

# SIEMENS

## SIEMENS (PAKISTAN) ENGINEERING CO. LTD.

**DIRECTORS' REPORT  
HALF YEAR ENDED MARCH 31<sup>st</sup>, 2020  
ON THE  
UN-AUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

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

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

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

Office address:  
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 half year ended March 31, 2020.

**Company's Performance:** Key Performance Indicators ("**KPIs**") for the six months period ended March 31, 2020, compared to corresponding period last year are summarized below:

KPIs	Rs in 000s	
	Six Months Ended March 31, 2020	Six Months Ended March 31, 2019
New Orders	3,788,612	8,384,129
Net sales and services	6,738,138	8,859,292
(Loss) / profit before tax	(46,733)	775,871
Net (loss) / profit after tax	(52,699)	433,382
Earnings per share (Rupees)	(6.39)	52.55

During this six month's period, we witnessed a continuation of the economic downturn in the country due to a variety of factors. This situation worsened as the period continued and was exacerbated by the arrival of COVID-19 to Pakistan's shores. The resulting lockdown brought economic activities to a virtual standstill. New Orders have decreased by 55% as compared to the corresponding period last year. Sales also decreased by 24% due to delay in order execution and reduced order intake mainly in the Gas and Power business segment. The Company has started a number of cost saving initiatives and we are committed to improving the current loss situation of the Company.

**Future Outlook:** While we continue to navigate through the uncertain times due to the COVID-19 pandemic, we are focusing on leveraging any available opportunities. We are hopeful that the number of such opportunities will increase once the lockdowns subside in the country and globally. At all times the health and safety of our employees will remain our top priority. We continue to rely on the resilience of our business teams to ensure business continuity.

**Acknowledgement:** The Board is grateful for the dedication of the Company's employees and Management. We also appreciate the continued support and commitment of our stakeholders. Additionally, 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



Manzoor Ahmed  
Director



Helmut von Struve  
Managing Director

Karachi, May 12, 2020

# Condensed Interim Financial Statements

for the six months period ended March 31, 2020  
(Unaudited)

## INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Siemens (Pakistan) Engineering Co. Ltd.

Report on review of Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Siemens (Pakistan) Engineering Co. Ltd.** as at **31 March 2020** and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the three months ended 31 March 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 March 2020.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditors' review report is  
Mr. Shariq Ali Zaidi.

*EY Ford Rhodes*  
Chartered Accountants

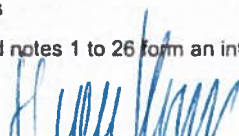
Place: Karachi

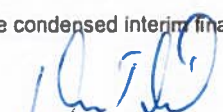
Date: 15 May 2020

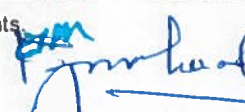
**Siemens (Pakistan) Engineering Co. Ltd.**  
**Condensed Interim Statement of Financial Position**  
**As at March 31, 2020**

		March 31, 2020 (Unaudited) ----- (Rupees in '000) -----	September 30, 2019 (Audited)
<b>Equity and liabilities</b>			
<b>Share capital and reserves</b>			
<b>Share capital</b>			
- Authorised		200,000	200,000
20,000,000 (September 30, 2019: 20,000,000) Ordinary shares of Rs 10 each			
- Issued, subscribed and paid-up		82,470	82,470
8,247,037 (September 30, 2019: 8,247,037) Ordinary shares of Rs 10 each			
<b>Reserves</b>			
Capital		624,192	624,192
Revenue		4,848,719	5,280,782
		5,472,911	5,904,974
		5,555,381	5,987,444
<b>Non-current liabilities</b>			
Retention money		123,063	57,958
Long-term lease liabilities	7	99,230	-
Others		24,846	32,075
		247,139	90,033
<b>Current liabilities</b>			
Trade and other payables	5	5,355,015	6,244,694
Contract liabilities	6	1,676,754	2,043,467
Current maturity of long-term lease liabilities	7	17,062	-
Provisions	8	546,243	652,033
Short-term running finance	9	1,718,258	793,642
Taxation - net	10	195,921	495,827
Unclaimed dividend		33,710	32,076
		9,542,963	10,261,739
<b>Total liabilities</b>		<b>9,790,102</b>	<b>10,351,772</b>
<b>Contingencies and commitments</b>	11		
<b>Total equity and liabilities</b>		<b>15,345,483</b>	<b>16,339,216</b>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Property, plant and equipment	12	420,706	378,120
Intangible assets		852	1,342
		421,558	379,462
Long-term loans and trade receivables		733,487	604,139
Long-term deposits and prepayments		-	175
Deferred tax asset - net	13	921,979	861,508
		2,077,024	1,845,284
<b>Current assets</b>			
Inventories	14	1,168,768	1,305,741
Trade receivables	15	8,172,976	9,040,768
Contract assets	16	2,536,521	2,514,935
Loans and advances		105,779	253,478
Deposits and short-term prepayments		164,736	111,768
Other receivables	17	664,128	714,038
Cash and bank balances	18	455,551	553,204
		13,268,459	14,493,932
<b>Total assets</b>		<b>15,345,483</b>	<b>16,339,216</b>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

