

Siemens (Pakistan) Engineering Co. Ltd.

Statement of Financial Position

As at September 30, 2018

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

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


Helmut von Struve
 Managing Director


Umer Jalil Anwer
 Chief Financial Officer


Sebastian A. Brachert
 Director

Siemens (Pakistan) Engineering Co. Ltd.

Statement of Profit or Loss


For the year ended September 30, 2018

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

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



Helmut von Struve
Managing Director



Umer Jalil Anwer
Chief Financial Officer



Sebastian A. Brachert
Director

Siemens (Pakistan) Engineering Co. Ltd.

Statement of Other Comprehensive Income


For the year ended September 30, 2018

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

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



Helmut von Struve
Managing Director



Umer Jalil Anwer
Chief Financial Officer



Sebastian A. Brachert
Director

Siemens (Pakistan) Engineering Co. Ltd.

Statement of Cash Flows


For the year ended September 30, 2018

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

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



Helmut von Struve
Managing Director



Umer Jalil Anwer
Chief Financial Officer



Sebastian A. Brachert
Director

Siemens (Pakistan) Engineering Co. Ltd.


Statement of Changes in Equity

For the year ended September 30, 2018

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

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


Helmut von Struve
Managing Director


Umer Jalil Anwer
Chief Financial Officer


Sebastian A. Brachert
Director

Siemens (Pakistan) Engineering Co. Ltd.

Notes to the Financial Statements

For the year ended September 30, 2018

1. LEGAL STATUS AND OPERATIONS

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees (Rs) which is the functional currency of the Company and figures are rounded off to the nearest thousand of rupees unless otherwise specified.

2.4 Use of estimates, assumptions and judgements

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

These estimates are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Employees' retirement benefits

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

3.1.1 Defined Benefit Plan

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

3.1.2 *Defined Contribution Plan*

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

3.2 **Contract liabilities**

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

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

3.3 **Provisions**

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

The Company accounts for its warranty obligations when the underlying products or services are sold or rendered. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

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

3.4 **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying capital asset under construction are capitalised and added to the project cost until such time the assets are substantially ready for their intended use, i.e., when they are capable of commercial production. All other borrowing costs are recognised as an expense in the statement of profit or loss in the period in which they are incurred.

3.5 **Property, plant and equipment**

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

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

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

Depreciation is charged to statement of profit or loss applying the straight line method whereby the cost of an asset is written off over its estimated useful life. Depreciation on additions is charged from the month in which the asset is available for use and on disposals upto the month of deletion. The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

3.6 **Intangible assets**

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

3.7 **Impairment**

3.7.1 *Financial assets*

Financial assets are assessed at each reporting date to determine whether there is any objective evidence of impairment, if any. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect of the estimated future cash flows of that asset.

3.7.2 *Non-Financial assets*

The carrying values of non-financial assets other than inventories and deferred tax assets are assessed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the recoverable amount is estimated. An impairment loss is recognised, as an expense in the statement of profit or loss, for the amount by which an asset's carrying amount exceeds its recoverable amount.

3.8 Taxation

3.8.1 Current

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

3.8.2 Deferred

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

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

3.9 Long-term loans and trade receivables

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

3.10 Inventories

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

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

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

3.11 Trade & other receivables

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

3.12 Contract assets

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

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

3.13 Cash and cash equivalents

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

3.14 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly loans and borrowings and related expenses, cash and bank balances and related income, corporate assets and tax assets and liabilities.

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

3.15 Foreign currencies

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

3.16 Revenue recognition

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

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

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

The Contract revenue generated from execution of long term construction-type contracts is accounted for under the percentage-of-completion method as the customer obtains control of the goods or services over the time. Contract revenue and contract costs relating to such contracts are recognised as revenue and expenses respectively by reference to stage of completion of contract activity at the reporting date. Stage of completion of a contract is determined by applying 'cost-to-cost method' by reference to the proportion that contract cost incurred to date bears to the total estimated contract cost. Contract revenue on construction contracts valuing less than Rs 10 million and / or duration upto six months is recognised using completed contract method.

When it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

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

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

3.17 Financial assets and liabilities

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

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

3.18 Derivative financial instruments

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

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

3.19 Dividends

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

3.20 Share based payment transactions

The fair value of the amount payable in cash to employees in respect of Stock Awards is recognised as an expense, with a corresponding increase in liabilities, over the period that the employees become entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as salaries, wages and employee welfare expense in the statement of profit or loss.

