of Rs 535.682 million (2016: Rs 480.123 million) which have been fully depreciated and are still in use of the Company.

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

	Original cost	Accumulated depreciation and impairment	Net book value	Sale proceeds	Mode of disposal	Name and address of purchaser
----- (Rupees in '000) -----						
<b>Plant and machinery</b>						
DG SET 300 KVA	2,214	1,900	314	551	Auction	Rightway Power Solutions, Plot E-31, SITE, Karachi
DG SET 500 KVA	2,800	2,520	280	697	Auction	Rightway Power Solutions, Plot E-31, SITE, Karachi
DG SET 250 KVA	1,320	1,187	133	514	Auction	Swam Power, Plot No. D-172, Street 22, SITE, Karachi
DG SET 250 KVA	1,320	1,187	133	514	Auction	Swam Power, Plot No. D-172, Street 22, SITE, Karachi
DG SET 100 KVA	803	723	80	313	Auction	Swam Power, Plot No. D-172, Street 22, SITE, Karachi
DG SET 200 KVA	1,514	1,451	63	590	Auction	Swam Power, Plot No. D-172, Street 22, SITE, Karachi
Items with book value upto Rs 50,000 each	10,416	10,289	127	4,270	Various	Various
	<b>20,387</b>	<b>19,257</b>	<b>1,130</b>	<b>7,449</b>		
<b>Furniture and fixtures</b>						
Items with book value upto Rs 50,000 each	7,321	7,245	76	42	Various	Various
	<b>7,321</b>	<b>7,245</b>	<b>76</b>	<b>42</b>		
<b>Office equipment</b>						
Laptop	96	16	80	-	Scrapped	
I-Phone	80	24	56	58	Company Policy	Tauqir Hasan (Ex-employee)
I-Phone	79	24	55	-	Scrapped	
Items with book value upto Rs 50,000 each	19,993	19,256	737	688	Various	Various
	<b>20,248</b>	<b>19,320</b>	<b>928</b>	<b>746</b>		
<b>Vehicles</b>						
Items with book value upto Rs 50,000 each	21,055	21,055	-	6,571	Various	Various
	<b>21,055</b>	<b>21,055</b>	<b>-</b>	<b>6,571</b>		
<b>Tools and patterns</b>						
Items with book value upto Rs 50,000 each	1,333	1,333	-	82	Various	Various
	<b>1,333</b>	<b>1,333</b>	<b>-</b>	<b>82</b>		
<b>September 30, 2017</b>	<b>70,344</b>	<b>68,210</b>	<b>2,134</b>	<b>14,890</b>		
September 30, 2016	123,061	115,150	7,911	25,930		

## 13. INTANGIBLE ASSETS

	As at October 1, 2016			During the year			As at September 30, 2017			
	Cost	Accumulated amortisation	Net book value	Additions / (Deletions)	Amortisation on (deletions)/ (transfers)	Net book value	Cost	Accumulated amortisation	Net book value	Amortisation rate
----- (Rupees in '000) -----										%
<b>2017</b>	<b>85,038</b>	<b>79,955</b>	<b>5,083</b>	<b>941</b>	<b>1,808</b>	<b>-</b>	<b>85,744</b>	<b>81,528</b>	<b>4,216</b>	<b>33.33</b>
				<b>(235)</b>	<b>(235)</b>	<b>-</b>				
2016	81,576	81,387	189	5,346	357	95	85,038	79,955	5,083	33.33
Software				<b>(1,884)</b>	<b>(1,789)</b>	<b>-</b>				

13.1 Intangible assets include items having an aggregate cost of Rs 79.472 million (2016: Rs 79.707 million) which have been fully amortised and are still in use of the Company.

14. Depreciation and amortisation have been allocated as follows:

		Depreciation	Amortisation	2017 Total	2016 Total
Note	(Rupees in '000)				
Cost of sales	25.1	86,965	1,322	88,287	42,032
Marketing and selling expenses	26	21,408	325	21,733	20,868
General administrative expenses	27	10,561	161	10,722	10,523
		118,934	1,808	120,742	73,423

15. LONG-TERM LOANS AND TRADE RECEIVABLES

	Note	2017 (Rupees in '000)	2016
<b>Loans</b>			
Considered good - secured			
Due from non-executive employees		864	447
Receivable within one year shown under current assets	20	(205)	(205)
Long term portion		659	242
Discounting to present value		(31)	(31)
		628	211
<b>Trade receivables</b>			
Considered good		462,203	142,334
Considered doubtful		266	264
		462,469	142,598
Provision for doubtful trade receivables		(266)	(264)
Discounting to present value		(77,681)	(16,477)
		384,522	125,857
		385,150	126,068

16. DEFERRED TAX ASSET

Debit balances arising in respect of:			
Unadjusted tax losses / tax credits		362,577	602,930
Provisions		654,439	615,889
Remeasurement loss on defined benefit plan		65,894	61,468
Discounting of long-term receivables		16,972	3,671
Accelerated tax depreciation and amortisation		14,392	12,381
	16.1	1,114,274	1,296,339

16.1 The Company has not recognised deferred tax asset of Rs 305.648 million (2016: Rs 305.648 million) in respect of minimum tax 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.

17. INVENTORIES

	2017 (Rupees in '000)	2016
Raw materials and components	410,932	262,904
Work-in-process	862,278	607,040
Finished goods	383,091	405,476
	1,656,301	1,275,420
Provision for slow moving and obsolete items	(250,574)	(275,717)
	1,405,727	999,703
Goods-in-transit	211,712	180,981
	1,617,439	1,180,684

18. TRADE RECEIVABLES	Note	2017 (Rupees in '000)	2016
Considered good			
Due from related parties	18.1	23,227	27,888
Due from others		4,904,114	4,017,787
		<u>4,927,341</u>	<u>4,045,675</u>
Considered doubtful		1,047,880	969,935
		5,975,221	5,015,610
Provision for doubtful receivables		(1,047,880)	(969,935)
		<u>4,927,341</u>	<u>4,045,675</u>

18.1 Represents amounts due from Rousch (Pakistan) Power Limited.

18.2 Information relating to trade receivable ageing is presented in note 42.2 to the financial statements.

19. DUE AGAINST CONSTRUCTION WORK IN PROGRESS		2017 (Rupees in '000)	2016
Considered good		1,788,654	2,146,864
Considered doubtful		250,073	215,352
		<u>2,038,727</u>	<u>2,362,216</u>
Provision for doubtful construction work in progress		(250,073)	(215,352)
		<u>1,788,654</u>	<u>2,146,864</u>

## 20. LOANS AND ADVANCES

Considered good			
Current portion of loans due from non-executive employees	15	205	205
Advances to:			
Suppliers		110,029	46,828
Executive employees		15,268	9,334
Non-executive employees		4,183	568
		<u>129,480</u>	<u>56,730</u>
		<u>129,685</u>	<u>56,935</u>

## 21. DEPOSITS AND SHORT-TERM PREPAYMENTS

<b>Deposits</b>			
Considered good		60,434	55,205
Considered doubtful		13,480	12,775
		<u>73,914</u>	<u>67,980</u>
Provision for doubtful deposits		(13,480)	(12,775)
		<u>60,434</u>	<u>55,205</u>
<b>Prepayments</b>			
		16,536	15,828
		<u>76,970</u>	<u>71,033</u>

## 22. OTHER RECEIVABLES

	Note	2017 (Rupees in '000)	2016
Considered good			
Sales tax refundable		169,378	192,750
Interest accrued		26,581	23,998
Others		139,017	106,024
		<b>334,976</b>	322,772
Considered doubtful			
Sales tax refundable		54,373	51,772
Others		137,550	178,473
		<b>191,923</b>	230,245
		<b>526,899</b>	553,017
Provision against doubtful other receivables		<b>(191,923)</b>	(230,245)
		<b>334,976</b>	<b>322,772</b>

## 23. CASH AND BANK BALANCES

With banks in			
Current accounts		89,965	143,464
Deposit accounts		3,591,013	4,987,002
		<b>3,680,978</b>	5,130,466
Cheques in hand		66,125	102,883
Cash in hand		912	1,030
		<b>3,748,015</b>	<b>5,234,379</b>

## 24. NET SALES AND SERVICES

Execution of contracts		8,516,884	4,050,157
Sale of goods		3,963,914	3,929,967
Rendering of services		2,072,125	2,193,744
		<b>14,552,923</b>	10,173,868
Sales tax		1,676,672	1,463,951
Gross sales and services		<b>16,229,595</b>	11,637,819
Sales tax		<b>(1,676,672)</b>	(1,463,951)
		<b>14,552,923</b>	<b>10,173,868</b>