  
**Helmut von Struve**  
 Managing Director

  
**Umar Jallil Anwer**  
 Chief Financial Officer

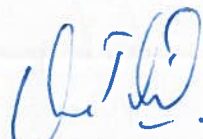
  
**Manzoor Ahmed**  
 Director

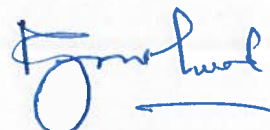
**Siemens (Pakistan) Engineering Co. Ltd.**  
**Condensed Interim Statement of Profit or Loss (Unaudited)**  
**For the six months period ended March 31, 2020**

	Note	Six months period ended		Three months period ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
----- (Rupees in '000) -----					
Net sales and services	19	6,738,138	8,859,292	2,823,515	4,646,638
Cost of sales and services		(6,093,098)	(7,337,644)	(2,430,452)	(3,915,316)
Gross profit		645,040	1,521,648	393,063	731,322
Marketing and selling expenses		(441,147)	(436,085)	(220,484)	(138,401)
General administrative expenses		(151,601)	(120,733)	(70,967)	(66,037)
		(592,748)	(556,818)	(291,451)	(204,438)
		52,292	964,830	101,612	526,884
Other income		1,575	6,406	1,457	2,706
Other operating expenses		-	(57,309)	-	(29,977)
Net other operating income / (expenses)	20	1,575	(50,903)	1,457	(27,271)
Operating profit		53,867	913,927	103,069	499,613
Financial income		1,751	3,791	1,383	2,033
Financial expenses		(102,351)	(141,847)	(57,626)	(82,881)
Net finance costs		(100,600)	(138,056)	(56,243)	(80,848)
(Loss) / profit before income tax		(46,733)	775,871	46,826	418,765
Income tax	21	(5,966)	(342,489)	(113,839)	(190,240)
Net (loss) / profit for the period		(52,699)	433,382	(67,013)	228,525
Basic and diluted (loss) / earnings per share (Rupees)		(6.39)	52.55	(8.13)	27.71

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

  
**Helmut von Struve**  
 Managing Director

  
**Umer Jalil Anwer**  
 Chief Financial Officer

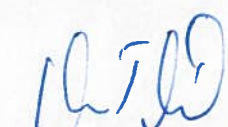
  
**Manzoor Ahmed**  
 Director

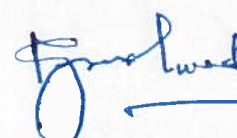
**Siemens (Pakistan) Engineering Co. Ltd.**  
**Condensed Interim Statement of Other Comprehensive Income (Unaudited)**  
**For the six months period ended March 31, 2020**

	Six months period ended		Three months period ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	----- (Rupees in '000) -----			
Net (loss) / profit for the period	(52,699)	433,382	(67,013)	228,525
Other comprehensive income	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<b>(52,699)</b>	<b>433,382</b>	<b>(67,013)</b>	<b>228,525</b>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

