

SIEMENS

**Condensed Interim Financial Statements
for the nine months period
ended June 30, 2020
(Unaudited)**

**Registered Office:
Siemens (Pakistan) Engineering Co. Ltd.
B-72, Estate Avenue
S. I. T. E.
Karachi - 75700**



SIEMENS (PAKISTAN) ENGINEERING CO. LTD.

DIRECTORS' REPORT QUARTER ENDED JUNE 30th, 2020 ON THE UN-AUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

Chairman of the Board	Manuel Kuehn
Executive Director	Markus Strohmeier
Non-Executive Directors	Oliver Spierling Tim Dawidowsky Manzoor Ahmed
Independent & Non-Executive Directors	Qazi Sajid Ali Ayla Majid
Chairwoman of the Audit Committee	Ayla Majid
Members of the Audit Committee	Manzoor Ahmed Manuel Kuehn Tim Dawidowsky
Chairman of the Human Resource & Remuneration Committee	Qazi Sajid Ali
Members of the Human Resource & Remuneration Committee	Oliver Spierling Markus Strohmeier
Managing Director	Markus Strohmeier
Chief Financial Officer	Umer Jalil Anwer
Company Secretary	M. Usman Ansari
Registered Office	B-72 Estate Avenue, S.I.T.E, Karachi-75700,
Trading Symbol	SIEM
Auditors	EY Ford Rhodes
Registrar and Share Transfer	THK Associates (Pvt.) Limited

Siemens (Pakistan) Engg. Co. Ltd.
Corporate Secretariat
Head: M. Usman Ansari

Postal address:
Siemens(Pakistan) Engg. Co. Ltd.
B-72, Estate Avenue,
S.I.T.E., Karachi
Karachi - 75700

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Siemens(Pakistan) Engg Co. Ltd.
B-72, Estate Avenue,
S.I.T.E., Karachi.
Tel: 92(21) 32574910-9

SIEMENS

Dear Shareholders,

We, the undersigned, for and on behalf of the Board of Directors are pleased to present your company, Siemens (Pakistan) Engineering Co. Ltd. ("Company"), unaudited condensed interim financial statements and a review of the Company's performance for the nine months period ended June 30, 2020.

Company's Performance: Key Performance Indicators ("KPIs") for the nine months ended June 30, 2020, compared to corresponding period last year are summarized below:

KPIs	Rs in 000s	
	Nine Months Ended June 30, 2020	Nine Months Ended June 30, 2019
New Orders	6,021	11,364
Net sales and services	8,988	12,463
(Loss) / profit before tax	(267)	1,363
Net (loss) / profit after tax	(305)	877
Earnings per share (Rupees)	(37.02)	106.35


During this quarter, the COVID-19 pandemic exacerbated an ongoing economic slowdown in the country. The lockdown affecting Pakistan led to delays or indefinite deferrals in order execution and order intake, and slowed the progress in many of the projects expected in our pipeline. Additionally, we experienced a cascade effect due to similar restrictions in numerous other countries where our suppliers are based, further affecting our ability to maintain momentum in awarded projects. New Orders and Sales have decreased by 47% and 28%, respectively, as compared to the corresponding period last year, mainly in the Gas and Power business segment. The Company has completed several cost saving initiatives to improve the current loss situation of the Company.

Future Outlook: We continue to steer through the ongoing COVID-19 pandemic and the significant economic slowdown in Pakistan. However, we are focused on competing for the fewer available opportunities by leveraging our strengths and core competencies. We are also evaluating our options for further cost optimization. We are hopeful that the business environment will become more supportive towards the development of opportunities available in the market as the pandemic-related situation and overall macroeconomic factors begin to normalize. In the meantime, we will prioritize the health and safety of our employees, and continue to rely on the resilience of our business teams to navigate these difficult times.

Acknowledgement: The Board is grateful for the dedication of the Company's employees and Management, and also appreciate the continued support and commitment of our stakeholders. We greatly value the cooperation received from our customers, suppliers, business partners, financial institutions and regulators for the trust and confidence placed in the Company.

The enclosed condensed interim financial statements are unaudited.

On behalf of the Board of Directors



Qazi Sajid Ali
Director



Markus Strohmeier
Managing Director

Karachi, July 28, 2020

Siemens (Pakistan) Engineering Co. Ltd.
Condensed Interim Statement of Financial Position
As at June 30, 2020

