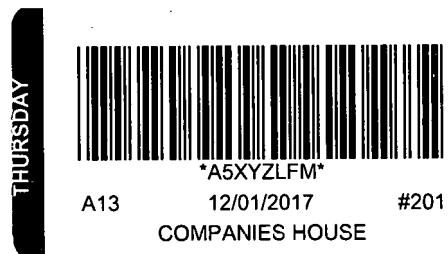


ELECTRIUM SALES LIMITED
Annual report and financial statements
Registered number 02226729
September 30, 2016



ELECTRIUM SALES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2016

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ELECTRIUM SALES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2016

The directors of Electrium Sales Limited ("the Company") present the annual report containing a strategic report, directors' report and the financial statements for the year ended September 30, 2016.

STRATEGIC REPORT

Principal activities

Electrium Sales Limited is engaged in the manufacture and distribution of domestic and industrial circuit protection and wiring accessory products.

General business review - Statement of Income

The turnover remained stable during the year at £76,070k (2015: £76,221k).

During the year, the Company made an operating profit of £10,130k (2015: £12,499k). Included within cost of sales was a £2,700k curtailment gain resulting from a reorganisation of employee pension arrangements. The result before taxation was an income of £10,141k (2015: £12,455k).

The performance in 2016 is in line with the expectations of the directors, and the directors believe the results for the year reflect the ongoing trading performance of the Company.

The Company made a net income for the financial year, net of taxation of £8,888k (2015: £9,769k).

The directors work closely with management to anticipate risks from economic or global factors and plan accordingly. The volatility in the world's financial markets and the ongoing volatility exhibited within the UK economy, partly as a result of the EU Referendum decision for the UK to leave the European Union, has been noted by the directors. An evaluation of the potential impact of market factors is undertaken regularly by the management so that the Company can respond appropriately.

General business review - Statement of Financial Position

Total assets increased during the year by £362k to £70,782k (2015: restated £70,420k), a 1% increase (2015: restated 2% decrease). The movement was primarily driven by increases in trade and other receivables of £1,563k, other current financial assets of £1,180k and property, plant and equipment of £973k. These increases were partially offset by reductions in inventories of £1,584k and other assets of £1,942k.

Total liabilities at the year end amounted to £39,335k (2015: restated £44,528k) a decrease of 12% (2015: restated 16% decrease). The movement primarily consisted of a decrease in trade payables of £4,711k and a reduction in other liabilities of £1,656k, but these movements were partially offset by an increase in current income tax liabilities of £1,145k.

General business review – Statement of Cash Flows

The overall cash position increased in the year by £620k to £711k (2015: decrease of £635k to £91k).

This was driven by a net cash inflow from operating activities during the year of £8,819k (2015: restated £10,516k), resulting mainly from operating profit and changes in assets and liabilities, being in part offset by defined benefit pension contribution payments.

Offsetting these inflows were a cash outflow from financing activities from other group companies of £6,207k (2015: £10,136k) and investing activities of £1,992k (2015: £1,015k).

Analysis of Financial Key Performance Indicators

Electrium Sales Limited measures its performance on a number of key performance indicators, including revenue, profit from operations and net cash from operations as discussed above.

Principal risks and uncertainties

The Company has implemented a co-ordinated set of risk management and control systems, including strategic planning and management reporting, to help anticipate, measure, monitor and manage its exposure to risk. Risks which the Company faces include price and product competition, performance risks under long term fixed price contracts, loss of supply of product components, changes in regulatory and legal environment, and credit and interest rate risks, which may increase due to the global shortage of credit. The Company has a diversified range of customers and revenue streams and products.

Based on the Company's forecasts, the directors consider that the Company will continue the trend of previous years and will trade profitably and generate positive cash flows from operations over the next 12 months. Additionally, Siemens AG operates a cash pooling facility across its worldwide group. Cash balances generated by entities are passed to Siemens AG and companies are able to draw down on these facilities if required. Further information on these risks, and their potential impacts, can be found in the 2016 Siemens AG annual report.

For 2016, based on their assessment of the Company's financial position, future performance, liquidity and risks, the directors have a reasonable expectation that the Company has adequate resources to adopt the going concern basis of preparation for the financial statements.

ELECTRIUM SALES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2016

Signed by order of the board of directors

A handwritten signature in black ink, appearing to read 'P H Fisher', with a long horizontal stroke extending to the right.

P H Fisher
Director

Approved by the directors on December 13, 2016

Registered office:

Faraday House
Sir William Siemens Square
Frimley
Camberley
Surrey
GU16 8QD

ELECTRIUM SALES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2016

DIRECTORS' REPORT

The directors who served the Company during the year and subsequently were as follows:

R Peters	Appointed June 16, 2016
A Matthe	Resigned June 16, 2016
P Maher	Resigned June 16, 2016
P H Fisher	
N Sansbury	Resigned October 13, 2015

None of the directors holding office at September 30, 2016 had notified a beneficial interest in any contract to which the Company or its subsidiary undertakings were a party during the financial year.

The directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

DIVIDENDS

The directors have not recommended a dividend (2015: £nil).

RESEARCH AND DEVELOPMENT

The Company continues to invest in research and development in the UK. During the year, the Company spent £481k (2015: £506k) on research and development.

FINANCIAL INSTRUMENTS

Electrium Sales Limited's financial risk management objectives and policies, including the exposure to market risk, credit risk and liquidity risk are set out in note 23 to the financial statements.

SUBSEQUENT EVENTS

There were no significant events after the reporting period.

GROUP POLICIES

Employee participation

The directors continue to encourage employee participation within the Company. The Siemens Leadership Framework and Management Development Programmes underpin the various methods for encouraging an open and participative style of management and communication that has been introduced in recent years; these include team briefings, intranet information and notices, staff forums and employee elections to the Siemens Europe Committee and the European Works Council. We encourage suggestions and innovations for improving business performance through the "top+ Board", business suggestion schemes and the staff dialogue process.

Environmental

As a leading global company, Siemens has a responsibility to comply with the highest ethical and legal standards while protecting the environment and benefiting society as a whole. There are a number of initiatives, such as the Siemens corporate responsibility award, to highlight and honour those individuals and employee teams whose projects highlight our commitment to making the world a better place.

Equal opportunities

The Company is committed to equal opportunities for all, free from discrimination and harassment. Siemens values the contribution of all employees. All job applicants and employees, customers, visitors or contractors will receive equal treatment regardless of sex, race, disability, sexual orientation, religion or belief, age, colour, marital status, trade union membership, nationality or ethnic or national origins.

Within Siemens, applicants and employees will be recruited, selected, trained and promoted on objective grounds, i.e. on the basis of their abilities to contribute most effectively to the success of the Company. Wherever possible, we will assist disabled employees to enable them to work for the Company and maximise their contribution and performance.

POLITICAL DONATIONS

No political donations were made during the current or preceding year.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who held office at the date of approval of this annual report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all steps that ought to have been taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

In accordance with section 487(2) of the Companies Act 2006, Ernst and Young LLP will continue in office as auditor of the Company.

ELECTRIUM SALES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2016

Signed by order of the board of directors

A handwritten signature in black ink, appearing to be 'P H Fisher', written over a horizontal line.

P H Fisher
Director

Approved by the directors on December 13, 2016

Registered office:
Faraday House
Sir William Siemens Square
Frimley
Camberley
Surrey
GU16 8QD

ELECTRIUM SALES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2016

The directors are responsible for preparing the annual report and financial statements in accordance with applicable laws in the United Kingdom and those International Financial Reporting Standards as adopted by the European Union.

Under Company Law the directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Company for that period. In preparing the financial statements the directors are required to:

- ▶ select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- ▶ present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- ▶ provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- ▶ state that the Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRIUM SALES LIMITED

We have audited the financial statements of Electrium Sales Limited for the year ended September 30, 2016 which comprise the Statement of Income, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the Company's affairs as at September 30, 2016 and of its net income for the year then ended;
- ▶ have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

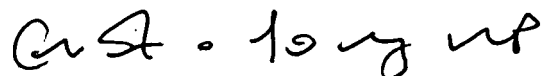
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- ▶ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the financial statements are not in agreement with the accounting records and returns; or
- ▶ certain disclosures of directors' remuneration specified by law are not made; or
- ▶ we have not received all the information and explanations we require for our audit.



Alastair John Richard Nuttall (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

15/12/16

ELECTRIUM SALES LIMITED

STATEMENT OF INCOME

For the years ended September 30, 2016 and 2015 (in thousands of £)

	Note	2016	2015
Revenue	3	76,070	76,221
Cost of sales	6	(54,748)	(52,572)
Gross profit		21,322	23,649
Research and development expenses		(481)	(506)
Marketing and distribution expenses		(10,185)	(10,169)
Administrative expenses		(517)	(474)
Other operating expenses	5	(9)	(1)
Operating profit	4	10,130	12,499
Interest income	8	51	20
Interest expenses	8	(271)	(419)
Interest income from pension plans and similar commitments, net	8	231	355
Income from continuing operations before income taxes		10,141	12,455
Income tax expenses	9	(1,253)	(2,686)
Net income for the financial year		8,888	9,769

ELECTRIUM SALES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the years ended September 30, 2016 and 2015 (in thousands of £)

	Note	2016	2015 (Restated)
Net income for the financial year		8,888	9,769
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans losses	18	(4,575)	(3,427)
Deferred tax credit on remeasurement losses		200	686
Total items that will not be reclassified to profit or loss		(4,375)	(2,741)
Items that may be reclassified subsequently to profit or loss			
Gains on derivative financial instruments	23	1,239	250
Deferred tax charge on gains on derivative financial instruments		(197)	(50)
Total items that may be reclassified subsequently to profit or loss		1,042	200
Other comprehensive loss, net of income taxes		(3,333)	(2,541)
Total comprehensive income		5,555	7,228
Attributable to: Owners of the Company		5,555	7,228

ELECTRIUM SALES LIMITED

STATEMENT OF FINANCIAL POSITION

As of September 30, 2016 and 2015 (in thousands of £)

	Note	2016	2015 (Restated)
ASSETS			
Cash and cash equivalents		711	91
Trade and other receivables	10	30,353	28,790
Other current financial assets	11	1,745	565
Inventories	12	18,843	20,427
Other current assets	13	546	292
Total current assets		52,198	50,165
Property, plant and equipment	14	7,986	7,013
Pension plans and similar assets	18	7,838	8,540
Other assets	20	2,760	4,702
Total non-current assets		18,584	20,255
Total assets		70,782	70,420
LIABILITIES AND EQUITY			
Trade payables	15	27,121	31,832
Other current financial liabilities	16	-	23
Current income tax liabilities		3,407	2,262
Other current liabilities	17	3,771	3,665
Total current liabilities		34,299	37,782
Post-employment benefits	18	587	704
Provisions	19	94	94
Other liabilities	20	3,273	4,929
Deferred tax liabilities	9	1,082	1,019
Total non-current liabilities		5,036	6,746
Total liabilities		39,335	44,528
Equity			
Share capital	21	10,000	10,000
Share premium		2,000	2,000
Merger reserve		6,040	6,040
Cash flow hedging reserve		1,432	390
Retained earnings		11,975	7,462
Total equity		31,447	25,892
Total liabilities and equity		70,782	70,420

ELECTRIUM SALES LIMITED

STATEMENT OF FINANCIAL POSITION

As of September 30, 2016 and 2015 (in thousands of £)

These financial statements were approved and authorised for issue by the board of directors on December 13, 2016 and were signed on their behalf by:


.....