  
**Helmut von Struve**  
 Managing Director

  
**Umer Jalil Anwer**  
 Chief Financial Officer

  
**Manzoor Ahmed**  
 Director

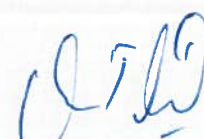


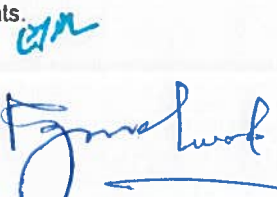
**Siemens (Pakistan) Engineering Co. Ltd.**  
**Condensed Interim Statement of Cash Flows (Unaudited)**  
**For the six months period ended March 31, 2020**

	Note	Six months period ended	
		March 31, 2020	March 31, 2019
		----- (Rupees in '000) -----	
<b>Cash flows from operating activities</b>			
Cash used in operations	22	(163,815)	(412,324)
Financial expenses paid		(73,421)	(100,917)
Income tax paid		(366,343)	(263,781)
Payment to Workers' Profit Participation Fund		-	(6,218)
Net cash used in operating activities		(603,579)	(783,240)
<b>Cash flows from investing activities</b>			
Capital expenditure incurred		(27,306)	(40,941)
Proceeds from sale of property, plant and equipment		1,164	6,567
Financial income received		633	1,430
Net cash used in investing activities		(25,509)	(32,944)
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities		(13,817)	-
Dividends paid		(379,364)	(614,252)
Net cash used in financing activities		(393,181)	(614,252)
<b>Net decrease in cash and cash equivalents</b>		<b>(1,022,269)</b>	<b>(1,430,436)</b>
Cash and cash equivalents at beginning of the period		(240,438)	(426,612)
<b>Cash and cash equivalents at end of the period</b>	23	<b>(1,262,707)</b>	<b>(1,857,048)</b>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

  
**Helmut von Struve**  
 Managing Director

  
**Umer Jalil Anwer**  
 Chief Financial Officer

  
**Manzoor Ahmed**  
 Director

**Siemens (Pakistan) Engineering Co. Ltd.**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**  
**For the six months period ended March 31, 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 and Sales for the six months period ended March 31, 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 six months period ended March 31, 2020 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of the International Accounting Standard 34 - 'Interim Financial Reporting' issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 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.

These condensed interim financial statements are unaudited but subject to limited scope review by the auditors. The figures for the quarter ended March 31, 2020 and March 31, 2019 appearing in the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income have not been subject to limited scope review by the auditors, as the scope of the review covered only the cumulative figures for the half year ended March 31, 2020 and March 31, 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.

*OTM*

**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 six months ended March 31, 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	<b>176,442</b>
Less: Commitments relating to short-term leases	<b>(10,053)</b>
Operating lease commitments in scope of IFRS 16 as at September 30, 2019	<b>166,389</b>
Impact of discounting at weighted average incremental borrowing rate of 11.2%	<b>(43,030)</b>
Lease liability (discounted) as at October 1, 2019	<b>123,359</b>

**4. OPERATIONS IN AFGHANISTAN**

Effective December 31, 2015 the Company ceased to participate in further business in Afghanistan due to withdrawal of sales rights by Siemens AG for the Afghanistan territory. However, the Company will continue to execute the orders in hand amounting to Rs 612.704 million as at March 31, 2020.

*ETAM*

Siemens (Pakistan) Engineering Co. Ltd.  
Notes to the Condensed Interim Financial Statements (Unaudited)  
For the six months period ended March 31, 2020

		As at March 31, 2020 (Unaudited)	As at September 30, 2019 (Audited)
		----- (Rupees in '000) -----	
<b>5. TRADE AND OTHER PAYABLES</b>	Note		
Trade creditors [including retention money of Rs 595.292 million (September 30, 2019: Rs 644.263 million)]		3,567,788	4,511,442
Accrued liabilities		944,487	963,466
Defined benefit plan - gratuity fund		331,963	293,328
Accrued interest		202,800	180,620
Workers' Welfare Fund (WWF)		174,520	174,520
Withholding tax payable		18,274	20,409
Other liabilities		115,183	100,909
	5.1	<u>5,355,015</u>	<u>6,244,694</u>

5.1 These include sums aggregating to Rs 1,374.842 million (September 30, 2019: Rs 1,694.349 million) due to related parties.