## 25. COST OF SALES AND SERVICES

Opening inventory of finished goods	17	405,476	467,450
Cost of goods manufactured and services rendered	25.1	10,874,640	8,232,175
Finished goods purchased		1,221,806	944,646
		<b>12,501,922</b>	9,644,271
Closing inventory of finished goods	17	<b>(383,091)</b>	(405,476)
		<b>12,118,831</b>	<b>9,238,795</b>

## 25.1 Cost of goods manufactured and services rendered

	Note	2017 (Rupees in '000)	2016
Opening inventories			
Raw materials and components	17	262,904	901,475
Work-in-process	17	607,040	942,096
Goods-in-transit	17	180,981	275,663
		<b>1,050,925</b>	2,119,234
Purchase of goods and services		8,338,891	4,851,258
Salaries, wages and employees welfare expenses		1,282,170	923,609
Gratuity		39,878	35,165
Provident fund contribution		23,104	21,116
Royalty		6,804	8,796
Commission		13,729	27,519
Fuel, power and water		68,147	89,664
Repairs and maintenance		62,178	58,825
Rent, rates and taxes		200,162	157,289
Vehicle lease rentals		14,402	13,993
Provision for liquidated damages		53,807	49,691
Provision / (reversal of provision) for warranty		232,946	(77,849)
Provision for losses on sales contracts		52,998	65,441
Insurance		36,207	46,696
(Reversal of provision) / provision for slow moving and obsolete items of inventories - net		(25,143)	8,383
Inventories written off		17,722	5,511
IT, networking and data communication		149,384	114,713
Depreciation and amortisation	14	88,287	42,032
Travelling and conveyance		227,083	196,521
Transportation		223,695	90,172
Stationery, telex and telephone		33,053	33,827
Security		68,686	67,227
Exchange (gain) / loss - net		(10,645)	193,627
Legal and professional charges		7,335	11,017
Bank charges		80,200	84,169
Others		50,870	69,538
		<b>12,386,875</b>	9,307,184
Closing inventories			
Raw materials and components	17	(410,932)	(262,904)
Work-in-process	17	(862,278)	(607,040)
Goods-in-transit	17	(211,712)	(180,981)
		<b>(1,484,922)</b>	(1,050,925)
		<b>10,901,953</b>	8,256,259
Sale of scrap		(27,313)	(24,084)
		<b>10,874,640</b>	<b>8,232,175</b>

## 26. MARKETING AND SELLING EXPENSES

	Note	2017 (Rupees in '000)	2016
Salaries and employees welfare expenses		338,944	272,307
Gratuity		18,775	16,536
Provident fund contribution		12,755	12,551
Fuel, power and water		13,068	13,937
Repairs and maintenance		14,853	15,511
Rent, rates and taxes		26,879	18,496
Vehicle lease rentals		12,625	17,082
Advertising and sales promotion		19,507	21,986
Insurance		9,428	10,603
Provision for doubtful trade receivables - net		115,995	89,035
Trade and other receivables write off		2,740	489
Provision for doubtful construction work in progress - net		34,721	84,548
(Reversal of provision) / provision for doubtful deposits and other receivables - net		(7,970)	22,746
Discounting of long-term loans and trade receivables - net		61,204	(511)
IT, networking and data communication		29,363	23,570
Depreciation and amortisation	14	21,733	20,868
Travelling and conveyance		51,558	50,952
Transportation		4,071	3,036
Stationery, telex and telephone		10,272	11,016
Security		5,683	7,412
Legal and professional charges		2,444	6,701
Bank charges		6,883	2,557
Others		36,893	35,008
		<b>842,424</b>	<b>756,436</b>
Commission income		(27,178)	(38,843)
Sale of scrap		(397)	(4,348)
		<b>814,849</b>	<b>713,245</b>

## 27. GENERAL ADMINISTRATIVE EXPENSES

Salaries and employees welfare expenses		102,189	91,242
Gratuity		1,474	5,129
Provident fund contribution		144	2,786
Fuel, power and water		4,686	5,815
Repairs and maintenance		6,343	6,102
Rent, rates and taxes		8,790	6,694
Vehicle lease rentals		-	5,289
Insurance		2,777	1,641
IT, networking and data communication		3,424	10,706
Auditors' remuneration	34	7,238	7,761
Depreciation and amortisation	14	10,722	10,523
Travelling and conveyance		12,921	9,892
Stationery, telex and telephone		1,769	2,873
Security		6,866	4,968
Legal and professional charges		26,845	284
Bank charges		375	590
Others		13,581	11,410
		<b>210,144</b>	<b>183,705</b>
Sale of scrap		-	(711)
		<b>210,144</b>	<b>182,994</b>

**28. OTHER INCOME AND OTHER OPERATING EXPENSES**

	2017	2016
	(Rupees in '000)	
Gain on sale of property, plant and equipment	12,756	17,924
Liabilities no longer payable written back	3,215	41,831
<b>Other income</b>	<b>15,971</b>	59,755
WPPF	78,315	8,905
WWF	31,251	4,459
<b>Other operating expenses</b>	<b>109,566</b>	13,364
Net other operating (expenses) / income	<b>(93,595)</b>	46,391

**29. FINANCIAL INCOME AND EXPENSES**

Interest on other receivables	2,583	-
Income on amounts placed with banks under deposit accounts	150,289	110,721
<b>Financial income</b>	<b>152,872</b>	110,721
Interest on short-term borrowings	2,650	10,399
Interest on other payables	13,758	13,796
Commission on guarantees	-	3,773
<b>Financial expenses</b>	<b>16,408</b>	27,968
Net finance income	<b>136,464</b>	82,753

**30. INCOME TAX**

Current year	472,274	274,893
Prior year	(310,192)	-
Deferred	186,490	2,326
	<b>348,572</b>	277,219
Tax on sale of assets classified as held for sale	-	227,991
	<b>348,572</b>	505,210

**30.1 Reconciliation of income tax**

Accounting profit	1,451,968	2,609,162
Enacted tax rate	30%	31%
Tax on accounting profit at enacted rate	435,590	808,840
Tax effect of income assessed under Final Tax Regime	108,691	161,701
Tax effect of exempt income	-	(591,259)
Tax effect of movement in deferred tax assets	-	29,584
Prior Year Tax - Net	(310,192)	-
Foreign tax	114,483	96,344
	<b>348,572</b>	505,210

### 31. BASIC AND DILUTED EARNINGS PER SHARE

	2017	2016
Note	(Rupees in '000)	
There is no dilutive effect on the basic earnings per share of the Company, which is based on:		
Profit for the year	<u>1,103,396</u>	<u>2,103,952</u>
	(No. of shares)	
Weighted average number of Ordinary shares	<u>8,247,037</u>	<u>8,247,037</u>
	(Rupees)	
Basic and diluted earnings per share	<u>133.79</u>	<u>255.12</u>

### 32. CASH (USED IN) / GENERATED FROM OPERATIONS

Profit before tax for the year	1,451,968	2,609,162
<b>Adjustment for non-cash expenses:</b>		
Depreciation and amortisation	120,742	73,423
(Reversal of provision) / provision for slow moving and obsolete items of inventories - net	(25,143)	8,383
Provision for doubtful trade receivables - net	77,947	89,035
Trade and other receivables write off	2,740	489
Provision for doubtful construction work in progress	34,721	84,548
(Reversal of provision) / provision for doubtful deposits and other receivables - net	(37,617)	22,746
Discounting of long-term loans and trade receivables - net	61,204	(511)
Gain on sale of assets classified as held for sale	-	(2,646,493)
Gain on sale of property, plant and equipment	(12,756)	(17,924)
Liabilities no longer payable written back	(3,215)	(41,831)
Gratuity	60,127	56,830
Financial expenses	16,408	27,968
Financial income	(152,872)	(110,721)
<b>Adjustment for other items:</b>		
Long-term loans and trade receivables	(320,288)	137,760
Long-term deposits and prepayments	4,556	5,760
Retention money payable	37,538	11,384
Other non-current liabilities	7,380	(5,127)
Working capital changes	32.1 (1,428,882)	973,219
	<u>(105,442)</u>	<u>1,278,100</u>

#### 32.1 Working capital changes

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

Inventories	(411,612)	315,133
Trade receivables	(962,351)	144,921
Due against construction work in progress	323,489	(312,840)
Loans and advances	(72,750)	21,186
Deposits and short-term prepayments	(6,642)	8,144
Other receivables	28,701	(81,783)
	<u>(1,101,165)</u>	<u>94,761</u>