		June 30, 2020 (Unaudited)	September 30, 2019 (Audited)
	Note	(Rupees in '000)	
Equity and liabilities			
Share capital and reserves			
Share capital			
- Authorised			
20,000,000 (September 30, 2019: 20,000,000)			
Ordinary shares of Rs 10 each		<u>200,000</u>	<u>200,000</u>
- Issued, subscribed and paid-up			
8,247,037 (September 30, 2019: 8,247,037)			
Ordinary shares of Rs 10 each		82,470	82,470
Reserves			
Capital		624,192	624,192
Revenue		4,596,097	5,280,782
		<u>5,220,289</u>	<u>5,904,974</u>
		5,302,759	5,987,444
Non-current liabilities			
Retention money		103,781	57,958
Long-term loan	5	169,774	-
Long-term lease liabilities	8	147,044	-
Others		41,167	32,075
		<u>461,766</u>	<u>90,033</u>
Current liabilities			
Trade and other payables	6	6,024,345	6,244,694
Contract liabilities	7	1,690,072	2,043,467
Current maturity of long-term lease liabilities	8	33,944	-
Provisions	9	541,143	652,033
Short-term borrowings	10	1,139,376	793,642
Current maturity of long-term loan	5	101,864	-
Taxation - net	11	129,906	495,827
Unclaimed dividend		33,613	32,076
		<u>9,694,263</u>	<u>10,261,739</u>
Total liabilities		<u>10,156,029</u>	<u>10,351,772</u>
Contingencies and commitments	12		
Total equity and liabilities		<u>15,458,788</u>	<u>16,339,216</u>
Assets			
Non-current assets			
Fixed assets			
Property, plant and equipment	13	447,567	378,120
Intangible assets		607	1,342
		<u>448,174</u>	<u>379,462</u>
Long-term loans and trade receivables		486,316	604,139
Long-term deposits and prepayments		-	175
Deferred tax asset - net	14	965,822	861,508
		<u>1,900,312</u>	<u>1,845,284</u>
Current assets			
Inventories	15	1,516,252	1,305,741
Trade receivables	16	7,272,902	9,040,768
Contract assets	17	2,924,066	2,514,935
Loans and advances		164,844	253,478
Deposits and short-term prepayments		161,499	111,768
Other receivables	18	742,373	714,038
Cash and bank balances	19	776,540	553,204
		<u>13,558,476</u>	<u>14,493,932</u>
Total assets		<u>15,458,788</u>	<u>16,339,216</u>

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.


Manzoor Ahmed
 Director


Umer Jalil Anwar
 Chief Financial Officer

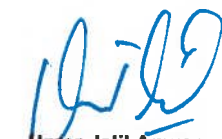

Qazi Sajid Ali
 Director

Siemens (Pakistan) Engineering Co. Ltd.
Condensed Interim Statement of Profit or Loss (Unaudited)
For the nine months period ended June 30, 2020

	Note	Nine months period ended		Three months period ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
		(Rupees in '000)			
Net sales and services	20	8,988,169	12,463,019	2,250,031	3,603,727
Cost of sales and services		(8,335,914)	(9,993,389)	(2,242,816)	(2,655,745)
Gross profit		652,255	2,469,630	7,215	947,982
Marketing and selling expenses		(551,251)	(608,522)	(110,104)	(172,437)
General administrative expenses		(226,006)	(211,230)	(74,405)	(90,497)
		(777,257)	(819,752)	(184,509)	(262,934)
		(125,002)	1,649,878	(177,294)	685,048
Other income	21	1,621	10,009	46	3,603
Other operating expenses	21	-	(101,499)	-	(44,190)
Net other operating income / (expenses)		1,621	(91,490)	46	(40,587)
Operating (loss) / profit		(123,381)	1,558,388	(177,248)	644,461
Financial income		4,832	5,174	3,081	1,383
Financial expenses		(148,536)	(200,191)	(46,185)	(58,344)
Net finance costs		(143,704)	(195,017)	(43,104)	(56,961)
(Loss) / profit before income tax		(267,085)	1,363,371	(220,352)	587,500
Income tax	22	(38,236)	(486,279)	(32,270)	(143,790)
Net (loss) / profit for the period		(305,321)	877,092	(252,622)	443,710
Basic and diluted (loss) / earnings per share (Rupees)		(37.02)	106.35	(30.63)	53.80

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.


Manzoor Ahmed
 Director


Umer Jalil Anwer
 Chief Financial Officer


Qazi Sajid Ali
 Director

Siemens (Pakistan) Engineering Co. Ltd.
Condensed Interim Statement of Other Comprehensive Income (Unaudited)
For the nine months period ended June 30, 2020

	Nine months period ended		Three months period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(Rupees in '000)			
Net (loss) / profit for the period	(305,321)	877,092	(252,622)	443,710
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(305,321)</u>	<u>877,092</u>	<u>(252,622)</u>	<u>443,710</u>

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.