3.21 Ijarah contracts

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

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

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

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

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

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

STATEMENT OF FINANCIAL POSITION AS AT BEGINNING OF THE COMPARATIVE YEAR

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

3.23 Adoption of standards and amendments effective during the year

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

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

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

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

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

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

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

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

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

4. OPERATIONS IN AFGHANISTAN

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

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

Ordinary shares of Rs 10/- each				
2018	2017		2018	2017
(No. of shares)			(Rupees in '000)	
6,217,780	6,217,780	Issued for cash	62,178	62,178
81,700	81,700	Issued for consideration other than cash	817	817
1,526,800	1,526,800	Issued as bonus shares	15,268	15,268
(56,683)	(56,683)	Treasury shares	(567)	(567)
477,440	477,440	Issued under a scheme of amalgamation	4,774	4,774
8,247,037	8,247,037		82,470	82,470

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

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

5.3 Dividends and other appropriations

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

6. RESERVES

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

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

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

7. TRADE AND OTHER PAYABLES

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

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

7.2 Defined benefit plan - gratuity

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

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

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

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

7.2.1 Movement in the fair value of plan assets

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

7.2.2 Movement in the present value of defined benefit obligation

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

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

Opening balance of liability	(271,928)	(232,585)
Expense recognised for the year	7.2.4 (71,302)	(60,127)
Contributions made by the Company	50,970	43,799
Net remeasurement loss for the year recognised in OCI	(111,048)	(23,015)
	<u>(403,308)</u>	<u>(271,928)</u>

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

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

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

	2018	2017
	% -----	
Treasury bills	83	84
Cash and cash equivalents	17	16
	<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	(23,608)	25,322
Effect of change in future salary increases	24,853	(23,402)

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

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

8. CONTRACT LIABILITIES

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

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

9. PROVISIONS

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

10. SHORT-TERM RUNNING FINANCE

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

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

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

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

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

12. COMMITMENTS

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

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

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

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

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

2017	As at October 1, 2016		During the year ended September 30, 2017				As at September 30, 2017			Depreciation rates %		
	Cost	Accumulated depreciation	Net book value	Additions / (deletions)	Depreciation / (on deletions)	(Impairment reversal)/ (on transfer)	Net book value of disposals	Cost	Accumulated depreciation		Accumulated impairment	
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	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	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	41,907	15 (21,055)	14,212 (21,055)	-	-	170,420	142,693	17	27,710	25
Tools and patterns	152,978	146,137	6,790	136,428 (1,333)	34,096 (1,333)	-	-	288,073	178,900	51	109,122	20, 50 & 100
	900,857	664,917	223,685	208,759 (70,344)	118,934 (68,210)	-	2,134	1,039,272	715,641	12,255	311,376	

13.1.1 Operating fixed assets include items having an aggregate cost of Rs 491.983 million (2017: Rs 535.682 million) which have been fully depreciated and are still in use of the Company.

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

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

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

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

14. INTANGIBLE ASSETS

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

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

15. Depreciation and amortisation have been allocated as follows:

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

16. LONG-TERM LOANS AND TRADE RECEIVABLES

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

17. DEFERRED TAX ASSET

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

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

18. INVENTORIES

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

19. TRADE RECEIVABLES

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

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

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

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

20. CONTRACT ASSETS

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

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

21. LOANS AND ADVANCES

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

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

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

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

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

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

22. DEPOSITS AND SHORT-TERM PREPAYMENTS

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

23. OTHER RECEIVABLES

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

24. CASH AND BANK BALANCES

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

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

25. NET SALES AND SERVICES

2018
2017
(Rupees in '000)

Sales disaggregation by type of contracts

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

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

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

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

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

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

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

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

26. COST OF SALES AND SERVICES

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

26.1 Cost of goods manufactured and services rendered

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

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

27. MARKETING AND SELLING EXPENSES

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

28. GENERAL ADMINISTRATIVE EXPENSES

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

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

32. BASIC AND DILUTED EARNINGS PER SHARE		2018	2017
		(Rupees in '000)	
There is no dilutive effect on the basic earnings per share of the Company, which is based on: Net profit for the year		<u>1,159,220</u>	<u>1,103,396</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>140.56</u>	<u>133.79</u>
		2018	2017
	Note	(Rupees in '000)	
			Restated
33. CASH USED IN OPERATIONS			
Profit before tax for the year		2,233,661	1,451,968
Adjustment for non-cash expenses:			
Depreciation and amortisation		159,746	120,742
Reversal of provision for slow moving and obsolete items of inventories - net		-	(25,143)
Provision for doubtful trade receivables - net		13,855	77,947
Trade and other receivables write off		12,112	2,740
Provision for doubtful contract assets		46,340	11,836
Provision for doubtful deposits and other receivables - net		82,215	(14,732)
Discounting of long-term loans and trade receivables - net		(29,381)	61,204
Gain on sale of property, plant and equipment - net		(4,371)	(12,756)
Liabilities no longer payable written back		(88,889)	(3,215)
Gratuity		71,302	60,127
Financial expenses		79,828	16,408
Financial income		(37,080)	(152,872)
Adjustment for other items:			
Long-term loans and trade receivables		55,023	(320,288)
Long-term deposits and prepayments		3,714	4,556
Retention money payable		93,496	37,538
Other non-current liabilities		8,740	7,380
Working capital changes	33.1	<u>(5,190,265)</u>	<u>(1,428,882)</u>
		<u>(2,489,954)</u>	<u>(105,442)</u>
33.1 Working capital changes			
(Increase) / decrease in current assets			
Inventories		303,008	(411,612)
Trade receivables		(2,999,316)	(962,351)
Contract assets		(2,941,115)	449,616
Loans and advances		(98,056)	(72,750)
Deposits and short-term prepayments		(83,354)	(6,642)
Other receivables		(387,798)	(97,426)
		<u>(6,206,631)</u>	<u>(1,101,165)</u>
Increase / (decrease) in current liabilities			
Trade and other payables		1,230,338	992,810
Contract liabilities		(96,566)	(1,496,311)
Provisions		(117,406)	175,784
		<u>1,016,366</u>	<u>(327,717)</u>
		<u>(5,190,265)</u>	<u>(1,428,882)</u>
34. CASH AND CASH EQUIVALENTS		2018	2017
		(Rupees in '000)	
Cash and bank balances	24	1,449,708	3,748,015
Short-term running finances	10	<u>(1,876,320)</u>	<u>(167,415)</u>
		<u>(426,612)</u>	<u>3,580,600</u>