R Peters
Director

Registered number: 02226729
Electrium Sales Limited

ELECTRIUM SALES LIMITED

STATEMENT OF CASH FLOWS

For the years ended September 30, 2016 and 2015 (in thousands of £)

	Note	2016	2015 (Restated)
Cash flows from operating activities			
Net income for the financial year		8,888	9,769
Adjustments to reconcile net income to cash flows from operating activities			
Depreciation	4, 14	1,011	977
Income tax expenses	9	1,253	2,686
Interest expenses, net	8	220	399
Defined benefit pension (income) / charge in Statement of Income	18	(2,690)	95
Losses on disposal of property, plant and equipment, net	5	8	-
Other non-cash income		1,239	250
		<u>9,929</u>	<u>14,176</u>
Operating profit before changes in working capital and provisions			
Changes in assets and liabilities			
Inventories	12	1,584	(5,064)
Trade and other receivables		(288)	248
Other current assets		(1,435)	(399)
Trade payables and accrued expenses		433	2,946
Other current liabilities		(129)	100
Long term assets		1,942	3,529
Long term liabilities		(1,657)	(3,517)
		<u>10,379</u>	<u>12,019</u>
Cash generated from operations			
Income taxes (paid) / received		(40)	552
Interest paid		(220)	(399)
Defined benefit pension contributions paid	18	(1,300)	(1,656)
		<u>8,819</u>	<u>10,516</u>
Cash flows from operating activities – continuing operations			
Cash flows from investing activities			
Additions to property, plant and equipment	14	(1,992)	(1,015)
		<u>(1,992)</u>	<u>(1,015)</u>
Cash flows from investing activities – continuing operations			
Cash flows from financing activities			
Change in financing from other group companies	10, 15	(6,207)	(10,136)
Proceeds from issuance of shares	21	-	-
		<u>(6,207)</u>	<u>(10,136)</u>
Cash flows from financing activities – continuing operations			
Change in cash and cash equivalents		<u>620</u>	<u>(635)</u>
Cash and cash equivalents at the beginning of the year		91	726
Cash and cash equivalents at the end of the year		711	91

ELECTRIUM SALES LIMITED

STATEMENT OF CASH FLOWS

For the years ended September 30, 2016 and 2015 (in thousands of £)

Siemens AG operates a cash pooling facility across its worldwide group. Cash balances generated by entities are passed to Siemens AG and companies are able to draw down on these facilities if required. Therefore, apart from any accounts held with local banks, amounts invested with/drawn down from the Siemens AG accounts are shown as an intercompany balance. Changes in the balances on these facilities are included in cash flows from financing activities in the Statement of Cash Flows. An increase in cash that is loaned to the cash pool is shown as a cash outflow from financing activities, and an increase in cash borrowed from the cash pool is shown as a cash inflow from financing activities.

ELECTRIUM SALES LIMITED

STATEMENT OF CHANGES IN EQUITY

For the years ended September 30, 2016 and 2015 (in thousands of £)

	Share capital	Share premium	Merger reserve	Cash flow hedging reserve	Retained earnings	Total equity
Brought forward October 1, 2014 - (Restated)	10,000	2,000	6,040	190	434	18,664
Net income for the financial year	-	-	-	-	9,769	9,769
Other comprehensive income, net of income taxes - (Restated)	-	-	-	200	(2,741)	(2,541)
Total comprehensive income for the financial year - (Restated)	-	-	-	200	7,028	7,228
Balance at September 30, 2015 - (Restated)	10,000	2,000	6,040	390	7,462	25,892
Brought forward October 1, 2015	10,000	2,000	6,040	390	7,462	25,892
Net income for the financial year	-	-	-	-	8,888	8,888
Other comprehensive income, net of income taxes	-	-	-	1,042	(4,375)	(3,333)
Total comprehensive income for the financial year	-	-	-	1,042	4,513	5,555
Balance at September 30, 2016	10,000	2,000	6,040	1,432	11,975	31,447

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging transactions related to hedged transactions that have not yet occurred.

Other comprehensive income

Other comprehensive income is allocated to retained earnings with the exception of £1,042k (2015: £200k) which relates to gains /(losses) on derivative financial instruments. This is allocated to the cash flow hedging reserve.

Merger reserve

This relates to historic mergers during the period when the principals of merger relief accounting were applicable. There was no movement in the reserve for the year ended September 30, 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

1. Basis of presentation

The accompanying financial statements present the operations of the Company and have been prepared and approved by the directors in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU and applied in accordance with the Companies Act 2006. The financial statements are generally prepared on the historical cost basis, except as stated in note 2.

Electrium Sales Limited has prepared and reported its financial statements in Great British Pounds (GBP or £) and the financial information is disclosed in thousands of £, except where stated otherwise. 'k' denotes thousands of £ and 'm' denotes millions of £. Electrium Sales Limited is a United Kingdom based company incorporated in England and Wales engaged in the manufacture and distribution of domestic and commercial circuit protection and wiring accessory products.

The Company applied all standards and interpretations issued by the International Accounting Standards Board ('IASB') that were effective as of September 30, 2016. In these financial statements, the term 'group' refers to all companies for whom the ultimate parent undertaking is Siemens AG. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

For 2016, based on their assessment of the Company's financial position, future performance, liquidity and risks, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next twelve months from the date of approval of the financial statements. Thus the Company continues to adopt the going concern basis of preparation for the financial statements.

The restatement of inventories and trade payables and accrued expenses on the Statement of Financial Position of £1,619k, relates to the recognition of stock owned by the Company whilst goods are in transit. This is consistent with the current year. For further explanation of the restatement of post-employment benefits see note 17.

2. Summary of significant accounting policies and critical accounting estimates

Foreign currency transaction — Transactions that are denominated in a currency other than the functional currency of an entity are recorded at that functional currency applying the spot exchange rate at the date when the underlying transactions are initially recognised. At the end of the reporting period, foreign currency-denominated monetary assets and liabilities are revalued to functional currency applying the spot exchange rate prevailing at that date. Gains and losses arising from these foreign currency revaluations are recognised in the Statement of Income. Those foreign currency-denominated transactions which are classified as non-monetary are remeasured using the historical spot exchange rate.

Revenue recognition — Under the condition that persuasive evidence of an arrangement exists, revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. In cases where the inflow of economic benefits is not probable due to customer related credit risks the revenue recognised is subject to the amount of payments irrevocably received.

Sale of goods: Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Product-related expenses — Provisions for estimated costs related to product warranties are recorded in Cost of sales at the time the related sale is recognised.

Research and development costs — Costs of research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are expensed as incurred.

Costs for development activities are capitalised when the recognition criteria in IAS 38 are met. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses with an amortisation period of generally three to five years.

Property, plant and equipment — Property, plant and equipment, is valued at cost less accumulated depreciation and impairment losses. Depreciation expense is recognised using the straight-line method. The estimated useful lives are assumed:

Factory and office buildings	20 to 50 years
Technical machinery & equipment	5 to 10 years
Furniture & office equipment	generally 5 years

Impairment of property, plant and equipment — The Company reviews property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In addition, intangible assets with indefinite useful lives as well as intangible assets not yet available for use are subject to an annual impairment test. Impairment testing of property, plant and equipment involves the use of estimates in determining the assets' recoverable amount which can have a material impact on the respective values and ultimately the amount of any impairment.

The Company's property, plant and equipment to be disposed of are recorded at the lower of carrying amount or fair value less costs to sell and depreciation is ceased.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

Income taxes — The Siemens Group operates in various tax jurisdictions and therefore has to determine tax positions under respective local tax laws and tax authorities' views which can be complex and subject to different interpretations of taxpayers and local tax authorities. Under the liability method, deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are recognised if sufficient future taxable profit is available, including income from forecasted operating earnings, the reversal of existing taxable temporary differences and established tax planning opportunities. As of each period-end, management evaluates the recoverability of deferred tax assets, based on projected future taxable profits. As future developments are uncertain and partly beyond management's control, assumptions are necessary to estimate future taxable profits as well as the period in which deferred tax assets will recover. Estimates are revised in the period in which there is sufficient evidence to revise the assumption. If management considers it probable that all or a portion of a deferred tax asset cannot be realised, a corresponding valuation allowance is taken into account.

Inventories — Inventories are valued at the lower of acquisition or production cost and net realisable value, cost being generally determined on the basis of an average or first-in, first-out method. Production costs comprise direct material and labour and applicable manufacturing overheads, including depreciation charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Provisions — A provision is recognised in the Statement of Financial Position when it is probable that the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are recognised at present value by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When a contract becomes onerous, the present obligation under the contract is recognised as a provision.

Significant estimates are involved in the determination of provisions related to onerous contracts, warranty costs, asset retirement obligations and legal proceedings. The Company records a provision for onerous sales contracts when current estimates of total contract costs exceed expected contract revenue. Onerous sales contracts are identified by monitoring the progress of the project and updating the estimate of total contract costs which also requires significant judgment relating to achieving certain performance standards, as well as estimates involving warranty costs and estimates regarding project delays including the assessment of responsibility splits between the contract partners for these delays. Uncertainties regarding asset retirement obligations include the estimated costs of decommissioning and final storage because of the long time frame over which future cash outflows are expected to occur including the respective interest accretion. Amongst others, the estimated cash outflows could alter significantly if, and when, political developments affect the government's plans to develop the final storage.

Legal proceedings often involve complex legal issues and are subject to substantial uncertainties. Accordingly, considerable judgment is part of determining whether it is probable that there is a present obligation as a result of a past event at the end of the reporting period, whether it is probable that such a legal proceeding will result in an outflow of resources and whether the amount of the obligation can be reliably estimated. Internal and external counsels are generally part of the determination process. Due to new developments, it may be necessary, to record a provision for an ongoing legal proceeding or to adjust the amount of a previously recognised provision. Upon resolution of a legal proceeding, the Company may incur charges in excess of the recorded provisions for such matters. The outcome of legal proceedings may have a material effect on the Company's financial position, its results of operations and or its cash flows.

For further explanation of the movement in provisions in the year see note 19.

Termination benefits — Termination benefits are provided as a result of an entity's offer made in order to encourage voluntary redundancy before the normal retirement date or from an entity's decision to terminate the employment. Termination benefits in accordance with IAS 19, Employee Benefits, are recognised as a liability and an expense when the entity can no longer withdraw the offer of those benefits.