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

Trade and other payables	(537,325)	994,596
Provisions	209,608	(116,138)
	<u>(327,717)</u>	<u>878,458</u>
	<u>(1,428,882)</u>	<u>973,219</u>

### 33. CASH AND CASH EQUIVALENTS

	Note	2017 (Rupees in '000)	2016
Cash and bank balances	23	3,748,015	5,234,379
Short-term running finances	9	(167,415)	(16,204)
		<u>3,580,600</u>	<u>5,218,175</u>

### 34. AUDITORS' REMUNERATION

Audit fee		3,854	3,596
Fee for special reports and certifications, review of half yearly interim financial information, code of corporate governance and audits of Gratuity fund and WPPF fund		2,272	2,492
Out of pocket expenses		1,112	1,673
		<u>7,238</u>	<u>7,761</u>

### 35. LONG-TERM CONSTRUCTION CONTRACTS

Contract revenue to date		16,430,418	11,593,259
Contract costs incurred to date		16,152,902	11,319,760
Gross profit realised to date		277,516	273,499
Advances received		170,378	1,710,575
Retention money receivable		2,470,614	1,919,220
Gross amount due from customers		<u>4,099,533</u>	<u>3,429,352</u>

35.1 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.

### 36. PROVIDENT FUND

	Note	2017 (Rupees in '000)	2016
Size of the fund (fair value)		467,837	460,400
Fair value of investments	36.1	422,930	432,743
Percentage of investments made		90%	94%
Cost of investments made		422,930	406,869

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

	FY 2017		FY 2016	
	Investments (Rs '000)	%	Investments (Rs '000)	%
Pakistan Investment Bonds	-	0%	381,443	83%
Treasury Bills	422,930	90%	51,300	11%
	<u>422,930</u>	<u>90%</u>	<u>432,743</u>	<u>94%</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 repealed Companies Ordinance, 1984 and the rules formulated for this purpose.

### 37. EMPLOYEES

	2017	2016
Total number of employees	<u>729</u>	<u>642</u>
Average during the year	<u>702</u>	<u>595</u>

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

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

	2017		2016	
	Chief Executive	Executives	Chief Executive	Executives
	----- (Rupees in '000) -----			
Salaries and allowances - fixed	27,245	855,263	27,920	635,903
Salaries and allowances - variable including bonus	13,936	262,148	6,323	234,693
Compensation for loss of office	-	551	-	22,992
Retirement benefits and Company's contribution to provident fund	235	72,232	77	69,840
Perquisites and benefits:				
- Medical / social security	-	19,455	-	14,005
- Share based benefits	923	5,912	40	872
- Education fees (children)	1,608	4,531	3,099	1,703
- House maintenance, utilities and club membership	110	98	2,121	57
	<u>44,057</u>	<u>1,220,190</u>	<u>39,580</u>	<u>980,065</u>
Number of persons	<u>1</u>	<u>358</u>	<u>1</u>	<u>302</u>

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

38.2 The aggregate amount charged in these financial statements in respect of directors' fee paid to two directors (2016: two) was Rs 2.655 million (2016: Rs 2.552 million).

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

38.4 An amount of Rs 91.564 million (2016: Rs 76.557 million) was incurred on account of compensation to key management personnel, the details of which are as follows:

	2017	2016
	(Rupees in '000)	
Short-term benefits	<u>88,302</u>	73,899
Post-employment benefits	<u>434</u>	1,829
Share based benefits	<u>2,828</u>	829
	<u>91,564</u>	<u>76,557</u>

### 39. SHARE BASED BENEFITS

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

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

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

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

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

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

	2017	2016
	Number of Awards	
Balance as at beginning of the year	574	2,066
Granted during the year	1,959	530
Expired / forfeited during the year	-	(2,022)
Balance as at end of the year	<u>2,533</u>	<u>574</u>

Total expenses for share based benefits during the year ended September 30, 2017 was Rs 5.166 million (2016: Rs 2.989 million). The liabilities as of September 30, 2017 aggregated to Rs 7.594 million (2016: Rs 2.546 million) and is reported under accrued liabilities and other non-current liabilities.

### 40. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Siemens AG (parent company), its subsidiaries and associates and other companies with common directorship with significant influence on other companies, employees retirement benefit funds and key management employees. Transactions with related parties can be summarised as follows:

	Note	2017	2016
		(Rupees in '000)	
<b>Parent company</b>			
Sales of goods and rendering of services		24,183	22,757
Purchases of goods and receipt of services		2,625,349	1,589,410
Commission and allowances earned		14,372	19,187
Dividends paid		738,814	61,568
<b>Associated companies</b>			
Sales of goods and rendering of services		678,550	196,575
Purchases of goods and receipt of services		1,175,154	1,164,455
Commission and allowances earned		12,806	19,655
Financial expenses		1,732	8,692
<b>Others</b>			
Sale of Healthcare business		-	357,268
Dividends paid		60	5
Contribution to employees' retirement benefit funds		79,802	135,777
Compensation to key management personnel	38.4	91,564	76,557

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

#### 41. PLANT CAPACITY AND ACTUAL PRODUCTION

	Capacity 2017	Actual Production 2017	Actual Production 2016
Switchgears	2,200 Nos.	1,400 Nos.	1,800 Nos.

41.1 The under utilisation is mainly attributed to reduced demand.

#### 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial liabilities mainly comprise trade and other payables and short-term borrowings. The main purpose of financial liabilities is to raise finance for the Company's operations. The Company's financial assets comprise loans to employees, deposits, trade and other receivables and cash and bank balances. The Company is exposed to market risk, credit risk and liquidity risk.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

##### 42.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity price risks. The objective of market risk management is to manage and control market risk exposures within an acceptable range.

##### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company manages its foreign currency risk by hedging its exposure to fluctuations on the translations into Rupees through derivatives such as forward covers against its foreign currency denominated payables and receivables, where possible in line with the regulations of State Bank of Pakistan. In respect of anticipated future transactions, the following have been taken at the balance sheet date to hedge the foreign currency liabilities.

	2017	2016
	(Rupees in '000)	
Forward exchange contracts		
- Purchased value	42,897	133,951
- Fair value	42,214	131,787
Options		
- Purchased value	-	5,916
- Fair value	-	5,876

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

	2017	2016
	(AED in '000)	
Trade and other receivables	40,912	38,391
Trade and other payables	(8,654)	(9,458)
Short-term running finances	(5,838)	(570)
	26,420	28,363

	2017	2016
	(EUR in '000)	
Trade and other receivables	5,934	6,636
Trade and other payables	(13,890)	(14,433)
	(7,956)	(7,797)

	2017	2016
	(USD in '000)	
Trade and other receivables	10,992	5,762
Cash and bank balances	9,819	8,148
Trade and other payables	(19,444)	(23,012)
	<u>1,367</u>	<u>(9,102)</u>

Sensitivity of Company's profit before tax to a reasonably possible change in exchange rate of currencies applied to foreign currency assets and liabilities as at September 30, 2017 keeping all other variables constant is as follows:

		2017	2016
Change in exchange rate	±	1%	1%
Effect on profit before tax (Rs '000)	±	1,287	10,431

### 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:

	2017	2016	2017	2016
	Effective rates (%)		(Rupees in '000)	
<b>Financial Assets</b>				
Bank balances	4.11	4.63	<u>3,591,013</u>	<u>4,987,002</u>
<b>Financial Liabilities</b>				
Short-term running finances (AED)	2.09	2.67	<u>167,415</u>	<u>16,204</u>

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

		2017	2016
Effect on profit before tax (Rs '000)	±	36,226	23,726

### Equity price risk

Equity price risk is the risk of loss arising from movements in prices of equity investments. The Company is not exposed to any equity price risk, as the Company does not have any investment in equity shares.