Manzoor Ahmed
Director



Umer Jalil Anwer
Chief Financial Officer



Qazi Sajid Ali
Director

Siemens (Pakistan) Engineering Co. Ltd.
Condensed Interim Statement of Changes In Equity (Unaudited)
For the nine months period ended June 30, 2020

	Capital reserves				Revenue reserves		Accumulated profits	Total
	Issued, subscribed and paid-up share capital	Share premium	Treasury shares reserve	Other capital reserve	General reserves	Remeasurement loss on defined benefit plan		
Balance as at September 30, 2018	82,470	619,325	567	4,300	4,523,026	(324,927)	873,408	5,778,169
Final dividend @ Rs 75 per Ordinary share of Rs 10 each for the year ended September 30, 2018	-	-	-	-	-	-	(618,528)	(618,528)
Net profit for the nine months period ended June 30, 2019	-	-	-	-	-	-	877,092	877,092
Other comprehensive income for the period	-	-	-	-	-	-	877,092	877,092
Total comprehensive income for the period	-	-	-	-	-	-	877,092	877,092
Balance as at June 30, 2019	82,470	619,325	567	4,300	4,523,026	(324,927)	1,131,972	6,036,733
Balance as at September 30, 2019	82,470	619,325	567	4,300	4,523,026	(206,592)	964,348	5,987,444
Final dividend @ Rs 46 per Ordinary share of Rs 10 each for the year ended September 30, 2019	-	-	-	-	-	-	(379,364)	(379,364)
Net loss for the nine months period ended June 30, 2020	-	-	-	-	-	-	(305,321)	(305,321)
Other comprehensive income for the period	-	-	-	-	-	-	(305,321)	(305,321)
Total comprehensive loss for the period	-	-	-	-	-	-	(305,321)	(305,321)
Balance as at June 30, 2020	82,470	619,325	567	4,300	4,523,026	(206,592)	279,663	5,302,759

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.


 Manzoor Ahmed
 Director


 Umar Jallil Anwer
 Chief Financial Officer



 Qazi Sajid Ali
 Director

Siemens (Pakistan) Engineering Co. Ltd.
Condensed Interim Statement of Cash Flows (Unaudited)
For the nine months period ended June 30, 2020

	Note	Nine months period ended	
		June 30, 2020	June 30, 2019
----- (Rupees in '000) -----			
Cash flows from operating activities			
Cash generated from operations	23	671,612	1,273,231
Financial expenses paid		(123,680)	(162,199)
Income tax paid		(508,471)	(467,839)
Payment to Workers' Profit Participation Fund		-	(6,218)
Net cash generated from operating activities		39,461	636,975
Cash flows from investing activities			
Capital expenditure incurred		(37,877)	(91,996)
Proceeds from sale of property, plant and equipment		1,809	7,536
Financial income received		1,346	1,632
Net cash used in investing activities		(34,722)	(82,828)
Cash flows from financing activities			
Repayment of lease liabilities		(19,411)	-
Proceeds from long-term loan		271,638	-
Dividends paid		(379,364)	(615,058)
Net cash used in financing activities		(127,137)	(615,058)
Net decrease in cash and cash equivalents		(122,398)	(60,911)
Cash and cash equivalents at beginning of the period		(240,438)	(426,612)
Cash and cash equivalents at end of the period	24	(362,836)	(487,523)

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.


Manzoor Ahmed
 Director


Umer Jalil Anwer
 Chief Financial Officer


Gazi Sajid Ali
 Director

Siemens (Pakistan) Engineering Co. Ltd.
Notes to the Condensed Interim Financial Statements (Unaudited)
For the nine months period ended June 30, 2020

1. LEGAL STATUS AND OPERATIONS

- 1.1 Siemens (Pakistan) Engineering Co. Ltd. (the Company) was incorporated in Pakistan in the year 1953. The Company is a public limited company and its shares are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in the execution of projects under contracts and in manufacturing, sale and installation of electronic and electrical capital goods. The Company's registered office is situated at B-72, Estate Avenue, S.I.T.E., Karachi.
- 1.2 On March 11, 2020, the World Health Organization made an assessment that the outbreak of a coronavirus (COVID-19) can be characterized as a pandemic. Thereafter, Covid-19 emerged to have impacts for Pakistan's economy as the Government decided for a Country wide lockdown. This also had an impact on Company's operations which mainly resulted in deferral of new business opportunities, sales and related margins for the nine months period ended June 30, 2020.

The Company in general has considered the business risks emanating from COVID-19 and has assessed the possible financial implications on the carrying amounts of assets such as receivables and inventories. In developing the assumptions relating to the possible future uncertainties, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecast, market and customer sentiments, customer credit ratings and valid orders on hand. Based on current estimates, the Company expects the carrying amount of these assets will be recovered.

However, as the outbreak of COVID-19 continues to progress and evolve, it is challenging now, to predict the full extent and duration of its business and economic impact. Hence, a reliable estimate of potential impact, if any, of a prolongation of current situation, on the Company's future financial results, cash flows and financial condition cannot be made at the date of authorization of these condensed interim financial statements.

- 1.3 In line with Siemens' global reorganization announced in May 2019, and the planned spinoff of the gas and power business into a separate legal entity on the German Stock Exchange, all business units formerly in the Gas and Power vertical have been moved into the new Siemens Gas and Power GmbH & Co. KG effective April 1, 2020. While the Company is not directly impacted by this reorganization, the Company executed an Agency and Distribution Agreement during the period with the new legal entity to maintain business continuity.

2. BASIS OF PREPARATION

- 2.1 These condensed interim financial statements of the Company for the nine months period ended June 30, 2020 have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017 (the Act). In case where requirements differ, the provisions of or directives issued under the Act have been followed.