Financial instruments — A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company does not use the category held to maturity and does not use the option to designate financial assets or financial liabilities at fair value through profit or loss at inception (Fair Value Option). Based on their nature, financial instruments are classified as financial assets and financial liabilities measured at cost or amortised cost and financial assets and financial liabilities measured at fair value and as receivables from finance leases. For additional information refer to note 23.

Regular way purchases or sales of financial assets are accounted for at the trade date.

Initially, financial instruments are recognised at their fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are only recognised in determining the carrying amount, if the financial instruments are not measured at fair value through profit or loss. Receivables from finance leases are recognised at an amount equal to the net investment in the lease. Subsequently, financial assets and liabilities are measured according to the category to which they are assigned - cash and cash equivalents, available-for-sale financial assets, loans and receivables, financial liabilities, measure at amortised cost or financial assets and liabilities classified as held for trading.

Cash and cash equivalents — The Company considers all highly liquid investments with less than three months maturity from the date of acquisition to be cash equivalents. Cash and cash equivalents are measured at cost. The Company is part of a cash pooling arrangement across the worldwide Siemens group. Balances within this facility are classified as *Receivables from group companies* and *Amounts due to group companies*.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

Loans and receivables — Financial assets classified as loans and receivables are measured at amortised cost using the effective interest method less any impairment losses. Impairment losses on trade and other receivables are recognised using separate allowance accounts. The allowance for doubtful accounts involved significant management judgement and review of individual receivables based on individual customer creditworthiness, current economic trends and analysis of historical bad debts on a portfolio basis. For the determination of the country-specific component of the individual allowance, the Company also considers country credit ratings, which are determined by the group based on information from external rating agencies. Regarding the determination of the valuation allowance derived from a portfolio-based analysis of historical bad debts, a decline of receivables in volume results in a corresponding reduction of such provisions and vice versa. The movement on the valuation allowance is given in note 10.

Financial liabilities — The Company measures financial liabilities, except for derivative financial instruments, at amortised cost using the effective interest method.

Derivative financial instruments — Derivative financial instruments, such as foreign currency exchange contracts, are measured at fair value and classified as held for trading unless they are designated as hedging instruments, for which hedge accounting is applied. Changes in the fair value of derivative financial instruments are recognised either in the Statement of Income or, in the case of a cash flow hedge, in line item *Other comprehensive income*, net of income taxes (applicable deferred income tax). Certain derivative instruments embedded in host contracts are also accounted for separately as derivatives.

Cash flow hedges — The effective portion of changes in the fair value of derivative instruments designated as cash flow hedges are recognised in line item *Other comprehensive income*, net of income taxes (applicable deferred income tax), and any ineffective portion is recognised immediately in net income. Amounts accumulated in equity are reclassified into net income in the same periods in which the hedged item affects net income.

Leases — Leases where substantially all of the risks and rewards of ownership are transferred to the lessee are classified as finance leases. All others are deemed operating leases.

- Leases in which the Company is the lessee:

Under finance leases, the minimum lease obligation, or if lower, the asset's fair value, is capitalised within property, plant and equipment at the commencement of the lease and depreciated over the shorter of the useful economic life and the lease term. The rental obligation is recorded as a borrowing at a similar amount. Each lease payment is allocated between liability repayment and finance charges in a way so as to achieve a constant effective interest rate on the balance outstanding. Under operating leases, the asset does not appear in property, plant and equipment and lease payments are charged to the Statement of Income on a straight-line basis over the lease term.

Pension cost and other post-retirement benefits

Defined contribution plan — The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the Statement of Income represents the contributions payable to the scheme in respect of the accounting period and represents the full extent of the Company's liability.

Defined benefit plans — The Company measures the entitlements by applying the projected unit credit method. The approach reflects an actuarially calculated net present value of the future benefit entitlement for service already rendered. In determining the net present value of the future benefit entitlement for service already rendered (Defined Benefit Obligation (DBO)), the expected rates of future salary increase and expected rates of future pension progression are considered. The assumptions used for the calculation of the DBO as of the period-end of the preceding financial year are used to determine the calculation of service cost and interest income and expense of the following year. The net interest income or expense for the financial year will be based on the discount rate for the respective year multiplied by the net liability (asset) at the preceding financial year's period-end date.

Service cost and past service cost for post-employment benefits and administration costs unrelated to the management of the plan assets are allocated among functional costs. Past service costs and settlement gains and losses are recognised immediately in the Statement of Income. For unfunded plans, the amount of the line item Post-employment benefits equals the DBO. For funded plans, the Company recognised the net amount, after adjustments for effects relating to any asset ceiling.

Remeasurements comprise of actuarial gains and losses, as well as the difference between the return of plan assets and the amounts included in net interest on the net defined benefits liability or asset and are recognised by the Company in the Statement of Comprehensive Income, net of income taxes.

Actuarial valuations rely on key assumptions including discount rates, expected compensation increases, rates of pension progression and mortality rates. Discount rates used are determined by reference to yields on high-quality corporate bonds of appropriate duration and currency at the end of the reporting period. In case such yields are not available discount rates are based on government bonds yields. Due to changing market, economic and social conditions the underlying key assumptions may differ from actual developments. For a discussion of the current funded stats see note 18.

ELECTRIUM SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

Prior period adjustment

The Company has been made aware of an error in the triennial funding valuation. The valuation is provided to the Company by an external actuary. Management has considered the implications of the error in accordance with IAS 8, Accounting policies and changes in accounting estimates, and has adjusted prior period results to correct a material error, by including the additional asset at October 1, 2014 and September 30, 2015. The prior period adjustments affect the previously reported FY15 Statement of Comprehensive Income, the Pension plans and similar assets in the FY15 Statement of Financial Position and opening retained earnings at October 1, 2014 in the FY15 Statement of Changes in Equity.

Impact on Statement of Comprehensive Income - year ended September 30, 2015:

Remeasurements of defined benefit plan gain	108
Deferred tax credit on remeasurement losses	(21)
	<hr/>
Other comprehensive loss, net of tax	87
	<hr/>
Total comprehensive income	87
	<hr/> <hr/>

Impact on Statement of Financial Position - year ended September 30, 2015:

((increase) in assets)

(increase in liability)

Pension plans and similar assets	(2,508)
	<hr/>
Total non-current assets	(2,508)
	<hr/> <hr/>

Deferred tax liabilities	501
	<hr/>
Total non-current liabilities	501
	<hr/> <hr/>

Retained earnings	2,007
	<hr/>
Total equity	2,007
	<hr/> <hr/>

Impact on Statement of Changes in Equity:

Brought forward October 1, 2014 - retained earnings and total equity	1,920
Other comprehensive gain, net of tax	87
	<hr/>
Total comprehensive income for the financial year	87
	<hr/>
Balance at September 30, 2015 - retained earnings and total equity	2,007
	<hr/> <hr/>

Borrowing costs — The Company pays or receives interest on some of its intercompany cash balances. These are recognised within interest in the Statement of Income when incurred or receivable. All costs directly attributable to the cost of a qualifying asset are capitalised.

Share-based payment — The Company participates in equity-settled share-based payment plans established by its ultimate parent undertaking, Siemens AG. In accordance with IFRS 2, the fair value of options/awards/share matching granted is recognised as an employee expense with a corresponding increase in the capital contribution reserve in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the awards. The fair value of share-based awards such as stock awards and matching shares is determined as the market price of Siemens AG shares, taking into consideration, if applicable, dividends during the vesting period the grantees are not entitled to and certain non-vesting conditions. A small number of the Company's directors and senior managers are eligible for share options, stock awards and share matching under the plans.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

Any expected payments to be made to the Company's ultimate parent undertaking, Siemens AG, in respect of these plans is deducted from the capital contribution reserve in equity over the vesting period, to the extent that expenses have been recorded. Any additional payments are charged directly to the Statement of Income. The full disclosures required under IFRS 2 in respect of the share-based payment plans for all Siemens companies in the UK have been made in the financial statements of Siemens Plc (company registration number 727817).

Guarantees — In the ordinary course of business, the Company provides financial guarantees, consisting of letters of credit, guarantees and facility commitments. Financial guarantees are initially recognised in the financial statements (within 'trade and other payables') at fair value, being the premium received. Subsequent to initial recognition, the Company's liability under each guarantee is measured at the higher of the amount initially recognised less, when appropriate, cumulative amortisation recognised in the Statement of Income or recoverable value. The premium received is recognised in the Statement of Income in 'revenue' on a straight line basis over the life of the guarantee.

New and amended standards effective for the year ended September 30, 2016:

There are no new standards, amendments to standards and interpretations effective for the year ended September 30, 2016, which have been applied in preparing these financial statements.

New standards and interpretations not yet adopted:

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended September 30, 2016, and have not been applied in preparing these financial statements. Those standards that have relevance to the Company are mentioned below:

IFRS 9 - Financial Instruments

This standard, effective for years beginning on or after January 1, 2018, is the first phase of the IASB's three-phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. The first phase addresses the requirements for the classification and measurement of financial assets and financial liabilities and hedge accounting requirements. It uses a single approach to determine whether a financial asset is measured at amortised cost or at fair value, replacing the existing rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The standard also introduces new requirements relating to financial liabilities in relation to the presentation of changes in fair value due to credit risks and the removal of an exemption from measuring certain derivative liabilities at fair value. The Company is currently assessing the impact of the adoption on the Company's financial statements.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15, effective for years beginning after January 1, 2018, replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers. It also provides a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets including property, equipment and intangible assets. The standard outlines the principles a company must apply to measure and recognise revenue. The core principle is that a company will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 will be applied using a five-step model:

1. Identify the contract(s) with a customer,
2. Identify the performance obligations in the contract,
3. Determine the transaction price,
4. Allocate the transaction price to the performance obligations in the contract,
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The standard requires companies to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company has set up an IFRS project team and is assessing the impact of this standard and providing training and assistance to businesses to implement this in due course.

IAS 1 Disclosure Initiative - Amendments to IAS 1

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- the materiality requirements in IAS 1;
- that specific line items in the Statement of Income, Statement of Comprehensive Income and the Statement of Financial Position may be disaggregated;
- that entities have flexibility as to the order in which they present the notes to financial statements;
- that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the Statement of Financial Position, the Statement of Income and the Statement of Comprehensive Income. The Company is assessing the impact of this amendment.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 18

The amendments, effective for annual periods beginning on or after January 1, 2016, clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The Company is currently assessing the impact of this amendment.

IAS 7 Disclosure Initiative - Amendments to IAS 7

The amendments, effective for annual periods beginning on or after January 1, 2017, to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Company is currently assessing the impact of this amendment.

IFRS 16 Leases

IFRS 16, effective for annual periods beginning on or after January 1, 2019, includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-to-use-asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-to-use-asset. The Company has set up an IFRS project team and is assessing the impact of this standard and providing training and assistance to the businesses to implement this in due course.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12

The amendments, effective for annual periods beginning on or after January 1, 2017, to IAS 12 Income Taxes clarify the accounting for deferred tax assets for unrealised losses on debt instruments at fair value. The amendments clarify that a company needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how a company should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount. The Company is currently assessing the impact of this amendment.

IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2

The amendments, effective for annual periods beginning on or after January 1, 2018, to IFRS 2 Classification and Measurement of Share-based Payment transactions addresses three main areas:

- the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction,
- the classification of a share-based payment transaction with net settlement features for withholding tax obligations
- the accounting where a modification to the terms and conditions of share-based payment transaction changes its classification from cash-settled to equity-settled.

The Company is currently assessing the impact of this amendment.

3. Revenue

Revenue is earned from the business category of Energy Management.

Segmental information for the Siemens AG group is presented in the consolidated financial statements of the ultimate parent company, Siemens AG.

ELECTRIUM SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

4. Operating profit from continuing operations has been arrived at after charging / (crediting):

	Year ended September 30,	
	2016	2015
Net foreign exchange gains	(1,829)	(660)
Research and development costs	481	506
Depreciation of property, plant and equipment	1,011	977
Staff costs (see note 6)	12,687	14,452
Grants received	(11)	11
Auditor's remuneration:		
- audit of financial statements	35	29

Amounts payable to Ernst & Young LLP and their associates by the Company in respect of non-audit services were £nil (2015: £nil).

5. Other operating expense

	Year ended September 30,	
	2016	2015
Loss on disposal of property, plant and equipment	(8)	-
Other	(1)	(1)
	<u>(9)</u>	<u>(1)</u>

6. Staff numbers and costs

	Year ended September 30,	
	2016	2015
Wages and salaries	12,948	12,181
Social security costs	1,287	1,128
Expenses relating to pension plans and employee benefits	(1,548)	1,143
	<u>12,687</u>	<u>14,452</u>

Expenses relating to pension plans and employee benefits include service costs for the period. Included in this balance is a £2,700k curtailment gain resulting from a reorganisation of employee pension arrangements. Expected return on plan assets and interest costs are included in *interest income* and *interest expense* respectively.

The average number of employees (including executive directors) during 2016 and 2015 was 382 and 383, respectively (based on continuing operations). Part-time employees are included on a proportionate basis rather than being counted as full units. The employees were engaged in the following activities:

	Year ended September 30,	
	2016	2015
	Number	Number
Manufacturing and services	234	248
Sales and marketing	122	125
Research and development	26	10
	<u>382</u>	<u>383</u>

ELECTRIUM SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

7. Directors' emoluments

The directors' aggregate emoluments, including pension contributions, in respect of qualifying services were:

	Year ended September 30,	
	2016	2015
Emoluments receivable	538	498
Employer contributions to money purchase schemes	28	24
Compensation for loss of office	163	-
	<u>729</u>	<u>522</u>

The directors of the company are also employees of fellow subsidiary companies. Two of the Company's directors are remunerated by Siemens plc. The aggregate of emoluments and amounts receivable under long-term incentive schemes of the highest paid director was £346,946 (2015: £276,164). Two directors are members of the defined contributions scheme. None of the directors are members of a defined benefit scheme. Share-based payments are described in note 2. One of the directors have qualifying services shares receivable from a long-term incentive scheme.

8. Interest income and interest expense

Interest expense is all for financial assets or liabilities that are not at fair value through the Statement of Income.

The total amounts of interest income and expense were as follows:

	Year ended September 30,	
	2016	2015
Interest income	<u>51</u>	<u>20</u>
Interest expense	<u>(271)</u>	<u>(419)</u>
Interest income from pension plans and similar commitments	4,769	5,302
Interest expense from pension plans and similar commitments	<u>(4,538)</u>	<u>(4,947)</u>
Interest income from pension plans and similar commitments	<u>231</u>	<u>355</u>
Thereof: Interest expense of operations, net	(2)	(1)
Thereof: Other interest expense, net	<u>(218)</u>	<u>(398)</u>

Interest expense of operations, net includes interest income and expense arising directly from operating activities primarily related to receivables from customers and payables to suppliers, interest on advances from customers and advanced financing of customer contracts. *Other interest expense, net* includes all other interest amounts primarily consisting of interest relating to corporate debt and related hedging activities, as well as interest income on corporate assets.

Service cost for pension plans and similar commitments are allocated among functional costs (*Cost of sales, Research and development expenses, Marketing and distribution expenses and administrative expenses*).

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

9. Taxes

The analysis below is in reference to the total tax expense or credit included in the Statement of Income.

	Year ended September 30,	
	2016	2015
Current tax:		
UK corporation tax	1,191	2,204
Adjustments for prior years	(4)	58
	<u>1,187</u>	<u>2,262</u>
Deferred tax:		
Origination and reversal of temporary differences - current year	935	437
Origination and reversal of temporary differences - prior years	(15)	(13)
Deferred tax rate change adjustment	(854)	-
	<u>1,253</u>	<u>2,686</u>
Tax expense		
	<u>1,253</u>	<u>2,686</u>

Of the deferred tax expense in 2016 and the deferred tax expense in 2015, £66k and £424k, respectively, relate to the origination and reversal of temporary differences.

For the years ended September 30, 2016 and 2015, the Company was subject to UK corporation tax at a rate of 20% and 20.5% (21% during the 6 months to April 1, 2015 and 20% during the 6 months to September 30, 2015) respectively. The total tax expense or credit differs from the amounts computed by applying the statutory UK tax rate as follows:

	Year ended September 30,	
	2016	2015
Net income before tax (continuing operations)	10,141	12,455
Tax at 20% (2015: 20.5%)	2,028	2,553
Increase / (decrease) in income taxes resulting from:		
Non-deductible losses and expenses	98	100
Over provided in prior years - deferred tax	(15)	(12)
(Over) / under provided in prior years - current tax	(4)	56
Deferred tax rate change adjustment	(854)	-
Rate change adjustment difference between Corporation Tax and Deferred Tax rate	-	(11)
	<u>1,253</u>	<u>2,686</u>
Total income tax expense for the year		
	<u>1,253</u>	<u>2,686</u>

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the Statement of Financial Position date.

The Finance Act (No.2) 2015, included a reduction in the corporate tax rate to 19% (effective from April 2017) and to 18% (effective from April 2020), and was substantively enacted as at the Statement of Financial Position date. The Finance Act 2016 introduced a further reduction to 17% (effective from April 2020, to replace the previous 18% rate). This was also substantively enacted at the Statement of Financial Position date. Deferred tax assets and liabilities have been measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based upon the substantively enacted rates at the Statement of Financial Position date.

ELECTRIUM SALES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the years ended September 30, 2016 and 2015 (in thousands of £)**

Deferred tax assets and liabilities on a gross basis are summarised as follows:

	2016	September 30, 2015 (Restated)
Assets:		
Property, plant and equipment	409	596
Deferred tax assets	409	596
Liabilities:		
Pension plans and similar commitments	(1,233)	(1,567)
Other liabilities	(258)	(48)
Deferred tax liabilities	(1,491)	(1,615)
Total deferred tax liabilities, net	(1,082)	(1,019)

Management considers to what extent it is probable that the deferred tax asset will be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible.

As of September 30, 2016 the Company had £- (2015: £-) of gross tax loss carry forwards. Management considers it probable that the future operations will generate sufficient taxable income to realise the deferred tax assets.

10. Trade and other receivables

	2016	September 30, 2015
Trade receivables from the sale of goods and services	9,306	9,018
Receivables from group companies	21,047	19,772
	30,353	28,790

Trade receivables from the sales of goods and services include customer rebates amounting to £7,437k (2015: £9,193k) and settlement discounts of £355k (2015: £450k).

Changes to the valuation allowance of current and long-term receivables presented in this note, which belong to the class of Financial assets and liabilities measured at amortised cost are as follows (excluding receivables from finance leases):

	Year ended September 30, 2016	2015
Valuation allowance as of beginning of fiscal year	241	453
Creation	2,131	2,785
Usage	(2,039)	(2,997)
Valuation allowance as of fiscal year-end	333	241

ELECTRIUM SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

The ageing of trade receivables and the associated valuation allowance is as follows:

	Gross	September 30, Allowance	Gross	September 30, Allowance
	2016	2016	2015	2015
Current	16,714	(254)	17,305	(182)
30 days overdue	465	(9)	352	(6)
31 – 60 days overdue	181	(19)	134	(14)
61 – 90 days overdue	43	(13)	23	(10)
91+ days overdue	56	(38)	92	(29)
	<u>17,459</u>	<u>(333)</u>	<u>17,906</u>	<u>(241)</u>

11. Other current financial assets

	2016	September 30, 2015
Derivative financial instruments	1,745	565
	<u>1,745</u>	<u>565</u>

12. Inventories

	2016	September 30, 2015 (Restated)
Raw materials and supplies	2,086	3,251
Work in progress	125	-
Finished goods and products held for resale	16,632	17,176
	<u>18,843</u>	<u>20,427</u>

Cost of sales include inventories recognised as an expense amounting to £52,919k and £42,486k, respectively, in fiscal year 2016 and 2015.

13. Other current assets

	2016	September 30, 2015
Prepaid expenses	546	292
	<u>546</u>	<u>292</u>

ELECTRIUM SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

14. Property, plant and equipment

	Land & buildings	Technical machinery & equipment	Furniture & office equipment	Construction in progress	Total property, plant & equipment
Cost					
At October 1, 2014	6,285	11,495	3,135	304	21,219
Additions	173	121	453	268	1,015
Disposals	-	(6)	-	-	(6)
At September 30, 2015	6,458	11,610	3,588	572	22,228
At October 1, 2015	6,458	11,610	3,588	572	22,228
Additions	5	150	536	1,301	1,992
Disposals	(254)	(75)	(67)	-	(396)
At September 30, 2016	6,209	11,685	4,057	1,873	23,824
Accumulated depreciation and impairment					
At October 1, 2014	2,276	10,035	1,933	-	14,244
Charge for the year	257	331	389	-	977
Disposals	-	(6)	-	-	(6)
At September 30, 2015	2,533	10,360	2,322	-	15,215
At October 1, 2015	2,533	10,360	2,322	-	15,215
Charge for the year	260	284	467	-	1,011
Disposals	(254)	(73)	(61)	-	(388)
At September 30, 2016	2,539	10,571	2,728	-	15,838
Net book value					
At October 1, 2014	4,009	1,460	1,202	304	6,975
At September 30, 2015 and October 1, 2015	3,925	1,250	1,266	572	7,013
At September 30, 2016	3,670	1,114	1,329	1,873	7,986

As of September 30, 2016 contractual commitments for the purchase of plant, property and equipment amount to £412k (2015: £1,004k).