		As at March 31, 2020 (Unaudited)	As at September 30, 2019 (Audited)
		----- (Rupees in '000) -----	
<b>6. CONTRACT LIABILITIES</b>	Note		
Advances from customers			
- for goods		330,056	444,748
- for projects and services	6.1	<u>910,274</u>	<u>1,179,522</u>
		1,240,330	1,624,270
Unearned portion of revenue		182,793	151,828
Refund liabilities		253,631	267,369
		<u>1,676,754</u>	<u>2,043,467</u>

6.1 This includes advance of Rs 201.118 million (September 30, 2019: Rs 194.312 million) from a related party as per the contractual payment terms.

		As at March 31, 2020 (Unaudited)	As at September 30, 2019 (Audited)
		----- (Rupees in '000) -----	
<b>7. LEASE LIABILITIES</b>	Note		
Opening lease liabilities		123,359	-
Accretion of interest during the period		6,750	-
Payments during the period		<u>(13,817)</u>	-
Balance at end of the period	7.1	<u>116,292</u>	-
7.1 Current portion of lease liabilities		17,062	-
Non-current lease liabilities		99,230	-
		<u>116,292</u>	-

	Warranties	Losses on contracts	Total
----- (Rupees in '000) -----			
<b>8. PROVISIONS</b>			
Balance as at September 30, 2019 (Audited)	610,151	41,882	652,033
Additional provisions	167,210	-	167,210
Cost incurred	(193,527)	(15,521)	(209,048)
Reversal of unutilised amounts	(57,547)	(6,405)	(63,952)
Balance as at March 31, 2020 (Unaudited)	<u>526,287</u>	<u>19,956</u>	<u>546,243</u>

ETM

**Siemens (Pakistan) Engineering Co. Ltd.**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**  
**For the six months period ended March 31, 2020**

		<b>As at March 31, 2020 (Unaudited)</b>	<b>As at September 30, 2019 (Audited)</b>
		----- (Rupees in '000) -----	
<b>9. SHORT-TERM RUNNING FINANCE</b>	<i>Note</i>		
Unsecured - from related party	9.1	<b>222,062</b>	198,791
Secured - from others	9.2	<b>1,496,196</b>	594,851
		<b>1,718,258</b>	<b>793,642</b>

**9.1** 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 2.55% and 3.27% per annum (September 30, 2019: 3.07% and 4.21% per annum).

**9.2** These facilities arranged with commercial banks in Pakistan aggregated to Rs 4,900 million (September 30, 2019: Rs 4,900 million) at interest rates ranges between 13.74% 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.

**9.3** 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 six months ended March 31, 2020.

		<b>As at March 31, 2020 (Unaudited)</b>	<b>As at September 30, 2019 (Audited)</b>
		----- (Rupees in '000) -----	
<b>10. TAXATION - net</b>			
Provision for taxation		<b>1,511,113</b>	1,917,520
Advance tax		<b>(1,315,192)</b>	(1,421,693)
		<b>195,921</b>	<b>495,827</b>

**11. CONTINGENCIES AND COMMITMENTS**

**11.1 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.

**11.2 Commitments**

(i) As at March 31, 2020 capital expenditure contracted for but not incurred amounted to Rs 19.549 million (September 30, 2019: Rs 27.523 million).

(ii) There were no post dated cheques issued by the Company as at March 31, 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:

	<b>As at March 31, 2020 (Unaudited)</b>	<b>As at September 30, 2019 (Audited)</b>	
		----- (Rupees in '000) -----	
- Not later than one year	<b>1,454</b>	3,550	
- Later than one year but not later than five years	<b>406</b>	380	
	<b>1,860</b>	<b>3,930</b>	

*EM*

Siemens (Pakistan) Engineering Co. Ltd.  
Notes to the Condensed Interim Financial Statements (Unaudited)  
For the six months period ended March 31, 2020