## 42.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. It mainly comprise of trade receivables, 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:

### Category - Loans, advances and receivables

	2017	2016
	(Rupees in '000)	
Loans to employees	833	416
Advances to employees	19,451	9,902
Advances to suppliers	110,029	46,828
Trade deposits	64,339	59,110
Trade receivables	5,311,863	4,171,532
Due against construction work in progress	1,788,654	2,146,864
Other receivables	357,521	360,267
Bank balances	3,747,103	5,233,349
	<b>11,399,793</b>	<b>12,028,268</b>

### Concentration of credit risk

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

	2017		2016	
	(Rupees in '000)	%	(Rupees in '000)	%
<b>Government sector</b>				
Energy	4,432,679	50	4,037,238	51
Aviation	493,010	5	816,359	10
Housing	395,799	4	387,179	5
Civil works	151,866	2	147,530	2
Health & Education	52,325	1	52,977	1
Others	507,351	5	245,418	3
Sub-total	6,033,030	67	5,686,701	72
<b>Private sector</b>				
Energy	1,872,501	21	1,425,094	18
Civil works	138,056	2	153,683	2
Sugar	122,935	1	45,854	1
Dealers and agents	54,339	1	100,399	1
Housing	60,438	1	72,087	1
Communication	75,259	1	43,995	0
Cement	96,252	1	85,667	1
Others	487,942	5	296,385	4
Sub-total	2,907,722	33	2,223,164	28
Total	8,940,752	100	7,909,865	100

### Trade receivables

To mitigate the credit risk against trade receivables, the Company has a system of assigning credit limits to its customers based on an extensive credit rating scorecards. Outstanding customer receivables are regularly monitored. The Company endeavors to cover the credit risks on trade receivables, where possible, by restricting credit facility to the projects which are financed by multilateral financial institutions and / or financed by special allocation of funds by the provincial / federal governments. Business with customers is also secured by way of letters of credits where possible. As at September 30, 2017, trade receivables amounting to Rs 935.286 million (2016: Rs 883.826 million) were secured through letters of credit.

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

	2017	2016
	(Rupees in '000)	
<b>- Related parties</b>		
Not yet due	23,462	9,493
Past due 1-180 days	-	18,677
	<u>23,462</u>	<u>28,170</u>
Less: Provision for impairment	(235)	(282)
	<u>23,227</u>	<u>27,888</u>
<b>- Others</b>		
Not yet due	3,885,606	3,127,767
Past due 1-180 days	1,037,290	490,811
Past due 181-360 days	269,437	334,205
Past due 361-720 days	231,928	285,333
Past due 721-1080 days	166,644	146,603
Over 1080 days	823,323	745,319
	<u>6,414,228</u>	<u>5,130,038</u>
Less: Provision for impairment	(1,047,911)	(969,917)
Less: Discounting on long-term receivables	(77,681)	(16,477)
	<u>5,288,636</u>	<u>4,143,644</u>
	<u>5,311,863</u>	<u>4,171,532</u>

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

	2017	2016
	(Rupees in '000)	
Balance at beginning of the year	970,199	917,359
Provision during the year - net	115,995	89,318
Provision utilised against write offs	(38,048)	(283)
Transferred to discontinued operations	-	(36,195)
Balance at end of the year	<u>1,048,146</u>	<u>970,199</u>

#### Trade deposits and other receivables

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

	2017	2016
	(Rupees in '000)	
Balance at beginning of the year	243,020	238,591
Provision made during the year - net	-	22,746
Provision utilised against write offs	(29,647)	-
Reversal of provision - unutilised	(7,970)	-
Transferred to discontinued operations	-	(18,317)
Balance at end of the year	<u>205,403</u>	<u>243,020</u>

#### Cash and bank balances

The Company keeps its surplus funds with the banks having good credit rating. Currently the surplus funds are kept with banks having rating of A1 and AAA.

### 42.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the Company's business, the treasury maintains flexibility in funding by maintaining availability under control committed credit lines. The facilities available to the Company have been detailed in notes 9.1 and 9.2 to these financial statements.

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

	Carrying amount	Less than 12 months	1 to 2 years	2 to 5 years
----- (Rupees in '000) -----				
<b>Financial liabilities</b>				
<b>2017</b>				
Derivative financial instruments	247,154	247,154	-	-
Long-term retention money	50,202	-	24,295	25,907
Trade and other payables	5,590,319	5,590,319	-	-
Short-term borrowings	167,415	167,415	-	-
	<u>6,055,090</u>	<u>6,004,888</u>	<u>24,295</u>	<u>25,907</u>
<b>2016</b>				
Derivative financial instruments	311,783	311,783	-	-
Long-term retention money	12,664	-	12,664	-
Trade and other payables	4,507,373	4,507,373	-	-
Short-term borrowings	16,204	16,204	-	-
	<u>4,848,024</u>	<u>4,835,360</u>	<u>12,664</u>	<u>-</u>

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

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

#### 44. CAPITAL RISK MANAGEMENT

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

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

The Company is not subject to externally imposed capital requirements.

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



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

**45.2 Geographical information**

<b>Revenues</b>	<b>2017</b>	<b>2016</b>
	<b>(Rupees in '000)</b>	
Pakistan	<b>12,573,026</b>	8,662,256
Afghanistan	<b>1,857,848</b>	1,389,008
United Arab Emirates	<b>69,384</b>	89,663
Germany	<b>13,973</b>	286
Others	<b>38,692</b>	32,655
	<b>14,552,923</b>	<b>10,173,868</b>

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

**Non-current assets**

Pakistan	<b>668,875</b>	307,943
United Arab Emirates	<b>-</b>	29,427
Afghanistan	<b>40,645</b>	46,676
	<b>709,520</b>	<b>384,046</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.

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

**45.4 Segment assets and liabilities**

	<b>2017</b>	<b>2016</b>
	<b>(Rupees in '000)</b>	
Reportable segments' assets are reconciled to total assets as follows:		
Segment assets for reportable segments	<b>9,339,210</b>	7,869,741
Corporate assets	<b>245,375</b>	304,966
<b>Unallocated</b>		
Deferred tax asset	<b>1,114,274</b>	1,296,339
Cash and bank balances	<b>3,748,015</b>	5,234,379
Others	<b>-</b>	33,302
Total assets as per balance sheet	<b>14,446,874</b>	<b>14,738,727</b>

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

	2017	2016
	(Rupees in '000)	
Segment liabilities for reportable segments	7,836,298	8,118,153
Corporate liabilities	181,752	113,919
<b>Unallocated</b>		
Trade and other payables	692,137	554,835
Short-term borrowings	-	-
Taxation - net	410,083	720,379
Total liabilities as per balance sheet	<u>9,120,270</u>	<u>9,507,286</u>

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

- 45.5** Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit, marketing and selling expenses, profit from operations and free cash flows.
- 45.6** Interest income and expense are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Company.
- 45.7** There were two major customers of the Company who contributed Rs 3,325.883 million and Rs. 1,490.418 million of Company's total revenue. This revenue was generated in EM and PD divisions.

#### 46. OPERATIONS IN AFGHANISTAN

##### 46.1 Results of the Afghanistan Operations

	2017	2016
	(Rupees in '000)	
Net sales and services	1,857,848	1,389,009
Cost of sales and services	(1,556,543)	(1,254,291)
Gross profit	301,305	134,718
Marketing and selling expenses	(63,806)	(56,901)
General administrative expenses	(25,067)	(25,121)
	(88,873)	(82,022)
Other operating expenses	(9)	(5)
Operating profit	212,423	52,691
Financial expenses	-	(727)
Profit before tax	212,423	51,964
Income tax	(177,101)	(144,959)
Net profit / (loss) for the year	<u>35,322</u>	<u>(92,995)</u>

##### 46.2 Cash flows from the Afghanistan Operations

Net cash used in operating activities	(442,900)	(249,065)
Net cash used in investing activities	(1,383)	(1,230)
Net cash flows from Afghanistan Operations	<u>(444,283)</u>	<u>(250,295)</u>

### 46.3 Assets of the Afghanistan Operations

	2017	2016
	(Rupees in '000)	
Property, plant and equipment	2,466	2,198
Long-term loans and trade receivables	38,179	44,479
Long-term deposits & prepayments	-	43
Trade receivables	502,975	520,498
Due against construction work in progress	691,104	313,438
Inventories	3,780	18,146
Loans, advances, deposits & prepayments	43	52
Other receivables	133,724	6,380
Cash	600	403
	<u>1,372,871</u>	<u>905,637</u>

### 46.4 Liabilities of the Afghanistan Operations

Long term retention money	17,218	6,515
Other non-current liabilities	368	551
Trade and other payables	784,898	909,942
Provisions	36,741	32,240
	<u>839,225</u>	<u>949,248</u>

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

### 47. GENERAL

These financial statements were authorised for issue by the Board of Directors of the Company in the meeting held on November 23, 2017.