ELECTRIUM SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

15. Trade payables

	2016	September 30, 2015 (Restated)
Trade payables	12,025	11,804
Amounts due to group companies	15,096	20,028
	27,121	31,832

16. Other current financial liabilities

	2016	September 30, 2015
Derivative financial instruments	-	23
	-	23

17. Other current liabilities

	2016	September 30, 2015
Payroll and social security taxes	531	409
Bonus obligations	1,585	1,457
Other employee related costs	287	285
Other tax liabilities	1,143	1,371
Other accrued liabilities	225	143
	3,771	3,665

Other employee related costs primarily includes vacation payments, accrued overtime and service anniversary awards.

ELECTRIUM SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

18. Post-employment benefits

Post-employment benefits provided by the Company are organised through defined benefit plans as well as defined contribution plans.

Siemens Benefits Scheme

Defined benefit plan

Siemens Benefits Scheme ("Scheme") is a defined benefit scheme with assets held in separate trustee administrated funds. The amount of contributions to be paid is decided jointly by the employer and the trustees of the Scheme. Assets held in trust are governed by UK regulations and practice. The Scheme's investment strategy is decided by the trustees, in consultation with the employer. The board of trustees must be composed of representatives of the employer and Scheme participants in accordance with the Scheme's legal documentation. The Company is one of a number of companies that participate in this Scheme, which provides benefits based on final pensionable pay.

All members and their respective defined benefit obligations are allocated to individual participating employers, and assets are allocated on a similar basis. These allocations allow net defined benefit costs to be charged to each company. Contributions for ongoing accrual in respect of active members are based on each company's payroll, whilst the distribution of deficit and lump sum payments is the responsibility of the principal employer.

The Company's share of the Scheme is analysed below:

Movement in the Company's share of the net amount recognised:

	2016	September 30, 2015
Company's share of the net amount recognised of the Scheme at beginning of year	(704)	(652)
Other finance cost	(27)	(29)
Remeasurements included in Statement of Comprehensive Income	144	(23)
Company's share of the net amount recognised of the Scheme at end of year	(587)	(704)

The disclosures which follow are for the Siemens Benefits Scheme as a whole.

The movement in the Scheme surplus is split between operating charges and finance items, which are charged to the Statement of Income, and remeasurement gains and losses, which are charged to the Statement of Comprehensive Income.

The numbers shown in this disclosure have been based on calculations carried out by a qualified independent actuary to take account of the requirements of IAS 19 in order to assess the liabilities of the Scheme at September 30, 2016. The Scheme's assets are stated at their market values at September 30, 2016.

The Scheme covers 29,669 participants, including 1,840 active employees, 17,161 former employees with vested benefits and 10,668 retirees and surviving dependents.

The valuation used for IAS 19 disclosures has been based on a full assessment of the liabilities of the Siemens Benefits Scheme (SBS) as at September 30, 2016. The present values of the defined benefit obligation ("DBO"), the related current service cost and any past service costs were measured using the projected unit credit method.

The defined benefit sections of the Scheme are largely closed to new entrants. It should therefore be noted that under the projected unit method that is required under IAS 19 the current service cost will increase as the members of the Scheme approach retirement.

Remeasurement gains and losses have been recognised in the period in which they occur, (but outside the Statement of Income), through the Statement of Comprehensive Income.

Reconciliation of funded status to Statement of Financial Position:

	2016	September 30, 2015
Fair value of Scheme assets	4,703,765	3,826,319
Present value of funded defined benefit obligations	(4,498,338)	(3,481,678)
Surplus recognised in the Statement of Financial Position	205,427	344,641

ELECTRIUM SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

Defined benefit costs are as follows:

	Year ended September 30,	
	2016	2015
Current service cost	570	823
Settlement (gains) / losses	(655)	4,060
Net interest expense	134,304	144,155
Net interest income	(149,059)	(157,088)
	<hr/>	<hr/>
Components of defined benefit cost recognised in the Statement of Income	(14,840)	(8,050)
	<hr/>	<hr/>
Return on Scheme assets (excluding amounts included in net interest expense and net interest income)	(807,995)	(246,261)
Remeasurement gains and losses	996,977	188,319
	<hr/>	<hr/>
Remeasurements of defined benefit scheme recognised in the Statement of Comprehensive Income	188,982	(57,942)
	<hr/>	<hr/>
Defined benefit costs	174,142	(65,992)
	<hr/>	<hr/>

Changes to the present value of the defined benefit obligation during the year:

	September 30,	
	2016	2015
Defined benefit obligation at beginning of year	3,481,678	3,248,611
Current service cost	570	823
Settlement (gains)	(655)	(3,166)
Interest expense	134,304	144,155
Remeasurements:		
Remeasurement losses from changes in demographic assumptions	(47,432)	(6,700)
Remeasurement losses from changes in financial assumptions	1,083,039	234,755
Experience gains	(38,630)	(39,736)
Scheme participants' contributions	19,172	17,693
Benefits paid	(122,806)	(106,285)
Business combinations, disposals and other	(10,902)	(8,472)
	<hr/>	<hr/>
Defined benefit obligation at end of year	4,498,338	3,481,678
	<hr/>	<hr/>

The total DBO at the end of the year 2016 includes £548,643k for active employees (2015: £494,560k), £1,872,131k for former employees with vested benefits (2015: £1,326,916k) and £2,077,564k for retirees and surviving dependents (2015: £1,660,202k).

The weighted average duration of the DBO was 19.8 years (2015: 18.4 years).

ELECTRIUM SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

Changes to the fair value of Scheme assets during the year:

	2016	September 30, 2015
Fair value of Scheme assets at beginning of year	3,826,319	3,520,104
Interest income	149,059	157,088
Remeasurements:		
Return on Scheme assets excluding amounts included in interest income and interest expense	807,995	246,261
Employer contributions	34,928	7,156
Scheme participants' contributions	19,172	17,693
Benefits paid	(122,806)	(106,285)
Settlement payments	-	(7,226)
Business combinations, disposals and other	(10,902)	(8,472)
Fair value of Scheme assets at end of year	4,703,765	3,826,319

Actuarial assumptions:

The main assumptions used by the independent qualified actuaries to calculate the liabilities under IAS 19 are set out below.

The assumptions used for the calculation of the DBO as of the period-end of the preceding fiscal year are used to determine the calculation of service cost and interest income and interest expense of the following year. The interest income and interest expense for the fiscal year will be based on the discount rate at the beginning of the respective year multiplied by the net of the fair value of Scheme assets and the DBO at the preceding fiscal year's period-end date. The fair value of Scheme assets and DBO, and thus the interest income on Scheme assets and the interest expense on DBO, are adjusted for significant events after the fiscal year end, such as a supplemental funding, Scheme changes or business combinations and disposals.

Assumed discount rates, compensation increase rates, pension progression rates used in calculating the DBO vary according to the economic conditions.

Main financial assumptions:

	Year ended September 30,	
	2016	2015
	% p.a.	% p.a.
Inflation (RPI)	3.10	3.10
Inflation (CPI)	2.00	2.00
Rate of general long-term increase in salaries	3.60	3.60
Rate of increase to pensions in payment		
- inflation capped at 5% (RPI)	3.00	3.00
- inflation capped at 3% (RPI)	2.40	2.50
- inflation capped at 5% (CPI)	2.00	2.00
- inflation with a floor of 3% and a cap of 5% (RPI)	3.60	3.60
Discount rate for Scheme liabilities	2.44	3.91

Mortality assumptions:

The post-retirement mortality assumptions used in valuing the liabilities of the Scheme are based on the standard SAPS tables scaled by a factor of 85.0% (2015: 85.0%) for males and 89.0% (2015: 89.0%) for females. In addition, there is an allowance for future longevity improvements in line with the central CMI2015 (2015: CMI2014) projections with a long term rate of improvement of 1.25% p.a (2015: 1.25%). The changes in mortality assumptions were adopted to reflect up-to-date conditions as of the remeasurement date.

Sensitivity analysis:

A one-half-percentage-point change of the established assumptions mentioned before, used for the calculation of the DBO as of September 30, 2016, would result in the following increase (decrease) of the DBO:

	Effect on DBO as of September 30,	
	2016 due to	
	One-half %	One-half %
	Increase	Decrease
Discount rate	(413,897)	478,747
Rate of compensation increase	20,851	(19,929)
Rate of pension progression	375,845	(392,022)

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

In order to determine the longevity risk the mortality rates were reduced by 10% for all beneficiaries. The impact on the DBO amounts to £149,764k as of September 30, 2016. i.e. the adjustment of the mortality rates by 10% results in an increase of life expectancy depending on the individual age of each beneficiary. That means for example, that the life expectancy of a male Siemens employee aged 55 years as of September 30, 2016, increases by 1.0 years.

When calculating the sensitivity of the DBO to significant actuarial assumptions the same method (present value of the DBO calculated with the projected unit credit method) has been applied as when calculating the pension obligation recognised in the Statement of Financial Position. Increases and decreases in the discount rate, rate of compensation increase and rate of pension progression which are used in determining the DBO do not have a symmetrical effect on the DBO primarily due to the compound interest effect created when determining the net present value of the future benefit. If more than one of the assumptions were changed simultaneously, the cumulative impact would not necessarily be the same as if only one assumption was changed individually. Furthermore, the sensitivities reflect a change in the DBO only for a change in the assumptions in this exact magnitude, i.e. 0.5%. If the assumptions change at a different level, the effect on the DBO is not necessarily linear.

There were no changes in the methods used in preparing the sensitivity analyses.

ELECTRIUM SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

Disaggregation of Scheme assets:

The asset allocation of the Scheme is as follows:

Asset Class	September 30, 2016			September 30, 2015		
	Quoted market price in active market	No quoted market price in active market	Total	Quoted market price in active market	No quoted market price in active market	Total
Equity securities:						
<i>European equities</i>	48,857	-	48,857	43,321	-	43,321
<i>Emerging markets</i>	69,602	-	69,602	49,094	-	49,094
<i>International equities</i>	690,904	-	690,904	613,605	-	613,605
	<u>809,363</u>	<u>-</u>	<u>809,363</u>	<u>706,020</u>	<u>-</u>	<u>706,020</u>
Fixed income securities:						
<i>Government bonds</i>	1,881,908	56,359	1,938,267	1,394,689	41,256	1,435,945
<i>Corporate bonds</i>	852,530	10,802	863,332	822,258	11,726	833,984
<i>Other</i>	-	378,600	378,600	-	341,000	341,000
	<u>2,734,438</u>	<u>445,761</u>	<u>3,180,199</u>	<u>2,216,947</u>	<u>393,982</u>	<u>2,610,929</u>
Alternative investments:						
<i>Hedge Funds</i>	-	184,638	184,638	-	156,826	156,826
<i>Real estate</i>	-	143,300	143,300	-	144,521	144,521
	<u>-</u>	<u>327,938</u>	<u>327,938</u>	<u>-</u>	<u>301,347</u>	<u>301,347</u>
Multi strategy funds	<u>60,240</u>	<u>-</u>	<u>60,240</u>	<u>-</u>	<u>-</u>	<u>-</u>
Derivatives:						
<i>Interest risk</i>	-	(78,594)	(78,594)	-	75,660	75,660
<i>Foreign currency risk</i>	-	(3,430)	(3,430)	-	(3,817)	(3,817)
<i>Credit, Inflation and Price risk</i>	-	72,437	72,437	-	(36,520)	(36,520)
	<u>-</u>	<u>(9,587)</u>	<u>(9,587)</u>	<u>-</u>	<u>35,323</u>	<u>35,323</u>
Cash and other assets	<u>206,794</u>	<u>128,818</u>	<u>335,612</u>	<u>13,347</u>	<u>159,353</u>	<u>172,700</u>
Total	<u>3,810,835</u>	<u>892,930</u>	<u>4,703,765</u>	<u>2,936,314</u>	<u>890,005</u>	<u>3,826,319</u>

The Scheme assets do not include any transferable financial instruments of the Company or property occupied by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

The trustee of the Scheme has produced a Statement of Investment Principles in accordance with Section 35 of the Pensions Act 1995. This statement sets out the trustee's investment objectives and strategy. The trustee sets investment strategy taking into account the Scheme's liabilities, the strength of the funding position and the trustee's appetite to risk, after taking appropriate investment advice. The trustee has allocated the Scheme's assets to a mix of asset classes, primarily bonds (fixed and index-linked gilts and other non-gilt bonds) and equities, but also other investments including (but not limited to) hedge funds, infrastructure and property. Derivative contracts are used to manage a portion of the interest rate and inflation exposure of the liabilities and separately to manage exchange rate risk arising from the Scheme's investments outside of the UK.