		As at March 31, 2020 (Unaudited)	As at September 30, 2019 (Audited)
		----- (Rupees in '000) -----	
<b>12. PROPERTY, PLANT AND EQUIPMENT</b>	<i>Note</i>		
Operating assets - at net book value	12.1	300,023	371,413
Right-of-use assets - at net book value	12.3	111,171	-
Capital work in progress		9,512	6,707
		<u>420,706</u>	<u>378,120</u>

		For the six months period ended March 31, 2020	For the year ended September 30, 2019
		----- (Rupees in '000) -----	
<b>12.1 Operating assets</b>	<i>Note</i>		
Opening net book value		371,413	367,270
Additions during the current period / year	12.2	24,501	165,769
		<u>395,914</u>	<u>533,039</u>
Disposals during the current period / year	12.2	(13,561)	(52,866)
Accumulated depreciation and impairment on disposals		12,943	51,850
Depreciation and impairment for the period / year		(95,273)	(160,610)
		<u>(95,891)</u>	<u>(161,626)</u>
Net book value as of period end		<u>300,023</u>	<u>371,413</u>

	Additions		Disposals	
	For the six months period ended March 31, 2020	For the six months period ended March 31, 2019	For the six months period ended March 31, 2020	For the six months period ended March 31, 2019
----- (Rupees in '000) -----				
<b>12.2</b> Following is the cost of operating assets that have been added / disposed off:				
Plant and machinery	3,250	3,278	894	815
Furniture and fixtures	5,058	13,309	1,430	2,057
Office equipment	9,685	17,334	11,104	10,835
Vehicles	5,552	15,889	-	12,639
Tools and patterns	956	3,460	133	-
	<u>24,501</u>	<u>53,270</u>	<u>13,561</u>	<u>26,346</u>

**12.3** 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 six months period ended March 31, 2020	For the year ended September 30, 2019
		----- (Rupees in '000) -----
Right-of-use assets recognised on initial application of IFRS 16	123,359	-
Depreciation for the period / year	(12,188)	-
Closing balance - at net book value	<u>111,171</u>	<u>-</u>

*CPM*

**Siemens (Pakistan) Engineering Co. Ltd.**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**  
**For the six months period ended March 31, 2020**

	As at March 31, 2020 (Unaudited)	As at September 30, 2019 (Audited)
	----- (Rupees in '000) -----	
<b>13. DEFERRED TAX ASSET - net</b>		
Debit balances arising in respect of:		
Unadjusted tax credits / tax losses	295,546	209,723
Provisions	519,900	549,365
Remeasurement loss on defined benefit plan	57,485	59,247
Discounting of long-term receivables	10,706	15,609
Accelerated tax depreciation and amortisation	38,342	27,564
	<u>921,979</u>	<u>861,508</u>

**13.1** 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 March 31, 2020 (Unaudited)	As at September 30, 2019 (Audited)
	----- (Rupees in '000) -----	
<b>14. INVENTORIES</b>		
	<i>Note</i>	
Raw materials and components	355,053	457,089
Work-in-process	479,489	664,179
Finished goods	263,835	313,793
	<u>1,098,377</u>	<u>1,435,061</u>
Provision for slow moving and obsolete items	(190,987)	(228,994)
	<u>907,390</u>	<u>1,206,067</u>
Goods-in-transit	261,378	99,674
	<u>1,168,768</u>	<u>1,305,741</u>

<b>15. TRADE RECEIVABLES</b>		
Considered good		
Due from related parties	15.1	6,556
Due from others		6,224
		<u>8,166,420</u>
		<u>8,172,976</u>
Considered doubtful		992,332
		<u>9,165,308</u>
Loss allowance		10,040,362
		<u>(992,332)</u>
		<u>8,172,976</u>

**15.1** Represents amounts due from Rousch (Pakistan) Power Limited and Mentor Graphics Pakistan Development (Private) Limited having aggregate amounts due of Rs 1.076 million (September 30, 2019: Rs 47.145 million) and Rs 5.480 million (September 30 2019: Rs 1.715 million) respectively.