**Helmut von Struve**  
Managing Director



**Umer Jalil Anwer**  
Chief Financial Officer



**Dr. Sebastian Andreas Brachert**  
Director

# Siemens (Pakistan) Engineering Company Limited

Incorporation Number: CUIIN 0000617

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

As at September 30, 2017

For the year ended September 30, 2017

Number of Shareholders	Shareholding		Total Shares held
	From	To	
1060	1	100 shares	31,017
503	101	500 shares	120,752
93	501	1,000 shares	70,941
55	1,001	5,000 shares	103,534
8	5,001	10,000 shares	64,200
3	10,001	15,000 shares	38,110
2	20,001	25,000 shares	45,862
3	30,001	35,000 shares	94,518
1	60,001	65,000 shares	63,780
1	70,001	75,000 shares	70,031
1	85,001	90,000 shares	86,308
1	130,001	135,000 shares	134,700
1	145,001	150,000 shares	148,131
1	705,001	710,000 shares	705,662
1	1,015,001	1,020,000 shares	1,018,371
1	5,450,001	5,455,000 shares	5,451,120
1735			8,247,037

# Siemens (Pakistan) Engineering Company Limited

## Categories of Shareholders

As at September 30, 2017

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>		187,037	2.27%
The Bank of Punjab	134,700		
Faysal Bank Ltd	30,258		
MCB Bank Ltd	11,280		
The Bank of Khyber	10,000		
National Bank of Pakistan	529		
First Dawood Investment Bank Limited	270		
<b>Insurance Companies</b>		239,712	2.91%
Adamjee Insurance Co. Ltd	148,131		
IGI Insurance Co. Ltd	70,031		
EFU Life Assurance Ltd	21,550		
<b>Modarabas and Mutual Funds</b>		31,565	0.38%
CDC-Trustees NIT-Equity Market Opportunity Fund	31,560		
N.H.Capital Fund Ltd	5		
<b>Public Sector Companies</b>			
Pakistan National Shipping Corporation		6,930	0.08%
<b>General Public</b>		431,594	5.23%
<b>Others</b>		150,234	1.82%
Trustee National Bank of Pakistan Employees Pension Fund	86,308		
Acacia Partners LP	32,700		
Acacia Conservation Fund-Offshore Ltd	13,500		
Acacia Institutional Partners LP	3,400		
Trustee National Bank of Pakistan Employees Benevolent Fund Trust	3,029		
N.U.A Securities (Private) Limited	3,000		
Pak Ping Carpets (Pvt) Ltd.	1,600		
United Trading and Manufacturing Pvt Ltd	1,500		
GRO Banyan Partners LP	1,000		
MRA Securities (Private) Limited	1,000		
Trustees Al-Badar Welfare Trust	864		
Intermarket Securities Limited	790		
FDM Capital Securities (Pvt) Ltd	500		
Acacia II Partners LLP	500		
Fikree's (SMC-Pvt) Ltd.	250		
Dossa Cotton & General Trading (Pvt) Ltd	200		
Axis Global Limited	50		
K & I Global Capital Pvt Ltd	21		
Shaffi Securities (Pvt) Ltd	20		
Maple Leaf Capital Ltd	1		
IGI Finex Securities Ltd	1		
<b>Total</b>		<b>8,247,037</b>	<b>100.00%</b>
<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 executives hold 600 shares			

# Notice of Annual General Meeting

Notice is hereby given that the sixty fifth (65th) annual general meeting of the members of Siemens (Pakistan) Engineering Company Limited (the "Company") will be held on January 22, 2018 at 11:30 a.m. at The Dawood Foundation Business Hub, Ground Floor, Dawood Centre, M.T. Khan Road, Karachi, to transact the following business:

## ORDINARY BUSINESS

1. To confirm the minutes of the annual general meeting held on January 24, 2017.
2. To receive, consider and adopt the audited financial statements for the financial year ended September 30, 2017 and reports of the auditors and directors thereon.
3. To consider and declare cash dividend of Rs.75 per share (750%) for the financial year ended September 30, 2017.
4. To appoint auditors and to fix their remuneration for the financial year ending September 30, 2018. 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.

**By order of the Board of Directors**

**Abdul Mannan Majid**  
Company Secretary

Karachi: December 28, 2017

## Notes:

1. The Share Transfer Books of the Company shall remain closed from January 13, 2018 to January 22, 2018 (both days inclusive). Transfers received by Company's Share Registrar by the close of business on January 12, 2018, 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 Computerized 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 by the Share Registrar or 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, 2017 can be downloaded from 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 @ 15% for filers of income tax returns and @ 20% for non-filers of income tax returns. All members are advised to ensure their names are on Active Tax-payers list (ATL) provided on the website of Federal Board of Revenue (FBR) otherwise tax on dividend will be deducted @ 20% instead of 15%.
  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. 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.
  11. Members of the Company are encouraged to provide duly filled and signed dividend bank 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)
  12. The members who hold shares in dematerialized form are requested to submit the dividend bank mandate form duly filled to their participant/investor account services in the CDC.
  13. **Electronic Payment of Cash Dividend (e-dividend)**  
In accordance with the requirement of Section 242 of the Companies Act, 2017 and Companies (Distribution of Dividends) Regulations, 2017, shareholders are requested to provide their CNIC's and bank account detail including name of the bank, address of bank branch and International Bank Account Number (IBAN) to receive their cash dividend directly into their bank account instead of receiving it through dividend warrants. Therefore, all individual members who have not yet provided their CNIC and Bank Account details are once again reminded to immediately submit a copy of their CNIC and duly filled Dividend Bank Mandate form to the Share Registrar or to the Company. In the absence of valid bank account details and CNIC, dividend amount will be withheld in compliance with the aforereferred provisions of Companies Act and Regulations.
  14. In accordance with Section 132 (2) of the Companies Act, 2017, the members may avail video conferencing facility for AGM, provided the Company receives consent (standard format is given below) at least 7 days prior to the date of the meeting from members residing in Karachi with aggregate 10% or more shareholding.  
"I / We -----of -----being member of Siemens (Pakistan) Engineering Co. Ltd. holder of -----Ordinary shares as per registered folio Number. / CDC Account No.-----hereby opt for video conference facility at Karachi in respect of annual general meeting of the company to be held on January 22, 2018."
  15. This Notice has been sent to all members of the Company in accordance with Section 134(1)(a) of the Companies Act, 2017.

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

**THK Associates (Pvt) Ltd**  
**1st Floor, 40-C, Block-6,**  
**P.E.C.H.S**  
**Karachi-75400**  
**Telephone No: 021-111-000-322**  
**021-35682241**  
**E-Mail: masood\_ahmed@thk.com.pk**  
**Contact Person: Mr Masood Ahmed**



\* ڈاکٹر سہیل شین براکارٹ کو بورڈ کی چیئر مین شپ کی ذمہ داریاں 27 جولائی 2017ء کو سونپنی گئی ہیں۔  
 \*\* جناب برن ہارڈینگ بورڈ کے سابقہ چیئر مین اور نان ایگزیکٹو ڈائریکٹر نے مورخہ 27 جولائی 2017ء کو استعفیٰ دے دیا تھا اور جناب مینوئیل کیوین کو ان کی جگہ پر بطور ڈائریکٹر شامل کیا گیا تھا۔ اس کے علاوہ 28 جولائی 2017ء کو جناب کیوین کا تقرر بطور ممبر ہیومن ریسورس اینڈ نیومریشن کمیٹی میں جناب ہیلمٹ اسٹیل کی جگہ پر کیا۔  
 \*\*\* جناب ہیلمٹ اسٹیل نان ایگزیکٹو ڈائریکٹر نے 28 جولائی 2017ء کو استعفیٰ دے دیا تھا اور مس بیٹرک بوک کو ان کی جگہ پر بطور ڈائریکٹر شامل کیا گیا تھا۔ اس کے علاوہ 28 جولائی 2017ء کو مس بوک کا تقرر بھی بورڈ کی آڈٹ کمیٹی کے ممبر کی حیثیت سے جناب ہیلمٹ کی جگہ پر کیا گیا۔  
 \*\*\*\* دعوت نامہ پر۔