Future cash flows:

Employer contributions expected to be paid to the Scheme in 2017 are £48,908k and employer deficit funding contributions expected to be paid to the Scheme in 2017 are £47,308k.

Under the Pension Act 2004, every UK defined benefit scheme is subject to a statutory funding objective which requires the scheme to hold sufficient and appropriate assets to cover its "technical provisions". These provisions are determined at least every three years following agreement between the Company and the trustees of the scheme upon the assumptions to be used in the valuation. Assumptions agreed in this triennial process are not necessarily the same as those used in the annual IAS 19 calculations, where the Directors of the Company select the assumptions to be used.

Any technical provisions' shortfall arising is required to be remedied, and a recovery plan is agreed between the trustees and the Company, which will take into account financial and demographic factors for each scheme, as well as the financial strength (covenant) of participating employers. The timing and length of any recovery plan reflects the circumstances of each scheme, and results in a Schedule of Contributions which is signed by both Company and trustees (the employer contributions expected to be paid for the following year are stated above).

The effective date of the most recent triennial valuation for the Siemens Benefit Scheme was September 30, 2014.

A proportion of the employee contributions are made via a salary sacrifice arrangement. For the purposes of these disclosures, these notional employee contributions have been excluded from the service cost as have expected Age Related Rebates. They have also been excluded from the estimate of next year's employer contributions set out above.

Expected pension benefit payments:

	Year ended September 30,
2016	122,806
2017	92,037
2018	99,703
2019	104,248
2020	110,664
2021	117,067
2022-2026	698,942

ELECTRIUM SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

Electrium Pension Scheme

Defined benefit plan

The Electrium Pension Scheme is a defined benefit scheme with assets held in separate trustee administrated funds. The amount of contributions to be paid is decided jointly by the employer and the trustees of the Scheme. Assets held in trust are governed by UK regulations and practice. The Scheme's investment strategy is decided by the trustees, in consultation with the employer. The board of trustees must be composed of representatives of the employer and Scheme participants in accordance with the Scheme's legal documentation. The Company participates in this Scheme which provides benefits based on final pensionable pay.

The Company's share of the Scheme is analysed below:

Movement in the Company's share of the net amount recognised:

	2016	September 30, 2015 (Restated)
Company's share of the net amount recognised of the Scheme at beginning of year	8,540	10,354
Current service cost	(241)	(490)
Past service cost	2,700	-
Other finance income	258	384
Settlement gains arising from transactions with other group and former group companies	-	40
Contributions paid	1,300	1,656
Remeasurements included in Statement of Comprehensive Income	(4,719)	(3,404)
Company's share of the net amount recognised of the Scheme at end of year	7,838	8,540

The disclosures which follow are for the Electrium Pension Scheme as a whole.

The movement in the Scheme is split between operating charges and finance items, which are charged to the Statement of Income, and remeasurement gains and losses, which are charged to the Statement of Comprehensive Income.

The numbers shown in this disclosure have been based on calculations carried out by a qualified independent actuary to take account of the requirements of IAS 19 in order to assess the liabilities of the Scheme at September 30, 2016. The Scheme's assets are stated at their market values at September 30, 2016.

The Scheme covers 2,206 participants, including 51 active employees, 1,183 former employees with vested benefits and 972 retirees and surviving dependents.

The valuation used for IAS 19 disclosures has been based on a full assessment of the liabilities of the Electrium Pension Scheme as at September 30, 2016. The present values of the defined benefit obligation ("DBO"), the related current service cost and any past service costs were measured using the projected unit credit method.

The defined benefit section of the Scheme is closed to new entrants.

Remeasurement gains and losses have been recognised in the period in which they occur, (but outside the Statement of Income), through the Statement of Comprehensive Income.

Reconciliation of funded status to Statement of Financial Position:

	2016	September 30, 2015 (Restated)
Fair value of Scheme assets	145,754	122,547
Present value of funded defined benefit obligations	(137,916)	(114,007)
Surplus recognised in the Statement of Financial Position	7,838	8,540

ELECTRIUM SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

Defined benefit costs are as follows:

	Year ended September 30, 2016	2015 (Restated)
Current service cost	241	490
Past service cost	(2,700)	-
Net interest expense	4,494	4,901
Net interest income	(4,752)	(5,285)
Components of defined benefit costs recognised in the Statement of Income	(2,717)	106
Return on Scheme assets (excluding amounts included in net interest expense and net interest income)	(21,470)	(911)
Remeasurement gains and losses	26,189	4,315
Remeasurements of defined benefit scheme recognised in the Statement of Comprehensive Income	4,719	3,404
Defined benefit costs	2,002	3,510

Changes to the present value of the defined benefit obligation during the year:

	2016	September 30, 2015 (Restated)
Defined benefit obligation at beginning of year	114,007	107,850
Current service cost	241	490
Past service cost	(2,700)	-
Interest expense	4,494	4,901
Remeasurements:		
Remeasurement losses from changes in demographic assumptions	(1,958)	(1,559)
Remeasurement losses from changes in financial assumptions	34,873	6,822
Experience gains	(6,726)	(948)
Scheme participants' contributions	9	19
Benefits paid	(4,324)	(3,568)
Defined benefit obligation at end of year	137,916	114,007

The total DBO at the end of the year 2016 includes £4,461k for active employees (2015: £27,752k), £67,360k for former employees with vested benefits (2015: £39,304k) and £66,095k for retirees and surviving dependents (2015: £46,951k (restated)).

The weighted average duration of the DBO was 19.5 years (2015: 18.5 years).

The past service gain relates to the cessation of future pension accrual.

Changes to the fair value of Scheme assets during the year:

	2016	September 30, 2015
Fair value of Scheme assets at beginning of year	122,547	118,204
Interest income	4,752	5,285
Remeasurements:		
Return on Scheme assets excluding amounts included in interest income and interest expense	21,470	911
Employer contributions	1,300	1,696
Scheme participants' contributions	9	19
Benefits paid	(4,324)	(3,568)
Fair value of Scheme assets at end of year	145,754	122,547

ELECTRIUM SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

Actuarial assumptions:

The main assumptions used by the independent qualified actuaries to calculate the liabilities under IAS 19 are set out below.

The assumptions used for the calculation of the DBO as of the period-end of the preceding fiscal year are used to determine the calculation of service cost and interest income and interest expense of the following year. The interest income and interest expense for the fiscal year will be based on the discount rate at the beginning of the respective year multiplied by the net of the fair value of Scheme assets and the DBO at the preceding fiscal year's period-end date. The fair value of Scheme assets and DBO, and thus the interest income on Scheme assets and the interest expense on DBO, are adjusted for significant events after the fiscal year end, such as a supplemental funding, Scheme changes or business combinations and disposals.

Assumed discount rates, compensation increase rates, pension progression rates used in calculating the DBO vary according to the economic conditions.

Main financial assumptions:

	Year ended September 30,	
	2016	2015
	% p.a.	% p.a.
Inflation (RPI)	3.10	3.10
Inflation (CPI)	2.00	2.00
Rate of general long-term increase in salaries	3.60	3.60
Rate of increase to pensions in payment		
-inflation capped at 5% (RPI)	3.00	3.00
-inflation capped at 3% (RPI)	2.40	2.50
-inflation capped at 5% (CPI)	2.00	2.00
-inflation with a floor of 3% and a cap of 5% (RPI)	3.60	3.60
Discount rate for Scheme liabilities	2.44	3.91

Mortality assumptions:

The post-retirement mortality assumptions used in valuing the liabilities of the Scheme are based on the standard SAPS tables scaled by a factor of 90.0% (2015: 90.0%) for males and 90.00% (2015: 90.00%) for females. In addition, there is an allowance for improvements in line with the central CMI2015 (2015: CMI2014) projections, with a long term rate of improvement of 1.25% p.a (2015: 1.25%). The changes in assumptions were adopted to reflect up-to-date conditions as of the remeasurement date.

Sensitivity analysis:

A one-half-percentage-point change of the established assumptions mentioned before, used for the calculation of the DBO as of September 30, 2016, would result in the following increase (decrease) of the DBO:

	Effect on DBO as of September 30,	
	2016 due to	
	One-half %	One-half %
	Increase	Decrease
Discount rate	(12,589)	13,830
Rate of compensation increase	137	(128)
Rate of pension progression	7,001	(8,389)

In order to determine the longevity risk the mortality rates were reduced by 10% for all beneficiaries. The impact on the DBO amounts to £5,569k as of September 30, 2016. i.e. the adjustment of the mortality rates by 10% results in an increase of life expectancy depending on the individual age of each beneficiary. That means for example, that the life expectancy of a male Siemens employee aged 55 years as of September 30, 2016, increases by 1.1 years.

When calculating the sensitivity of the DBO to significant actuarial assumptions the same method (present value of the DBO calculated with the projected unit credit method) has been applied as when calculating the pension obligation recognised in the Statement of Financial Position. Increases and decreases in the discount rate, rate of compensation increase and rate of pension progression which are used in determining the DBO do not have a symmetrical effect on the DBO primarily due to the compound interest effect created when determining the net present value of the future benefit. If more than one of the assumptions were changed simultaneously, the cumulative impact would not necessarily be the same as if only one assumption was changed individually. Furthermore, the sensitivities reflect a change in the DBO only for a change in the assumptions in this exact magnitude, i.e. 0.5%. If the assumptions change at a different level, the effect on the DBO is not necessarily linear.