These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and Pakistan Stock Exchange Regulations.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2019.

2.2 Functional and presentation currency

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

3. ACCOUNTING POLICIES AND CHANGES THEREIN

- 3.1** The accounting policies and the methods of computations adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended September 30, 2019. Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were either not relevant or did not have any impact on the accounting policies of the Company, except for adoption of IFRS 16 'Leases' in these condensed interim financial statements for the nine months period ended June 30, 2020.
- 3.2** IFRS 16 supersedes IAS 17 'Leases', as well as related interpretations. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under the new standard, distinction between operating and finance leases has been removed for lessee, and all lease contracts, with limited exceptions, are recognised in statement of financial position by way of right-of-use assets along with their corresponding lease liabilities. Further, it also has an impact on classification of expenses, cash flows and the timing of expenses recognized in the statement of profit or loss.

The Company has adopted IFRS 16 with effect from October 1, 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application by the Company with no restatement of comparative information. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at October 1, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Company has lease contracts for properties on rental arrangement. Before the adoption of IFRS 16, the Company classified each of these leases at the inception date as an operating lease. Upon adoption of IFRS 16, the Company applies single recognition and measurement approach for all leases, except for short term leases, low-value assets and those under ijarah arrangements. The Company has recognized right-of-use assets and lease liabilities of Rs 123.359 million. Lease liabilities have been recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The lease liabilities as at October 1, 2019 can be reconciled to operating lease commitments as at September 30, 2019 as follows:

	(Rupees in '000)
Operating lease commitments as at September 30, 2019	176,442
Less: Commitments relating to short-term leases	(10,053)
Operating lease commitments in scope of IFRS 16 as at September 30, 2019	<u>166,389</u>
Impact of discounting at weighted average incremental borrowing rate of 11.2%	(43,030)
Lease liability (discounted) as at October 1, 2019	<u><u>123,359</u></u>

4. OPERATIONS IN AFGHANISTAN

Effective December 30, 2015 the Company ceased to participate in further business in Afghanistan due to withdrawal of sales rights by Siemens AG for the Afghanistan territory. However, the Company will continue to execute the orders in hand amounting to Rs 590.842 million as at June 30, 2020.

Siemens (Pakistan) Engineering Co. Ltd.
Notes to the Condensed Interim Financial Statements (Unaudited)
For the nine months period ended June 30, 2020

		As at June 30, 2020 (Unaudited)	As at September 30, 2019 (Audited)
5. LONG TERM LOAN	<i>Note</i>	----- (Rupees in '000) -----	
Long term financing from State Bank of Pakistan		271,638	-
Less: Current maturity of long term loan		<u>(101,864)</u>	<u>-</u>
	5.1	<u>169,774</u>	<u>-</u>
5.1 During the period, the Company obtained re-finance facility offered by State Bank of Pakistan aggregating to Rs 271.638 million (September 30, 2019: Rs nil) at interest rate of 3.00% per annum (September 30, 2019: nil). Repayment under the scheme shall commence from January 2021 and shall be made in eight equal quarterly installments.			
		As at June 30, 2020 (Unaudited)	As at September 30, 2019 (Audited)
6. TRADE AND OTHER PAYABLES	<i>Note</i>	----- (Rupees in '000) -----	
Trade creditors [including retention money of Rs 605.109 million (September 30, 2019: Rs 644.263 million)]		4,223,625	4,511,442
Accrued liabilities		962,776	963,466
Defined benefit plan - gratuity fund		331,590	293,328
Accrued interest		194,482	180,620
Workers' Welfare Fund (WWF)		170,140	174,520
Withholding tax payable		13,016	20,409
Other liabilities		<u>128,716</u>	<u>100,909</u>
	6.1	<u>6,024,345</u>	<u>6,244,694</u>
6.1 These include sums aggregating to Rs 1,802.307 million (September 30, 2019: Rs 1,694.349 million) due to related parties.			
		As at June 30, 2020 (Unaudited)	As at September 30, 2019 (Audited)
7. CONTRACT LIABILITIES	<i>Note</i>	----- (Rupees in '000) -----	
Advances from customers			
- for goods		340,183	444,748
- for projects and services	7.1	<u>835,550</u>	<u>1,179,522</u>
		1,175,733	1,624,270
Unearned portion of revenue		264,471	151,828
Refund liabilities		<u>249,868</u>	<u>267,369</u>
		<u>1,690,072</u>	<u>2,043,467</u>
7.1 This includes advance of Rs 207.962 million (September 30, 2019: Rs 194.312 million) from a related party as per the contractual payment terms.			
		As at June 30, 2020 (Unaudited)	As at September 30, 2019 (Audited)
8. LEASE LIABILITIES	<i>Note</i>	----- (Rupees in '000) -----	
Opening lease liabilities		123,359	-
Accretion of interest during the period		10,994	-
New leases during the period		66,046	-
Payments during the period		<u>(19,411)</u>	<u>-</u>
Balance at end of the period	8.1	<u>180,988</u>	<u>-</u>
8.1 Current portion of lease liabilities			
		33,944	-
Non-current lease liabilities		<u>147,044</u>	<u>-</u>
		<u>180,988</u>	<u>-</u>
		Warranties	Losses on contracts
9. PROVISIONS		----- (Rupees in '000) -----	
Balance as at September 30, 2019 (Audited)	610,151	41,882	652,033
Additional provisions	210,153	1,879	212,032
Cost incurred	(206,689)	(15,521)	(222,210)
Reversal of unutilised amounts	<u>(94,307)</u>	<u>(6,405)</u>	<u>(100,712)</u>
Balance as at June 30, 2020 (Unaudited)	<u>519,308</u>	<u>21,835</u>	<u>541,143</u>