### بورڈ کی کارکردگی کا جائزہ اور ڈائریکٹرز کا ترقیاتی پروگرام:

بورڈ نے سالانہ کارکردگی کا جائزہ لینے کے لئے ایک سیکورم ترتیب دیا ہے، بورڈ کا ہر ممبر بورڈ کی تمام ٹیمنگز میں اپنی شرکت کو یقینی بناتا ہے۔ حکمت عملی کے معاملات پر تفصیلی بات چیت کی جاتی ہے اور انتظامیہ کو واضح ہدایات بھی فراہم کر دی جاتی ہیں جس کی گمرانی بورڈ اور اس کی کمیٹیاں یا قاعدگی سے کرتی ہیں۔ بورڈ اس بات کو یقینی بناتا ہے کہ کمیٹی کارپوریٹ گورننس کے بہترین تجربیات پر عمل پیرا ہو۔ بورڈ نے ہر سہ ماہی پر کاروباری معاملات کی کارکردگی کا جائزہ لیتا ہے تاکہ کمزور کارکردگی والے شعبہ جات میں بہتری لائی جاسکے۔ اس کے علاوہ تمام منافع بخش شعبوں میں مزید بہتری کو یقین بنایا جاسکے۔

ڈائریکٹرز کے ترقیاتی پروگرام کی تفصیلات کیلئے براہ کرم اسٹیٹمنٹ آف مینجمنٹ میں نمبر شمارہ 9 ملاحظہ کریں۔

### ایگزیکٹو ڈائریکٹرز:

کئی کے موجودہ ڈائریکٹرز کی فوری طور پر چارج ڈاکوٹیشن (جو کہ آرٹس اینڈ ٹیکنالوجی لمیٹڈ کی فرم ممبر فرم ہے) جو کہ آنے والی سالانہ جنرل میٹنگ میں ریٹائر ہو رہے ہیں انہوں نے اپنی دوبارہ ترقی کیلئے پیشکش کی ہے۔

آڈٹ کمیٹی کے ممبروں کے مطابق بورڈ مابقی سال 2018ء کے لئے اپنے شیئر ہولڈرز کے لئے ان کی دوبارہ ترقی کی سفارش کرتا ہے۔

### کارپوریٹ اسٹیٹس:

کئی پکٹاگت (Siemens Aktiengesellschaft، جزی (سیمنس AG)) کی ذیلی کمیٹی ہے جو کہ ری پبلک آف جرمنی کے قوانین کے مطابق قائم کی گئی ہے اور 30 ستمبر 2017ء تک کئی کے 74.6% شیئرز کے حامل ہیں۔

### Pattern of Shareholding

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

### ریٹائرمنٹ کے فوائد میں سرمایہ کاری:

کئی اپنے مستقل ملازمین کیلئے پروویڈنٹ فنڈ اور گریجویٹ کی سہولت پیش کرتی ہے جو کہ متعلقہ بورڈ آف ڈائریکٹرز کے تربیت دیتے ہیں۔ ان فنڈز کی سرمایہ کاری کی دلچسپی کے متعلقہ آڈٹ شدہ مالیاتی حسابات کے مطابق ہے جس کی تفصیل درج ذیل ہے:

30 جون 2014	30 جون 2015	30 جون 2016	
	روپے میں		
537.371	569.520	458.979	پروویڈنٹ فنڈ
30 ستمبر 2014	30 ستمبر 2015	30 ستمبر 2016	
	روپے میں		
08.485	212.528	139.337	گریجویٹ فنڈ

## اسٹینٹ آف کمپلائنس (عمل درآمد کا بیان):

کمپنی سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے لازماً قرار دیے گئے کارپوریٹ گورننس کے ضوابط کی تعمیل سے پابندی کرتی ہے اور تمام مجوزہ قواعد کو نافذ کر دیا گیا ہے۔ جس کا خلاصہ منظم و ضبط کئے کوڈ کے معمولات اور اس پر بیرونی آڈیٹرز کا جائزہ عمل درآمد کے اسٹینٹ میں منسلک ہے۔

## کارپوریٹ سماجی ذمہ داری:

کارپوریٹ سماجی ذمہ داری کمپنی کی سرگرمیوں کا ایک اہم حصہ ہے اور ہم کمپنی کے دائرہ عمل میں شامل علاقوں میں پائیدار ترقی کے کاموں میں شرکت کیلئے کوشاں رہتے ہیں۔ کمپنی معاشرے میں اجتماعی سماجی ذمہ داری انجام دینے کیلئے رضا کارانہ طور پر عزم ہے جس کا مقصد دنیا بھر میں زیادہ سے زیادہ افراد کو ہماری ٹیکنالوجی اور معلومات تک رسائی فراہم کر کے معاشرے کو جدت سے ہمکنار کیا جائے۔ اپنی سماجی ذمہ داری کے تحت کمپنی AG ہر سال پوری دنیا میں تقریباً 26 ملین یورو کا عطیہ پیش کرتی ہے۔

ہمارا عزم تین ستونوں پر مبنی ہے: سماجی تعلیم تک رسائی اور کمپنی کو برقرار رکھنے پر مبنی ہے۔ کمپنی نے پاکستان میں جن سماجی سرگرمیاں میں شرکت کی ان میں سے بعض درج ذیل ہیں:

- ☆ مگلیٹھیو نمائش: کمپنی نے مسلسل دوسرے سال بھی مگلیٹھی فائی سائنس نمائش میں شرکت کی جس کا اہتمام کراچی میں ڈاؤن ٹو ڈیٹیشن نے کیا۔
- ☆ جارج لڈوگ ریکورڈنگ اسکول: کمپنی نے اورنگی ٹاؤن کراچی میں واقع جارج لڈوگ ریکورڈنگ چیرمینٹل ٹرسٹ کے تحت چلنے والے اسکول کو مالیاتی تعاون فراہم کیا
- ☆ گرین آفس کی ابتداء: کمپنی نے اپنے گرین آفس پروگرام میں ماحولیاتی چیلنجز سے نمٹنے کیلئے WWF پاکستان کے ساتھ شراکت کی اور ہمارے ماحول کی بہتری کیلئے خود عمل کے طریقے کیلئے - گرین آفس پروگرام ایک ملٹی اور آسان ماحولیاتی انتظامی نظام ہے جو کہ خصوصی طور پر دفتری حالات میں مجموعی طور پر کاربن کے اخراج کو کم سے کم کرنے میں معاون ہے۔

کمپنی نے ابی سال 2017ء کے دوران میں جن سرگرمیوں میں شرکت کی، ان کی تفصیلات کمپنی کی سالانہ رپورٹ کے کارپوریٹ سماجی ذمہ داری کے سیکشن میں فراہم کی گئی ہیں۔

## ڈائریکٹرز اسٹینٹ:

کوڈ کے مطابق ہم ہر سہ ماہی ڈائریکٹرز کی جانب سے درج ذیل اسٹینٹ پیش کرتے ہیں:

- (الف) کمپنی کی انتظامیہ کے تیار کردہ مالیاتی حسابات میں اپنے امور کی صورت حال، اپنے آپریشن کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کو شفاف انداز میں پیش کیا گیا ہے۔
- (ب) کمپنی نے اپنے حساب کار کیا مکمل طور پر برقرار رکھا ہے۔
- (ج) مالیاتی حسابات کی تیاری میں اکاؤنٹ کی پالیسیوں کا درست طور پر اطلاق کیا گیا ہے۔
- (د) اکاؤنٹنگ کا تخمینہ مناسب اور عطا شدہ انداز پر مبنی ہے۔
- (ه) مالیاتی حسابات کی تیاری میں پاکستان میں لاگو انتظامیہ اکاؤنٹنگ اسٹینڈرڈ (IAS) اور IFRS پر عملدرآمد کیا گیا ہے۔
- (و) اندرونی کنٹرول کا نظام مستحکم ہے اور موثر طور پر اس پر عملدرآمد کیا جا رہا ہے۔
- (ز) کمپنی کی کاروباری صلاحیت پر کسی طرح کے نمایاں شکوک و شبہات نہیں ہیں۔
- (س) قواعد کی لسٹ میں موجود منظم و ضبط پر بہتر عمل درآمد سے کوئی بھی انحراف نہیں کیا گیا ہے۔

## مالیاتی سال کے دوران میں اجلاس اور سرگرمیاں:

بورڈ آف ڈائریکٹرز، اور اس کی آڈٹ اور ایگزیکٹو ریویو ریزولوشن ریویو کمیٹیوں کے اجلاسوں کی تعداد بشمول حاضری مندرجہ ذیل ہے۔

بورڈ اور اس کی مجموعی کمیٹیاں			
بورڈ اجلاس / حاضری	منعقد کئے گئے بورڈ اجلاس / حاضری	منعقد کئے گئے آڈٹ کمیٹی اجلاس / حاضری منعقد کئے گئے	ایگزیکٹو کمیٹی اجلاس / حاضری
4/4 چیرمین	4/4	N/A	2/2
3/3	3/3	3/3	N/A
4/4	4/4	4/4****	2/2
4/4	4/4	4/4	2/2 چیرمین
4/4	4/4	4/4	N/A
4/4	4/4	4/4	N/A
4/4	4/4	N/A	2/2
1/1	1/1	N/A	N/A
N/A	N/A	N/A	N/A