There were no changes in the methods used in preparing the sensitivity analyses.

ELECTRIUM SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

Disaggregation of Scheme assets:

The asset allocation of the Scheme is as follows:

Asset Class	September 30, 2016			September 30, 2015		
	Quoted market price in active market	No quoted market price in active market	Total	Quoted market price in active market	No quoted market price in active market	Total
Equity securities:						
<i>U.S. equities</i>	4,991	-	4,991	4,530	-	4,530
<i>European equities</i>	33,295	-	33,295	29,476	-	29,476
<i>Emerging markets</i>	3,883	-	3,883	1,957	-	1,957
<i>International equities</i>	3,267	-	3,267	4,385	-	4,385
	<u>45,436</u>	<u>-</u>	<u>45,436</u>	<u>40,348</u>	<u>-</u>	<u>40,348</u>
Fixed income securities:						
<i>Government bonds</i>	59,400	-	59,400	49,014	-	49,014
<i>Corporate bonds</i>	38,588	-	38,588	30,833	-	30,833
	<u>97,988</u>	<u>-</u>	<u>97,988</u>	<u>79,847</u>	<u>-</u>	<u>79,847</u>
Cash and other assets	<u>2,330</u>	<u>-</u>	<u>2,330</u>	<u>2,352</u>	<u>-</u>	<u>2,352</u>
Total	<u>145,754</u>	<u>-</u>	<u>145,754</u>	<u>122,547</u>	<u>-</u>	<u>122,547</u>

The Scheme assets do not include any transferable financial instruments of the Company or property occupied by the Company.

The trustee of the Scheme has produced a Statement of Investment Principles in accordance with Section 35 of the Pensions Act 1995. This statement sets out the trustee's investment objectives and strategy. The trustee sets investment strategy taking into account the Scheme's liabilities, the strength of the funding position and the trustee's appetite to risk, after taking appropriate investment advice. The trustee has allocated the Scheme's assets to a mix of asset classes, primarily bonds (fixed and index-linked gilts and investment grade corporate bonds) and equities. A portion of the exchange rate risk arising from investing in equities outside of the UK is hedged.

Future cash flows:

Employer contributions expected to be paid to the Scheme in 2017 are £1,008k and employer deficit funding contributions expected to be paid to the Scheme in 2017 are £1,008k.

Under the Pension Act 2004, every UK defined benefit scheme is subject to a statutory funding objective which requires the scheme to hold sufficient and appropriate assets to cover its "technical provisions". These provisions are determined at least every three years following agreement between the Company and the trustees of the scheme upon the assumptions to be used in the valuation. Assumptions agreed in this triennial process are not necessarily the same as those used in the annual IAS 19 calculations, where the Directors of the Company select the assumptions to be used.

Any technical provisions' shortfall arising is required to be remedied, and a recovery plan is agreed between the trustees and the Company, which will take into account financial and demographic factors for each scheme, as well as the financial strength (covenant) of participating employers. The timing and length of any recovery plan reflects the circumstances of each scheme, and results in a Schedule of Contributions which is signed by both Company and trustees.

The effective date of the most recent triennial valuation for the Electrium Pension Scheme was September 30, 2015.

A proportion of the employee contributions are made via a salary sacrifice arrangement. For the purposes of these disclosures, these notional employee contributions have been excluded from the service cost as have expected Age Related Rebates. They have also been excluded from the estimate of next year's employer contributions set out above.

ELECTRIUM SALES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the years ended September 30, 2016 and 2015 (in thousands of £)*****Expected pension benefit payments:***

	Year ended September 30,
2016	4,324
2017	4,461
2018	4,602
2019	4,747
2020	4,898
2021	5,052
2022-2026	27,763

Defined contribution plan

The Company participates in a defined contribution pension plan. The pension cost charge for the period represents contributions payable by the Company to the Scheme and amounted to £911k (2015: £693k).

19. Provisions

Provisions changed during 2016 as follows:

	Other	Total
Balance at beginning of year	94	94
	<hr/>	<hr/>
Balance at end of year	94	94
	<hr/>	<hr/>
Non-current provisions		94

Provision relates to dilapidation charge for building under leases.

20. Other assets and other liabilities

The other assets and liabilities are shown in the following table:

	2016	September 30, 2015
Other assets	2,760	4,702
	<hr/>	<hr/>
Other liabilities	3,273	4,929
	<hr/>	<hr/>

The above relate to the Company's outstanding insurance claims. The Company's obligations in relation to these claims are covered by an enforceable policy so an asset equal to the expected reimbursement rights under the insurance policy are also recognised. Also included within other liabilities is £106k for long term service awards.

21. Share capital

Allotted, called up and fully paid:

	2016	September 30, 2015
10,000,000 (2015: 10,000,000) Ordinary Shares of £1 each	10,000	10,000

ELECTRIUM SALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2016 and 2015 (in thousands of £)

22. Commitments and contingencies

As of September 30, 2016 future payment obligations under non-cancellable operating leases are as follows:

	2016 Total	2015 Total
Within one year	809	686
After one year but not more than five years	1,790	1,587
More than five years	5,040	5,300

Total operating rental expense for the years ended September 30, 2016 and 2015 was £803k and £889k respectively.

23. Additional disclosures on financial instruments

This section gives a comprehensive overview of the significance of financial instruments for the Company and provides additional information on Statement of Financial Position items that contain financial instruments.

The following table presents the carrying amounts of each category of financial assets and liabilities:

	2016	September 30, 2015
Financial assets		
Loans and receivables	30,353	28,790
Cash and cash equivalents	711	91
Derivatives designated in a hedge accounting relationship	1,727	488
Derivatives not designated in a hedge accounting relationship	18	77
	<u>32,809</u>	<u>29,446</u>
Financial liabilities		(Restated)
Financial liabilities measured at amortised cost	27,121	31,832
Derivatives not designated in a hedge accounting relationship	-	23
	<u>27,121</u>	<u>31,855</u>

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The following table presents the fair values and carrying amounts of financial assets and liabilities measured at cost or amortised cost:

	2016		September 30, 2015	
	Fair value	Carrying value	Fair value	Carrying value
Financial assets measured at cost or amortised cost				
Cash and cash equivalents	711	711	91	91
Trade and other receivables	30,353	30,353	28,790	28,790
	<u>31,064</u>	<u>31,064</u>	<u>28,881</u>	<u>28,881</u>
			(Restated)	(Restated)
Financial liabilities measured at cost or amortised cost				
Trade payables	27,121	27,121	31,832	31,832
	<u>27,121</u>	<u>27,121</u>	<u>31,832</u>	<u>31,832</u>

The fair values of cash and cash equivalents, current receivables, other current financial assets, other assets, trade payables and other current financial liabilities and other liabilities approximate their carrying amount largely due to the short-term maturities of these instruments. Obligations under finance leases are discounted from the gross carrying value using the interest rate implicit in the lease.

Fixed-rate and variable-rate receivables, including receivables from finance leases, are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual credit worthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As of September 30, 2016 and 2015, the carrying amounts of such receivables, net of allowances, approximate their fair values.

Financial assets and liabilities measured at fair value are presented in the following table:

	September 30,	
	2016	2015
Financial assets measured at fair value		
Derivative financial instruments	1,745	565
<i>Not designated in a hedge accounting relationship</i>	18	77
<i>In connection with cash flow hedges</i>	1,727	488
Financial liabilities measured at fair value		
Derivative financial instruments	-	23
<i>Not designated in a hedge accounting relationship</i>	-	23

The Company limits default risks from derivative instruments by a careful counterparty selection. Derivative instruments are generally transacted with financial institutions with investment grade credit ratings. The fair valuation of derivative financial instruments at Siemens incorporates all factors that market participants would consider, including the counterparties' credit risks. The exact calculation of fair values for derivative financial instruments depends on the specific type of instrument:

Derivative currency contracts — The fair value of forward foreign exchange contracts is based on forward exchange rates. Currency options are valued on the basis of quoted market prices or on estimates based on option pricing models.

In determining the fair values of the derivative financial instruments, no compensating effects from underlying transactions (e.g. firm commitments and forecast transactions) are taken into consideration.

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Fair value hierarchy

The Company analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted price in active markets for identical assets or liabilities,
- Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices); and
- Level 3: inputs for assets and liabilities, not based on observable market data.

All of the Company's derivative financial instruments as at September 30, 2016 and 2015 are categorised as level 2.

Net gains / (losses) of financial instruments are as follows:

	2016	September 30, 2015
Loans and receivables	(21)	22
Derivatives without a hedging relationship	1,589	706
Financial assets / (liabilities) measured at amortised cost	240	(46)

Net (losses) / gains on loans and receivables contain changes in valuation allowances, gains or losses on derecognition as well as recoveries of amounts previously written off.

Net gains on derivatives with a hedging relationship consist of changes in the fair value of derivative financial instruments (including interest income and expense), for which hedge accounting is applied.

Net gains on derivatives without a hedging relationship consist of changes in the fair value of derivative financial instruments (including interest income and expense), for which hedge accounting is not applied.

Net gains / (losses) on financial assets and liabilities measured at amortised cost include gains and losses on financial receivables and payables from group companies, gains and losses on other monetary Statement of Financial Position items, denominated in foreign currency. It also includes losses and recoveries of write offs on receivables, miscellaneous assets and liquid assets.

Net gains / (losses) on financial assets and liabilities measured at amortised cost are comprised of gains or losses from derecognition and the ineffective portion of fair value hedges.

Collateral

The Company does not hold any collateral that can be sold or re-pledged in the absence of default by the owner on contractual terms. Nor does the Company pledge its financial assets as collateral to third parties.

Derivative financial instruments and hedging activities

The following is a summary of the Company's risk management strategies and the effect of these strategies on the financial statements.

Foreign currency exchange risk management

As part of the Company's risk management program, a variety of derivative financial instruments are used to reduce risks resulting primarily from fluctuations in foreign currency exchange rates and interest rates, as well as to reduce credit risks.

The fair value of each type of derivative financial instrument recorded as financial assets or financial liabilities is as follows:

	2016		2015	
	Asset	Liability	Asset	Liability
Foreign currency exchange contracts without hedging relationship	18	-	77	23
Foreign currency contracts in connection with cash flow hedges	1,727	-	488	-
	<u>1,745</u>	<u>-</u>	<u>565</u>	<u>23</u>

The Company's significant transactions in foreign currencies expose it to significant foreign currency exchange risks in the ordinary course of business. The Company employs various strategies, discussed below, involving the use of derivative financial instruments to mitigate or eliminate certain of those exposures.

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Derivative financial instruments not designated in a hedging relationship

The Company manages its risks associated with fluctuations in foreign currency denominated receivables, payables, debt, firm commitments and forecast transactions primarily through a Company-wide portfolio approach. Under this approach the Company-wide risks are aggregated centrally, and various derivative financial instruments, primarily foreign exchange contracts, are utilised to minimise such risks. In certain cases this strategy qualifies for hedge accounting treatment under IAS 39. Where hedge accounting does not apply, all such derivative financial instruments are recorded at fair value on the Statement of Financial Position, either in line items *Other current financial assets* or *Other current financial liabilities*, and changes in fair values are charged to *net income or loss*.