Siemens (Pakistan) Engineering Co. Ltd.
Notes to the Condensed Interim Financial Statements (Unaudited)
For the nine months period ended June 30, 2020

		As at June 30, 2020 (Unaudited)	As at September 30, 2019 (Audited)
		----- (Rupees in '000) -----	
10. SHORT-TERM BORROWINGS	<i>Note</i>		
Short term loan			
Secured - from others	10.1	815,000	-
Short term running finance			
Unsecured - from related party	10.2	-	198,791
Secured - from others	10.1	324,376	594,851
		<u>1,139,376</u>	<u>793,642</u>

10.1 These facilities arranged with commercial banks in Pakistan aggregated to Rs 4,900 million (September 30, 2019: Rs 4,900 million) including Islamic offshore commodity murabaha facility with sub-limit of USD 5 million (September 30, 2019: USD 10.5 million) in equivalent Pakistani rupee, at interest rate ranges between 8.43% and 14.35% per annum (September 30, 2019: 8.72% and 14.21% per annum). These are secured against the joint hypothecation charges over inventories and trade receivables of the Company.

During the period, the Company availed the short-term Islamic offshore commodity murabaha facility amounting to Rs 815 million (September 30, 2019: nil). This facility was disbursed on April 21, 2020 and is due to mature on July 21, 2020.

10.2 This facility is available from Siemens Financial Services (SFS) of Siemens AG, in respect of the projects in the United Arab Emirates (UAE). The mark-up on this facility ranges between 1.35% and 3.27% per annum (September 30, 2019: 3.07% and 4.21% per annum).

10.3 The Company also has bank overdraft facilities arranged with commercial banks in the United Arab Emirates (UAE) aggregated to Rs 114 million (September 30, 2019: Rs 106.800 million) which were not utilised during the nine months ended June 30, 2020.

		As at June 30, 2020 (Unaudited)	As at September 30, 2019 (Audited)
		----- (Rupees in '000) -----	
11. TAXATION - net			
Provision for taxation		1,572,690	1,917,520
Advance tax		(1,442,784)	(1,421,693)
		<u>129,906</u>	<u>495,827</u>

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

There has been no major change in the status of contingencies as stated in the note 12.1 to the annual financial statements of the Company for the year ended September 30, 2019.

12.2 Commitments

- (i) As at June 30, 2020 capital expenditure contracted for but not incurred amounted to Rs 18.953 million (September 30, 2019: Rs 27.523 million).
- (ii) Post dated cheques issued to the Collector of Customs against import duty aggregate to Rs 2.21 million as at June 30, 2020 (September 30, 2019: Rs 24.424 million).
- (iii) The Company has entered into various ijarah arrangements for vehicles with an Islamic bank. The aggregate amount of commitments against these arrangements are as follows:

	As at June 30, 2020 (Unaudited)	As at September 30, 2019 (Audited)
		----- (Rupees in '000) -----
- Not later than one year	1,033	3,550
- Later than one year but not later than five years	33	380
	<u>1,066</u>	<u>3,930</u>

Siemens (Pakistan) Engineering Co. Ltd.
Notes to the Condensed Interim Financial Statements (Unaudited)
For the nine months period ended June 30, 2020

		As at June 30, 2020 (Unaudited)	As at September 30, 2019 (Audited)
		----- (Rupees in '000) -----	
13. PROPERTY, PLANT AND EQUIPMENT	<i>Note</i>		
Operating assets - at net book value	13.1	264,883	371,413
Right-of-use assets - at net book value	13.3	167,821	-
Capital work in progress		14,863	6,707
		447,567	378,120

		For the nine months period ended June 30, 2020	For the year ended September 30, 2019
		----- (Rupees in '000) -----	
13.1 Operating assets	<i>Note</i>		
Opening net book value		371,413	367,270
Additions during the current period / year	13.2	29,721	165,769
		401,134	533,039
Disposals during the current period / year	13.2	(14,597)	(52,866)
Accumulated depreciation and impairment on disposals		13,380	51,850
Depreciation and impairment for the period / year		(135,034)	(160,610)
		(136,251)	(161,626)
Net book value as of period end		264,883	371,413