## (ب) مالیاتی خطرات:

مالیاتی خطرات منسلک مالیاتی حسابات کے نوٹ 44 میں درج ہیں جن میں مارکیٹ کے خطرات، کریڈٹ کے خطرات اور لیکویڈیٹی کے خطرات شامل ہیں۔

## (ج) عملدرآمد کا خطرہ

کمپنی سمجھتی ہے کہ قوانین اور ضوابط پر عمل درآمد نہ کرنے کے نتیجے میں جرمانہ، بلک لسٹنگ، لائسنس کی منسوخی وغیرہ کی سزا بھی ہو سکتی ہے، اسی لئے کمپنی نے سرگرمیوں اور رپورٹوں میں عمل درآمد نہ کرنے کیلئے صفر برداشت کی حکمت عملی اختیار کی ہے۔ اس کے علاوہ ایسے خطرات کے تدارک کیلئے کمپنی میں عمل درآمد کا ایک جامع اور موثر طریقہ کار وضع کیا ہے۔

برنس کنڈکٹ کا نیڈ لائنز (BCG) میں کمپنی کے تمام ڈائریکٹرز، ایگزیکٹو اور کمپنی کے ملازمین اور کاروباری تعلق رکھنے والے افراد سے وابستہ توقعات وضاحت سے درج کی گئی ہیں۔ کمپنی اپنے ملازمین اور کاروباری پارٹنرز کی جانب سے عملدرآمد کی خلاف ورزی کی اطلاع دینے کی حوصلہ افزائی کرتی ہے۔ اس طریقہ کار پر عمل کے سلسلے میں اطلاع دینے کے مختلف ذرائع فراہم کئے گئے ہیں جیسے کمپنی کی ویب سائٹ پر قائم ہیلپ ڈیسک "Tell us" قائم کیا گیا ہے۔

## ماحول، صحت اور تحفظ (EHS):

کمپنی نے طرز زندگی کی تبدیلیوں پر مبنی ایک اور مصروف اور کامیاب سال گزارا اور پورے عرصہ میں صفر ضرر (Zero Harm) کا ریکارڈ قائم کیا۔ EHS کا عزم کمپنی کے تمام کاروباری عمل میں سینئر انتظامیہ سے لے کر عام کارکن تک ہر سطح پر اس بات کو یقینی بنانا ہے کہ کام سے متعلق خطرات میں تخفیف کی جائے۔ بہترین کارکردگی کے حصول اور شپ کلچر نے اہم کردار ادا کیا ہے۔ جو کہ شیئرز جنٹلمینز اخذ کیا گیا ہے۔ EHS پر عمل درآمد نہ کرنے کے لئے صفر برداشت پر توجہ مرکوز ہے اور سائنس کی عالمی پالیسی کو آگے اور تعاون سے مزید بہتر بنایا گیا ہے۔

## کمپنی کے مستقبل پر نظر:

کمپنی ایکسٹریکٹیشن، آٹومیشن اور ڈیجیٹل ٹرانزیشن کے میدان میں اپنی توجہ مسلسل مرکوز رکھے گی اور مارکیٹ میں موجود تمام مواقع سے فائدہ اٹھانے کیلئے پوری طرح تیار ہے۔ مالی سال 2018ء کے دوران میں کمپنی کی مستقبل میں خوشحالی کا تعلق ملک کی مجموعی ترقی پر ہے۔ چنانچہ پاکستان اقتصادی راہداری کے منصوبوں کے تحت سرمایہ کاری اور دیگر نجی سرمایہ کاری کمپنی کو مثبت مواقع فراہم کر سکتے ہیں۔

آپ کی کمپنی اسٹیک ہولڈرز کے لئے اقدام تخلیق کرنے کے بارے میں پر عزم ہے۔ کمپنی نے ایکسٹریکٹیشن، آٹومیشن اور ڈیجیٹل ٹرانزیشن میں اپنی حیثیت مضبوط کرنے کیلئے پائیدار حکمت عملی اپنائی ہے۔ ہمیں پاور جنریشن سے لے کر پاور ڈسٹریبوشن، پاور ڈسٹری بیوٹن اور نیٹ کی انرجی کے مستعد استعمال کے بارے میں مکمل معلومات اور مہارت حاصل ہے۔

اس کے علاوہ اسٹیک ہولڈرز کے لئے پائیدار ترقی کو یقینی بنانے کیلئے کمپنی مستقل طور پر اپنے کاروباری معاملات پر نظر مرکوز کئے ہوئے ہے تاکہ بدلتے ہوئے ماحول سے ہم آہنگ رہا جائے۔

## تصرفات:

مالیاتی سال 2017ء کے دوران تصرفات کی تفصیلات درج ذیل ہیں:

(روپے: ملین میں)

219

تیم اکتوبر 2016ء پر مجموعی منافع

1,103

مالی سال 2017ء کے لئے بعد از ٹیکس خالص منافع

(989)

حتیٰ ڈیویڈنڈ 120 روپے (1200%) فی شیئر برائے مالی سال 2016ء

333

30 ستمبر 2017ء کو جمع شدہ منافع

دیگر یروز میں حرکات کی تفصیلات کیلئے فنانشل اسٹیٹمنٹ میں ایکویٹی میں تبدیلی کے اسٹیٹمنٹ کو ملاحظہ کریں۔

## کارپوریٹ گورننس کے بہترین معمولات کی پاسداری

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

## محضرین ہولڈرز

ہم زبردستی، بورڈ آف ڈائریکٹرز کی جانب سے آپ کی کمپنی سٹیمس (پاکستان) انجینئرنگ کمپنی لمیٹڈ ("دی کمپنی") کی سالانہ رپورٹ اور سالانہ رپورٹ 30 ستمبر 2017 کے مالیاتی سال (FY 2017) کے آڈٹ شدہ مالیاتی حسابات بعد آڈیٹر پورس پیش کر رہے ہیں۔

اس سال آپ کی کمپنی نے قبل ازنگس منافع مبلغ 1.45 بلین روپے حاصل کیا جو کہ گزشتہ آٹھ سالوں میں سب سے زیادہ ہے جو صارفین کے ہم پر اعتماد انتظامیہ کی کاوشوں اور ملازمین کے عزم اور غلوں کی وجہ سے ممکن ہوا۔

بنیادی مالیاتی اشارے (KPI) برائے مالیاتی سال 2017، ہموازنہ مالیاتی سال 2016، درج ذیل ہے:

KPIs	مالی سال 2017	مالی سال 2016
خالص نیٹ اور سرورمز	14,552,923	10,173,868
کاروباری منافع	1,315,504	85,225
انکم ٹیکس کے اخراجات سے اور فروخت کیلئے مختص اثاثہ جات کی فروخت سے منافع	1,451,968	167,978
فروخت کیلئے مختص اثاثہ جات کی فروخت پر منافع۔ خالص انکم ٹیکس	-	2,213,193
سال کا خالص منافع	1,103,396	2,103,952*
نیٹ شیئر آمدنی (روپے)	133.79	255.12*

\* مالیاتی سال 2016 کے خالص منافع اور نیٹ شیئر آمدنی میں فروخت کیلئے مختص اثاثہ جات کی فروخت سے ایک مرتبہ حاصل ہونے والی رقم مبلغ 2,213,193 ملین روپے میں شامل تھی۔ فروخت کی رقم کو نکال کر مالیاتی سال 2016، کیلئے خالص منافع (نقصان) مبلغ (109 ملین) روپے اور نیٹ شیئر منافع (نقصان) مبلغ (13.2) روپے تھی۔

## ڈیویڈنڈ:

بورڈ اپنے شیئر ہولڈرز کے اعتماد کا شکریہ ادا کرتا ہے۔ کمپنی کی مالیاتی کارکردگی اور مستقبل کے مالیاتی کی ضروریات کو مد نظر رکھتے ہوئے بورڈ شیئر ہولڈرز کی توقعات کے مطابق حتمی کیش ڈیویڈنڈ مبلغ 75 روپے فی عمومی شیئر (750%) کی سفارش کرتا ہے۔

## گزشتہ چھ سال کی بنیادی آپریٹنگ اور مالیاتی معلومات

گزشتہ چھ سال کی بنیادی آپریٹنگ اور مالیاتی معلومات سالانہ رپورٹ کے ساتھ منسلک ہیں۔