35. AUDITORS' REMUNERATION	2018 (Rupees in '000)	2017
Audit fee	3,863	3,854
Fee for special reports and certifications, review of half yearly interim financial information, code of corporate governance and audits of Gratuity fund and WPPF fund	1,539	2,272
Out of pocket expenses	826	1,112
	<u>6,228</u>	<u>7,238</u>

36. PROVIDENT FUND

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

37. EMPLOYEES	2018	2017
Total number of employees as of reporting date	665	729
Therein factory employees	67	68
Average during the year	711	702
Therein factory employees	64	63

38. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

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

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

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

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

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

	2018 (Rupees in '000)	2017 Restated
Short-term benefits	124,826	107,044
Post-employment benefits	1,780	1,372
Share based benefits	8,405	3,444
	<u>135,011</u>	<u>111,860</u>

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

39. SHARE BASED BENEFITS

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

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

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

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

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

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

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

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

40. TRANSACTIONS WITH RELATED PARTIES

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

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

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

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

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

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

41. PLANT CAPACITY AND ACTUAL PRODUCTION

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

41.1 The under utilisation is mainly attributed to reduced demand.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

42.1 Market risk

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

Foreign currency risk

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

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

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

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

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

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

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

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

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's running finances.

The Company's policy is to keep its short-term running finances at the lowest level by effectively utilising the positive cash and bank balances. Further, the Company also minimises the interest rate risk by investing in fixed rate investments like Term Deposit Receipts, where possible.

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

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

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

Equity price risk

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

42.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. It mainly comprise of trade receivables, contract assets, advances to suppliers, trade deposits and bank balances. The Company's maximum exposure to credit risk at the reporting date is as follows:

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

Concentration of credit risk

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

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

Trade receivables

To mitigate the credit risk against trade receivables, the Company has a system of assigning credit limits to its customers based on an extensive credit rating scorecards. Outstanding customer receivables are regularly monitored. The Company endeavors to cover the credit risks on trade receivables, where possible, by restricting credit facility to the projects which are financed by multilateral financial institutions and / or financed by special allocation of funds by the provincial / federal governments. Business with customers is also secured by way of letters of credits where possible. As at September 30, 2018, trade receivables amounting to Rs 1,289.746 million (2017: Rs 935.286 million) were secured through letters of credit.

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

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

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

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

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

Contract assets

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

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

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

Cash and bank balances

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

42.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the Company's business, the treasury maintains flexibility in funding by maintaining availability under control committed credit lines. The facilities available to the Company have been detailed in notes 10.1 to 10.3 to these financial statements.

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

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

43. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

44. CAPITAL RISK MANAGEMENT

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

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

The Company is not subject to externally imposed capital requirements.

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

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

45.2 Geographical information

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

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

Non-current assets

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

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

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

45.4 Segment assets and liabilities

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

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

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

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

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

- 45.5 Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit, marketing and selling expenses, profit from operations and free cash flows.
- 45.6 Interest income and expense (other than directly attributable to a contract) are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Company.
- 45.7 There were two major customers of the Company who contributed Rs 5,034.910 million (2017: Rs 3,325.883 million) and Rs 2,889.719 million (2017: Rs 1,490.418 million) of Company's total revenue. This revenue was generated in EM, DF and PD divisions.

46. OPERATIONS IN AFGHANISTAN

46.1 Results of the Afghanistan Operations

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

46.2 Cash flows from the Afghanistan Operations

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

46.3 Assets of the Afghanistan Operations

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

46.4 Liabilities of the Afghanistan Operations

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

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

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

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

Karachi

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

City Office

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

Project Office

14-B Floor, Harbour Front Building
Clifton

Lahore

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

Islamabad

11th floor, UBL building
Jinnah Avenue, Blue Area

Dubai

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

Afghanistan

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

49. **GENERAL**

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



Helmut von Struve
Managing Director



Umer Jalil Anwer
Chief Financial Officer



Sebastian A. Brachert
Director

Siemens (Pakistan) Engineering Co. Ltd.

Incorporation Number: CUIN 0000617

Pattern of holding of the Shares held by the Shareholders

As at September 30, 2018

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

Siemens (Pakistan) Engineering Co. Ltd.

Categories of Shareholders

As on September 30, 2018

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