	Additions		Disposals	
	For the nine months period ended June 30, 2020	For the nine months period ended June 30, 2019	For the nine months period ended June 30, 2020	For the nine months period ended June 30, 2019
13.2 Following is the cost of operating assets that have been added / disposed off:	----- (Rupees in '000) -----			
Plant and machinery	3,250	4,466	894	815
Furniture and fixtures	5,808	16,590	2,039	2,330
Office equipment	13,912	36,396	11,530	19,795
Vehicles	5,552	17,938	-	14,121
Tools and patterns	1,199	17,309	134	1,404
	29,721	92,699	14,597	38,465

13.3 The right-of-use assets comprise of properties, including land and building, leased by the Company for its operations. Following is the change in right-of-use asset during the period:

	For the nine months period ended June 30, 2020	For the year ended September 30, 2019
		----- (Rupees in '000) -----
Right-of-use assets recognised on initial application of IFRS 16	123,359	-
Right-of-use assets recognised during the period	66,046	-
Depreciation for the period / year	(21,584)	-
Closing balance - at net book value	167,821	-

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	As at June 30, 2020 (Unaudited)	As at September 30, 2019 (Audited)
	----- (Rupees in '000) -----	
14. DEFERRED TAX ASSET - net		
Debit balances arising in respect of:		
Unadjusted tax credits / tax losses	366,498	209,723
Provisions	495,752	549,365
Remeasurement loss on defined benefit plan	56,061	59,247
Discounting of long-term receivables	6,021	15,609
Accelerated tax depreciation and amortisation	41,490	27,564
	<u>965,822</u>	<u>861,508</u>

14.1 The Company has not recognised deferred tax asset of Rs 72.725 million (September 30, 2019: Rs 72.725 million) in respect of minimum tax in these condensed interim financial statements in accordance with accounting policy of the Company as disclosed in the annual financial statements for the year ended September 30, 2019. Minimum tax amounting to Rs 72.725 million will expire during the current financial year, if the Company does not make sufficient taxable profit.

	As at June 30, 2020 (Unaudited)	As at September 30, 2019 (Audited)
	----- (Rupees in '000) -----	
15. INVENTORIES		
		<i>Note</i>
Raw materials and components	356,408	457,089
Work-in-process	763,158	664,179
Finished goods	269,682	313,793
	<u>1,389,248</u>	<u>1,435,061</u>
Provision for slow moving and obsolete items	(199,774)	(228,994)
	<u>1,189,474</u>	<u>1,206,067</u>
Goods-in-transit	326,778	99,674
	<u>1,516,252</u>	<u>1,305,741</u>

	As at June 30, 2020 (Unaudited)	As at September 30, 2019 (Audited)
	----- (Rupees in '000) -----	
16. TRADE RECEIVABLES		
Considered good		
Due from related parties	7,921	6,224
Due from others	7,264,981	9,034,544
	<u>7,272,902</u>	<u>9,040,768</u>
Considered doubtful	986,092	999,594
	<u>8,258,994</u>	<u>10,040,362</u>
Loss allowance	(986,092)	(999,594)
	<u>7,272,902</u>	<u>9,040,768</u>

16.1 Represents amounts due from Rousch (Pakistan) Power Limited and Mentor Graphics Pakistan Development (Private) Limited having aggregate amounts due of Rs 1.491 million (September 30, 2019: Rs 47.145 million) and Rs 6.430 million (September 30 2019: Rs 1.715 million) respectively.

	As at June 30, 2020 (Unaudited)	As at September 30, 2019 (Audited)
	----- (Rupees in '000) -----	
17. CONTRACT ASSETS		
Considered good	2,924,066	2,514,935
Considered doubtful	263,219	252,326
	<u>3,187,285</u>	<u>2,767,261</u>
Loss allowance	(263,219)	(252,326)
	<u>2,924,066</u>	<u>2,514,935</u>

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	As at June 30, 2020 (Unaudited)	As at September 30, 2019 (Audited)
	----- (Rupees in '000) -----	
18. OTHER RECEIVABLES		
Considered good		
Costs reimbursable from customers	331,195	258,494
Sales tax refundable	121,943	79,039
Interest accrued	39,322	35,836
Derivative financial instruments	226,036	308,743
Workers' Profit Participation Fund (WPPF)	-	5,571
Others	23,877	26,355
	<u>742,373</u>	<u>714,038</u>
Considered doubtful		
Costs reimbursable from customers	16,177	16,612
Sales tax refundable	54,373	54,373
Others	85,154	89,413
	<u>155,704</u>	<u>160,398</u>
	898,077	874,436
Loss allowance	<u>(155,704)</u>	<u>(160,398)</u>
	<u>742,373</u>	<u>714,038</u>
19. CASH AND BANK BALANCES		
With banks in		
Current accounts	396,722	102,974
Deposit accounts	379,288	409,480
	<u>776,010</u>	<u>512,454</u>
Cheques in hand	-	39,928
Cash in hand	530	822
	<u>776,540</u>	<u>553,204</u>
	For the nine months period ended	
	June 30, 2020	June 30, 2019
	----- (Rupees in '000) -----	
20. NET SALES AND SERVICES		
Sales disaggregation by type of contracts		
Execution of contracts	4,279,710	7,506,019
Sale of goods	2,662,570	2,651,449
Rendering of services	2,045,889	2,305,551
	<u>8,988,169</u>	<u>12,463,019</u>
Sales tax	1,179,720	1,923,420
Gross sales and services	<u>10,167,889</u>	<u>14,386,439</u>
Sales tax	<u>(1,179,720)</u>	<u>(1,923,420)</u>
	<u>8,988,169</u>	<u>12,463,019</u>