	As at March 31, 2020 (Unaudited)	As at September 30, 2019 (Audited)
	----- (Rupees in '000) -----	
<b>16. CONTRACT ASSETS</b>		
Considered good	2,536,521	2,514,935
Considered doubtful	256,827	252,326
	<u>2,793,348</u>	<u>2,767,261</u>
Loss allowance	(256,827)	(252,326)
	<u>2,536,521</u>	<u>2,514,935</u>

*MR*

**Siemens (Pakistan) Engineering Co. Ltd.**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**  
**For the six months period ended March 31, 2020**

		As at March 31, 2020 (Unaudited)	As at September 30, 2019 (Audited)
<b>17. OTHER RECEIVABLES</b>	<i>Note</i>	----- (Rupees in '000) -----	
Considered good			
Due from related parties	17.1	9,080	-
Costs reimbursable from customers		296,074	258,494
Sales tax refundable		66,657	79,039
Interest accrued		36,954	35,836
Derivative financial instruments		226,740	308,743
Workers' Profit Participation Fund (WPPF)		-	5,571
Others		28,623	26,355
		<u>664,128</u>	<u>714,038</u>
Considered doubtful			
Costs reimbursable from customers		16,176	16,612
Sales tax refundable		54,373	54,373
Others		84,029	89,413
		<u>154,578</u>	<u>160,398</u>
		818,706	874,436
Loss allowance		(154,578)	(160,398)
		<u>664,128</u>	<u>714,038</u>

17.1 Represents amount due from Siemens (Pakistan) Employees Gratuity Fund.

**18. CASH AND BANK BALANCES**

With banks in			
Current accounts		113,138	102,974
Deposit accounts		311,899	409,480
		425,037	512,454
Cheques in hand		29,937	39,928
Cash in hand		577	822
		<u>455,551</u>	<u>553,204</u>

**For the six months period ended**

	March 31, 2020	March 31, 2019
<b>19. NET SALES AND SERVICES</b>	----- (Rupees in '000) -----	
<b>Sales disaggregation by type of contracts</b>		
Execution of contracts	3,414,245	5,276,834
Sale of goods	2,162,514	1,434,173
Rendering of services	1,161,379	2,148,285
	6,738,138	8,859,292
Sales tax	929,159	1,109,738
Gross sales and services	7,667,297	9,969,030
Sales tax	(929,159)	(1,109,738)
	<u>6,738,138</u>	<u>8,859,292</u>

*EMA*

Siemens (Pakistan) Engineering Co. Ltd.  
Notes to the Condensed Interim Financial Statements (Unaudited)  
For the six months period ended March 31, 2020

		For the six months period ended	
		March 31, 2020	March 31, 2019
		----- (Rupees in '000) -----	
<b>20. OTHER INCOME AND OTHER OPERATING EXPENSES</b>	Note		
Gain on sale of property, plant and equipment		546	6,213
Liabilities no longer payable written back		1,029	193
<b>Other income</b>		<b>1,575</b>	<b>6,406</b>
Workers' Welfare Fund (WWF)		-	16,289
Workers' Profits Participation Fund (WPPF)		-	41,020
Other operating expenses		-	57,309
Net other operating income / (expenses)		<b>1,575</b>	<b>(50,903)</b>
<b>21. INCOME TAX</b>			
Current			
Charge for the period		(160,007)	275,808
Reversal for prior years		93,570	-
		<b>(66,437)</b>	<b>275,808</b>
Deferred		60,471	66,681
		<b>(5,966)</b>	<b>342,489</b>
<b>22. CASH UTILISED IN OPERATIONS</b>			
(Loss) / profit before tax for the period		(46,733)	775,871
<b>Adjustments for non-cash items:</b>			
Depreciation and amortisation		107,951	78,935
(Reversal of provision) / provision for slow moving and obsolete items of inventories -		(38,007)	8,272
Loss allowance on trade receivables - net		1,512	108,274
Loss allowance on contract assets		4,501	4,240
Reversal of loss allowance on deposits and other receivables - net		(5,511)	(97,124)
Discounting of long-term loans and trade receivables - net		(20,522)	(8,640)
Provision for WPPF		-	41,020
Gain on sale of property, plant and equipment		(546)	(6,213)
Liabilities no longer payable written back		(1,029)	-
Financial expenses		102,351	141,847
Financial income		(1,751)	(3,791)
<b>Adjustment for other items:</b>			
Long-term loans and trade receivables		(117,600)	(26,410)
Long-term deposits and prepayments		175	3,420
Retention money payable		65,105	(90,405)
Other non-current liabilities		(7,229)	(202)
Working capital changes	22.1	(206,482)	(1,341,418)
		<b>(163,815)</b>	<b>(412,324)</b>
<b>22.1 Working capital changes</b>			
<b>(Increase) / decrease in current assets:</b>			
Inventories		174,980	(179,925)
Trade receivables		875,054	(354,216)
Contract assets		(26,087)	30,919
Loans and advances		147,699	73,226
Deposits and short-term prepayments		(53,277)	(203,123)
Other receivables		56,848	342,759
		<b>1,175,217</b>	<b>(290,360)</b>
<b>Increase / (decrease) in current liabilities:</b>			
Trade, other payables and unclaimed dividend		(909,196)	(1,279,749)
Contract liabilities		(366,713)	244,028
Provisions		(105,790)	(15,337)
		<b>(1,381,699)</b>	<b>(1,051,058)</b>
		<b>(206,482)</b>	<b>(1,341,418)</b>