Hedging activities

The Company applies hedge accounting for certain significant anticipated transactions and firm commitments denominated in foreign currency. Particularly, the Company entered into foreign currency exchange contracts to reduce the risk of variability of future cash flows resulting from forecast sales and purchases and firm commitments. This risk results mainly from contracts denominated in U.S dollars and Euros both from Siemens' business units entering into long term contracts, example project business and from standard project business.

Cash flow hedges — The effective portion of the changes in fair value of forward exchange contracts that were designated as foreign currency cash flow hedges are recorded in *Other Comprehensive Income*. The ineffective portion is recorded in the Statement of Income. During the years ended September 30, 2016 and 2015, £nil and £nil respectively were reclassified from *Other Comprehensive Income* into net income because the occurrence of the related hedged forecasted transaction was no longer probable.

It is expected that £1,727k of accumulated gains or losses due to the revaluation of derivative hedging instruments in *Other Comprehensive Income* will be reclassified into *Cost of goods sold and services rendered* in the Statement of Income during the year ended September 30, 2017, when the hedged forecasted foreign-currency denominated sales and purchases occur.

As of September 30, 2016 the maximum length of time over which the Company is hedging its future cash flows associated with foreign currency forecasted transactions is 6 months.

Financial risk management

Interest rate risk

The Company's interest rate risk exposure is mainly related to interest-bearing deposits held with local banks and amounts invested with / drawn down from Siemens AG as part of the cash pooling facility across the worldwide group.

The approximate impact on the Statement of Income of a 1% fluctuation in interest rates would be £85k in 2016.

Credit risk

The Company is exposed to credit risk in connection with its external sales. Credit risk is defined as an unexpected loss in cash and earnings if the customer is unable to pay its obligations in due time, if the value of financial uncertainty may cause customer default rates to increase and collateral values to decline. The effective monitoring and controlling of credit risk is a core competency of our risk management system. Customer ratings, analysed and individual customer limits are based on generally accepted rating methodologies, the input from external rating agencies and Siemens default experiences. Credit evaluations and ratings are performed on all customers with an exposure or requiring credit beyond a defined limit and are carefully considered in determining the conditions under which direct or indirect financing will be offered to customers. The Company's customers are principally large commercial or public sector organisations that have low credit risk. Credit risk is recorded and monitored on an ongoing basis.

Concerning trade receivables and other receivables, as well as other receivables included in *Other financial assets* that are neither impaired nor past due, there were no indications as of September 30, 2016, that defaults in payment obligations will occur.

Market risk

Market fluctuations may result in significant cash flow and profit volatility risk for Electrium Sales Limited. Its UK operating business as well as its investment and financing activities are affected by changes in foreign exchange rates, interest rates and equity prices. To optimise the allocation of the financial resources across the Company, as well as to secure an optimal return for its shareholder, the Company identifies, analyses and proactively manages the associated financial market risks.

The Company seeks to manage and control these risks primarily through its regular operating and financing activities, and uses derivative instruments when deemed appropriate.

Management of financial market risk is a key priority for the Company's key management and directors. As a member of the Company's management, the Finance Director covers the specific responsibility for this part of the overall risk management system. At the highest level, the directors retain ultimate accountability. For practical business purposes, the directors delegate responsibilities to key management.

Any market sensitive instruments, including equity and interest bearing investments that the Company's pension plans hold are not included in the following quantitative and qualitative disclosure. For additional information see note 18.

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Equity price risk

The Company does not hold investments in publicly traded companies. No equity price risk is therefore foreseen for the Company.

*Foreign currency exchange rate risk**Transaction risk and currency management*

Transaction risk and currency management risk from Siemens' international operations expose the Company to foreign currency exchange risks in the ordinary course of business. The Company employs various strategies discussed above involving the use of derivative financial instruments to mitigate or eliminate certain of those exposures.

Foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. If the Company is conducting business with international counterparties that leads to future cash flows denominated in a currency other than its functional currency it is exposed to the risk from changes in foreign exchange rates. The risk is mitigated by closing all types of business transactions (sales and procurement of products and services as well as investment and financing activities) mainly in the functional currency. In addition, the foreign currency exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies as well as production activities and other contributions along the value chain in the local markets.

The Company does not borrow or invest in foreign currencies on a speculative basis.

The Group has established a foreign exchange risk management system that has an established track record for years. The Company is responsible for recording, assessing, monitoring, reporting and hedging its foreign currency transaction exposure.

The Company defines foreign currency exposure generally as balance sheet items in addition to firm commitments which are denominated in foreign currencies, as well as foreign currency denominated cash inflows and cash outflows from anticipated transactions for the following three months.

The tables below show the net foreign exchange transaction exposure by major currencies as of September 30, 2016 and 2015:

As at September 30, 2016	US\$	Euro	Other	Total
Gross Statement of Financial Position exposure	(187)	85	487	385
<i>Thereof: Financial asset</i>	5,592	302	495	6,389
<i>Thereof: Financial liabilities</i>	(5,779)	(217)	(8)	(6,004)
Gross exposure from firm commitments and anticipated transactions	(2,540)	(517)	(2,341)	(5,398)
Foreign exchange transaction exposure	(2,727)	(432)	(1,854)	(5,013)
Economically hedged exposure	4,629	517	2,573	7,719
Change in future cash flows after hedging activities resulting from 10% appreciation of GBP	190	8	72	270
 As at September 30, 2015	 US\$	 Euro	 Other	 Total
Gross Statement of Financial Position exposure	396	-	69	465
<i>Thereof: Financial asset</i>	790	222	69	1,081
<i>Thereof: Financial liabilities</i>	(394)	(222)	-	(616)
Gross exposure from firm commitments and anticipated transactions	(2,966)	(443)	(2,831)	(6,240)
Foreign exchange transaction exposure	(2,571)	(443)	(2,762)	(5,776)
Economically hedged exposure	3,955	443	2,240	6,638
Change in future cash flows after hedging activities resulting from 10% appreciation of GBP	138	-	(52)	86

It is Siemens AG's group policy to use 10% to analyse the sensitivity of currency fluctuations.

Liquidity risk

Liquidity risk results from the Company's potential inability to meet its financial liabilities, e.g. settlement of its financial debt, paying its suppliers and settling finance lease obligations. Beyond effective net working capital and cash management, the Company mitigates liquidity risk by arranging borrowing facilities with other Siemens companies. Amounts payable to other group companies are repayable on demand, but historically other Siemens companies have not demanded repayment of these intercompany balances.

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For the years ended September 30, 2016 and 2015 (in thousands of £)

The following table reflects all contractually fixed undiscounted pay-offs for settlement, repayments and interest resulting from recognised financial liabilities.

	2017	2018	2019 to 2021	2022 and thereafter
Non derivative financial liabilities	27,121	-	-	-
Trade payables	27,121	-	-	-

Cash outflows for financial liabilities without fixed amount or timing, including interest, are based on the conditions existing at September 30, 2016.

The Company has £15,096k (2015: £20,028k) amounts due to group companies included in trade payables. Historically other group companies have not demanded repayment of these intercompany balances.

Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital – e.g. inventories and trade receivables. These assets are considered in the Company's overall liquidity risk.

To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, Siemens has established a comprehensive risk reporting covering its worldwide business units.

The balanced view of liquidity and financial indebtedness is stated in the calculation of the net liquidity amount and is used for internal management. It results from the total amount of cash and cash equivalents, amounts receivable from and due to group companies within the group cash pooling facility and finance leases with Siemens Financial Services as stated on the Statement of Financial Position. The amounts receivable and due to group companies reported below are held with Siemens AG (Siemens Financial Services division) in the group cash pooling facility. For further information, refer to the *Statement of Cash Flows*.

The following table reflects the calculation of the Company's net liquidity:

	2016	September 30, 2015
Cash and cash equivalents	711	91
Receivables from group companies	6,737	5,462
Total liquidity	7,448	5,553
Net liquidity	7,448	5,553

In addition to the balances above, which are held with Siemens AG in the group cash pooling facility, receivables from Siemens group companies of £14,310k (2015: £14,310k), amounts due to Siemens group companies of £15,096k (2015: £20,028k) are held outside this facility. Historically other Siemens group companies have not demanded repayment of these intercompany balances.

Capital Management

The Company defines its capital structure as net debt and equity. The primary objective of the Company's capital management is to ensure that it makes optimal use of the working capital generated from its trading profits. The Company's management focus is on generating positive cash flow from operations and maintaining a positive relationship of the Company's current assets and current liabilities.

The current ratio for 2016 was 1.52 (2015: 1.33 (restated)). The Company also has access to Siemens AG cash pooling arrangement when necessary.

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24. Related party transactions

Transactions between the Company and its subsidiaries and associates are disclosed below.

(a) During the year, the Company entered into the following transactions with related parties:

	Sales of goods		Purchases of goods		Rental expense and other services purchased		Interest income		Interest expense	
	Year ended 2016	Year ended 2015	Year ended 2016	Year ended 2015	Year ended 2016	Year ended 2015	Year ended 2016	Year ended 2015	Year ended 2016	Year ended 2015
Parent company	-	-	-	-	-	-	-	-	-	-
Other Siemens group companies	806	580	10,594	10,663	7,878	8,345	51	-	271	399

Sales of goods to related parties were made at the Company's usual list prices. Purchases were made at market price.

(b) Year end balances arising from sales / purchases of goods

Year end balances arising from sales / purchases of goods and services amounted to £nil (2015: £nil).

(c) Year end balances arising from loans to / from related parties

	Amounts owed by related parties		Amounts owed to related parties	
	2016	2015 (Restated)	2016	2015
Parent company	14,310	14,310	-	-
Other Siemens group companies	6,737	5,462	15,096	20,028

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

25. Remuneration of key management personnel

The remuneration of the key management personnel of the Company is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	Year ended September 30,	
	2016	2015
Short-term employee benefits	538	498
Post-employment benefits	28	24
Termination benefits	163	-

26. Directors' transactions

No such transactions occurred in 2016 or 2015 which require disclosure under the requirements of s413 of the Companies Act 2006 and IAS 24 with the directors (or other key management personnel).

27. Subsequent events

There were no significant events after the reporting period.

28. Ultimate parent undertaking

The ultimate parent undertaking is Siemens AG, incorporated in Germany. Siemens AG is the only group undertaking of which the Company is a member for which group financial statements are prepared. Copies of the group financial statements are available on the internet at www.siemens.com/annualreport or obtained from:

Siemens AG
Wittelsbacherplatz 2
D-80333 Munich
Germany

The immediate parent undertaking is Siemens Holdings plc, a company incorporated in England and Wales.