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		For the nine months period ended	
		June 30, 2020	June 30, 2019
		----- (Rupees in '000) -----	
21. OTHER INCOME AND OTHER OPERATING EXPENSES	<i>Note</i>		
Gain on sale of property, plant and equipment		592	7,040
Liabilities no longer payable written back		1,029	2,969
Other income		1,621	10,009
Workers' Welfare Fund (WWF)		-	28,217
Workers' Profits Participation Fund (WPPF)		-	73,282
Other operating expenses		-	101,499
Net other operating income / (expenses)		1,621	(91,490)
22. INCOME TAX			
Current			
Charge for the period		(236,119)	(452,087)
Reversal for prior years		93,570	-
		(142,549)	(452,087)
Deferred		104,313	(34,192)
		(38,236)	(486,279)
23. CASH UTILISED IN OPERATIONS			
(Loss) / profit before tax for the period		(267,085)	1,363,371
Adjustments for non-cash items:			
Depreciation and amortisation		157,353	115,593
(Reversal of provision) / provision for slow moving and obsolete items of inventories		(29,220)	22,994
(Reversal of loss allowance) / loss allowance on trade receivables - net		(30,643)	183,220
Loss allowance / (reversal of loss allowance) on contract assets		10,893	(12,994)
Reversal of loss allowance on deposits and other receivables - net		(4,453)	(96,255)
Discounting of long-term loans and trade receivables - net		(41,990)	12,763
Provision for WPPF		-	73,282
Gain on sale of property, plant and equipment		(592)	(7,040)
Liabilities no longer payable written back		(1,029)	-
Financial expenses		148,536	200,191
Financial income		(4,832)	(5,174)
Adjustment for other items:			
Long-term loans and trade receivables		176,954	(276,130)
Long-term deposits and prepayments		175	3,552
Retention money payable		45,823	(86,380)
Other non-current liabilities		9,092	9,375
Working capital changes	23.1	502,630	(227,137)
		671,612	1,273,231
23.1 Working capital changes			
(Increase) / decrease in current assets:			
Inventories		(181,291)	(397,377)
Trade receivables		1,781,368	(540,677)
Contract assets		(420,024)	1,094,915
Loans and advances		88,634	55,755
Deposits and short-term prepayments		(49,972)	(149,647)
Other receivables		(20,155)	88,017
		1,198,560	150,986
Increase / (decrease) in current liabilities:			
Trade, other payables and unclaimed dividend		(231,645)	(913,700)
Contract liabilities		(353,395)	531,352
Provisions		(110,890)	4,225
		(695,930)	(378,123)
		502,630	(227,137)

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		As at June 30, 2020	As at June 30, 2019
		----- (Rupees in '000) -----	
24. CASH AND CASH EQUIVALENTS	<i>Note</i>		
Cash and bank balances	19	776,540	693,438
Short-term borrowings	10	(1,139,376)	(1,180,961)
		<u>(362,836)</u>	<u>(487,523)</u>

25. TRANSACTIONS WITH RELATED PARTIES

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

		For the nine months period ended	
		June 30, 2020	June 30, 2019
		----- (Rupees in '000) -----	
	<i>Note</i>		
Parent company			
Sales of goods and rendering of services		23,866	36,878
Purchases of goods and receipt of services		1,470,508	2,709,414
Commission and allowances earned		1,268	18,881
Dividends paid		<u>283,212</u>	<u>461,759</u>
Associated companies			
Sales of goods and rendering of services		539,602	278,858
Purchases of goods and receipt of services		1,816,781	1,318,930
Commission and allowances earned		80,091	211,581
Financial expenses		<u>2,964</u>	<u>6,371</u>
Others			
Dividend paid		46	75
Employees' retirement benefits		105,960	120,399
Compensation to key management personnel	25.1	<u>141,813</u>	<u>103,715</u>
25.1	The details of compensation to key management personnel are as follows:		
Short-term benefits		120,706	88,823
Post-employment benefits		1,807	1,526
Share based benefits		<u>19,300</u>	<u>13,366</u>
		<u>141,813</u>	<u>103,715</u>
25.2	Amounts due from and due to related parties are disclosed in the relevant notes to these condensed interim financial statements.		