## کمپنی کی اہم سرگرمیاں اور کاروباری شعبہ جات:

کمپنی مختلف کاروباری شعبوں میں مصروف عمل ہے جن میں پاور اینڈ گیس (PG)، پاور جنریشن سرورمز (PS)، انرجی مینجمنٹ (EM)، ڈیجیٹل ٹیکنالوجی (DF)، پراسس انڈسٹریز اینڈ ڈرائیو (PD)، موبائیلیٹی (MO) اور LAS شامل ہیں۔ PG اور PS کے شعبے پاور پلانٹس اور متعلقہ ساز و سامان کے لئے سپلائی، تنصیب، کمشننگ اور سرورمز فراہم کرتے ہیں۔ جب کہ EM کا شعبہ مختلف مجاہدوں کے تحت منصوبوں کے معاملات طے کرتا ہے جس میں سب انجینئر اور ٹرانسمیشن، پیداوار اور کم و متوسط وولٹیج سوچ بورڈز اور چیلر کی سپلائی، آٹومیشن سسٹمز، ٹرانسمیشن اور سامان کی تعمیر اور متعلقہ سرورمز شامل ہیں۔ DF اور PD کے شعبے آٹومیشن، انفارمیشن ٹیکنالوجی سرورمز اور موٹرز اور ڈرائیو وغیرہ کی سپلائی اور تنصیب کی خدمات فراہم کرتے ہیں۔ MO کا شعبہ انفراسٹرکچر اور موبائیلیٹی، سرورمز اور منصوبوں پر کام کرتا ہے اور LAS کا شعبہ لاجسٹک اور اینڈ پورٹ سلوشن اور سرورمز پر کام کرتا ہے۔

## خطرات، غیر یقینی حالات اور ان کا تدارک:

کمپنی کو درج ذیل عام خطرات درپیش ہیں جو کہ خصوصی اقدامات سے ختم کئے جاتے ہیں:

(الف)

آپریشن کے خطرات:

آپریشن کے خطرات کا تعلق پروجیکٹ کے انتظامات سے ہے (جیسا کہ وقت پر منصوبوں کی تکمیل اور تعمیر/منصوبہ کے اخراجات میں تبدیلی) ماحول، صحت، تحفظ اور سپلائی چین (سٹینڈ) مینجمنٹ پر مشتمل ہیں۔

کمپنی نے اپنے کاروباری عمل کے دوران میں مذکورہ خطرات کا تدارک خصوصی ذرائع، صلاحیت اور مہارت کے ذریعہ کرتی ہے۔ انتظامیہ ان خطرات کے تدارک کی تدارک کا تعین کرتی ہے جس میں حکمت عملی کے تحت گریڈ، منتقلی، کمی یا اس کو قبول کرنا شامل ہے۔

## چیئر مین کی جائزہ رپورٹ

کمپنی نے بورڈ کی ہدایات کے تحت مئی سال 2017ء کے دوران میں بہتر کارکردگی کا مظاہرہ کیا جس میں ٹیکس کل منافع 1,452 ملین روپے حاصل ہوا جو کہ 2010ء سے اب تک کا سب سے زیادہ منافع ہے۔ بورڈ نے کمپنی کو ٹیکس کی عالمی حکمت عملی کے مطابق مقاصد کے حصول کیلئے رہنمائی فراہم کی۔ ایگزیکٹو ٹیکس، آئی ٹی این اور ڈیجیٹل ٹرانزیشن کے شعبہ جات کی بنیادی صلاحیت پر توجہ مرکوز رکھتے ہوئے ٹیکس ملک کے انفراسٹرکچر کی معیشت اور ترقی میں معاونت کر رہا ہے۔

کمپنی کا بورڈ پیشہ ورانہ تجربہ کار افراد پر مشتمل ہے، بورڈ کے ممبران کا روبرو بار حکمت عملی، مالیات، قانونی امور، انتظامی امور کے شعبہ جات میں بہترین مہارت رکھتے ہیں جو کمپنی کے نظم و نسق کو چلانے کی بنیادی ضرورت ہے۔ بورڈ کے ممبران اپنی ذمہ داریوں کی اہمیت سے بخوبی واقف ہیں اور انتظامیہ کو حکمت عملی کے بارے میں مشورے اور پالیسیوں اور معیار پر عمل درآمد کیلئے ضروری رہنمائی کرنے میں اپنا اہم کردار ادا کر رہے ہیں۔

کمپنی کے چیئر مین کی حیثیت سے میں تمام ڈائریکٹرز کی خدمات کا معترف ہوں اور یقین دلاتا ہوں کہ فیصلہ کرتے وقت خود بخود ڈائریکٹرز اور اعلیٰ ترین شیئر ہولڈرز کے نمائندہ ڈائریکٹرز کی آراء اور مشوروں پر بھی غور کیا جاتا ہے۔

بورڈ لسنڈ کمپنی کے بورڈ میں خواہ میں کی نمائندگی کیلئے مستقل سیٹ مقرر کرنے کے عمل کو سراہتا ہے۔ اگرچہ اس کیلئے سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی مذکورہ ہدایت پر عمل کیلئے کافی وقت بھی فراہم کیا گیا ہے تاہم بورڈ نے اس پر فوری عملدرآمد کیلئے ضروری اقدامات کرتے ہوئے سب سے بڑے بیک بک (Beatrice Bock) کا تقرر بطور کمپنی ڈائریکٹر کیا ہے۔

بورڈ اور اس کی کمیٹیاں سال کے دوران باقاعدگی سے میٹنگ کرتی رہیں اور ان کے سامنے پیش کئے جانے والے ہر معاملے پر غور و خوض کر کے ان کو منظم کرنے میں اپنا کردار ادا کرتی رہی ہیں۔ بورڈ کی کارکردگی کے سالانہ جائزے سے یہ بات واضح ہوئی ہے کہ مجموعی اور انفرادی طور پر ڈائریکٹرز کی کارکردگی انتہائی اطمینان بخش ہے اور بورڈ کے ممبران نے مطلوبہ حکمت عملی پر عمل کیا ہے۔ بورڈ کی آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریویو کمیٹی کی قائدانہ سپورٹ کی کاوشیں قابل قدر ہیں۔

سال کے دوران میں بورڈ میں جناب برن ہارڈ نیسنگ (Bernhard Niessing) اور جناب ہیلمت اسٹیڈل (Helmut Steidle) کے استعفیوں کی وجہ سے دو اسامیاں خالی ہوئیں جن پر جناب مینوئل کیوہن (Manuel Kuehn) اور مس بیٹرکس بوک (Beatrice Bock) کو کمپنی کا بطور ڈائریکٹر مقرر کیا گیا۔

آخر میں، میں اپنے تمام بورڈ ممبران کے علاوہ ملازمین، شیئرز، ہولڈرز، صارفین، ڈیلرز اور کاروبار کے شرکاء کے مستقل تعاون اور اعتماد پر بے حد مشکور ہوں۔

ڈاکٹر سچین اینڈ براکارٹ

بورڈ چیئر مین



# سیمنس (پاکستان) انجینئرنگ کمپنی لمیٹڈ 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۔

متعلقہ دن

آج تاریخ

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 Bank Mandate Form

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:

<b>i) Personal Information</b>	
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)**	
Land Line Phone Number	
Cell Number	
E mail address	

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

\_\_\_\_\_  
Signature of the Shareholder

Date: \_\_\_\_\_

# Request Form for Annual Report and Notices through E-mail

THK Associates (Pvt.) Limited  
1st Floor, 40-C, Block-6  
P.E.C.H.S  
Karachi- 75400  
E-Mail: Secretariat@thk.com.pk

Date: \_\_\_\_\_

Dear Sirs

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

\_\_\_\_\_  
(E-mail address of the shareholder)

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

\_\_\_\_\_  
(Signature)

Name of the shareholder:

\_\_\_\_\_

Folio No: \_\_\_\_\_

(In case of physical shareholding)

CDC Account No.: \_\_\_\_\_

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



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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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2nd Floor, Park Tower,  
Shahra-e-Firdousi, Clifton,  
Karachi-75600.  
Phone: +9221-35876391  
+9221-35876386

#### **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

#### **Islamabad**

11<sup>th</sup> Floor, UBL Building,  
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Islamabad.  
Phone: +9251-2075444  
Fax: +9251-2812162  
+9251-2812163

#### **Peshawar**

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

#### **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

#### **Afghanistan**

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