Siemens (Pakistan) Engineering Co. Ltd.
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26. INFORMATION ABOUT BUSINESS SEGMENTS

The Company is operating through three business portfolios, namely Gas and Power (GP), Smart Infrastructure (SI) and Digital Industries (DI) focusing on the areas of power generation and distribution, intelligent infrastructure for buildings and distributed energy systems, and automation and digitalization in the process and manufacturing.

26.1 The details of information about business segment is as follows:

Divisions	(All rupees in '000)											
	Gas and Power			Smart Infrastructure			Digital Industries			Others	Eliminations	Company as a whole
	Transmission Solutions	Power Gen. & Services	Total	Distribution Systems	Digital Grid	Others	Total	Software	Others			
-----For the nine months period ended June 30, 2020-----												
REVENUE												
Sales to external customers	3,619,437	1,401,641	5,021,078	1,024,745	665,327	55,336	1,745,408	1,302,186	725,065	2,027,251	194,432	8,988,169
Inter-segment sales	-	-	-	92,235	249,887	1,494	343,616	-	25,187	25,187	-	(368,803)
Total revenue	3,619,437	1,401,641	5,021,078	1,116,980	915,214	56,830	2,089,024	1,302,186	750,252	2,052,438	194,432	8,988,169
	(165,787)	267,594	101,807	(255,244)	48,051	(2,783)	(209,976)	(28,445)	24,820	(3,625)	(16,430)	(130,224)
RESULT												
Segment result												(138,208)
Interest expense												1,346
Income tax expense												(38,235)
Net loss for the period												(305,321)
OTHER INFORMATION												
Capital expenditure	8,425	11,615	20,040	2,824	232	-	3,056	4,592	1,314	5,906	134	
Depreciation and amortisation	30,621	50,411	81,032	17,290	6,418	219	23,927	5,703	6,130	11,833	735	
Non-cash expenses other than depreciation and amortisation	(10,000)	(2,217)	(12,217)	(7,231)	(2,896)	(243)	(10,370)	(5,112)	(5,608)	(10,720)	189	
ASSETS AND LIABILITIES												
Segment assets	8,394,358	298,648	8,693,006	1,545,511	907,550	53,457	2,506,518	904,906	645,609	1,550,515	524,252	13,274,291
Segment liabilities	3,159,479	898,307	4,057,786	871,532	825,533	55,468	1,750,533	849,491	536,489	1,385,980	446,256	7,640,555

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Divisions	Gas and Power				Smart Infrastructure			Digital Industries			Others	Eliminations	Company as a whole
	Transmission Solutions	Power Gen. & Services	Total	Distribution Systems	Digital Grid	Others	Total	Software	Others	Total			
For the nine months period ended June 30, 2019													
REVENUE													
Sales to external customers	5,886,999	1,660,888	7,547,887	1,497,719	523,019	108,560	2,129,298	1,362,344	813,459	2,175,803	610,031	-	12,463,019
Inter-segment sales	-	-	-	101,183	1,699,550	33,895	1,834,628	2,002	49,429	51,431	-	(1,886,059)	-
Total revenue	5,886,999	1,660,888	7,547,887	1,598,902	2,222,569	142,455	3,963,926	1,364,346	862,888	2,227,234	610,031	(1,886,059)	12,463,019
RESULT													
Segment result	701,258	533,141	1,234,399	(115,867)	102,106	30,351	16,590	112,986	53,480	166,466	134,185	-	1,551,640
Interest expense													(200,191)
Interest income													1,632
Income tax expense													(475,989)
Net profit for the period													877,092
OTHER INFORMATION													
Capital expenditure	9,064	20,737	29,801	18,745	4,282	-	23,027	2,476	4,922	7,398	413		
Depreciation and amortisation	38,851	13,855	52,706	21,953	4,951	421	27,325	6,052	5,874	11,926	1,274		
Non-cash expenses other than depreciation and amortisation	1,046	508	1,554	(687)	1,058	36	407	752	(414)	338	(114)		
ASSETS AND LIABILITIES													
Segment assets	8,708,512	411,090	9,119,602	1,998,073	684,752	56,752	2,739,577	1,673,572	597,296	2,270,868	582,538	-	14,712,585
Segment liabilities	3,752,690	624,436	4,377,126	925,520	900,054	163,754	1,989,328	881,087	473,353	1,354,440	558,977	-	8,279,871

As at September 30, 2019

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26.2 Geographical information	For the nine months period ended	
	June 30, 2020	June 30, 2019
Sales to external customers	—(Rupees in '000)—	
Pakistan	8,457,446	11,021,293
Afghanistan	379,182	1,167,513
Others	151,541	274,213
	<u>8,988,169</u>	<u>12,463,019</u>

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

27. GENERAL

- 27.1 Previous period's figures have been reclassified wherever necessary for the purposes of better presentation and comparison of transactions in the financial statements of the Company.
- 27.2 These condensed interim financial statements were authorised for issue by the Board of Directors of the Company in the meeting held on July 28, 2020.


Manzoor Ahmed
 Director


Umer Jalil Anwer
 Chief Financial Officer


Qazi Sajid Ali
 Director