*em*

Siemens (Pakistan) Engineering Co. Ltd.  
Notes to the Condensed Interim Financial Statements (Unaudited)  
For the six months period ended March 31, 2020

	As at March 31, 2020	As at March 31, 2019
	----- (Rupees in '000) -----	
<b>23. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	455,551	2,094,266
Short-term running finance	(1,718,258)	(3,951,314)
	<u>(1,262,707)</u>	<u>(1,857,048)</u>

**24. 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 six months period ended	
	March 31, 2020	March 31, 2019
	----- (Rupees in '000) -----	
<b>Parent company</b>		
Sales of goods and rendering of services	23,866	13,752
Purchases of goods and receipt of services	1,043,532	2,151,363
Commission and allowances earned	1,268	18,881
Dividends paid	283,212	461,759
	<u>283,212</u>	<u>461,759</u>
<b>Associated companies</b>		
Sales of goods and rendering of services	306,124	173,517
Purchases of goods and receipt of services	1,320,976	754,436
Commission and allowances earned	24,674	1,607
Financial expenses	2,453	4,929
	<u>2,453</u>	<u>4,929</u>
<b>Others</b>		
Dividend paid	46	75
Employees' retirement benefits	70,259	77,606
Compensation to key management personnel	89,763	65,719
	<u>89,763</u>	<u>65,719</u>

24.1 The details of compensation to key management personnel are as follows:

Short-term benefits	87,834	63,189
Post-employment benefits	1,140	951
Share based benefits	789	1,579
	<u>89,763</u>	<u>65,719</u>

24.2 Amounts due from and due to related parties are disclosed in the relevant notes to these condensed interim financial statements.

25. 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.

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

Divisions  Business Units	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 six months period ended March 31, 2020-----													
<b>REVENUE</b>													
Sales to external customers	2,753,109	1,050,845	3,803,954	899,854	597,377	40,678	1,537,909	733,317	475,541	1,208,858	187,417	-	6,738,138
Inter-segment sales	-	-	-	70,222	209,016	1,013	280,251	-	23,314	23,314	-	(303,565)	-
Total revenue	<u>2,753,109</u>	<u>1,050,845</u>	<u>3,803,954</u>	<u>970,076</u>	<u>806,393</u>	<u>41,691</u>	<u>1,818,160</u>	<u>733,317</u>	<u>498,855</u>	<u>1,232,172</u>	<u>187,417</u>	<u>(303,565)</u>	<u>6,738,138</u>
<b>RESULT</b>													
Segment result	(133,888)	238,681	104,793	(156,025)	92,433	(2,404)	(65,996)	(4,490)	31,345	26,855	(17,564)	-	48,088
Interest expense													(95,453)
Interest income													632
Income tax expense													(5,966)
Net loss for the period													<u>(52,699)</u>
<b>OTHER INFORMATION</b>													
Capital expenditure	8,292	5,871	14,163	2,527	99	-	2,626	934	721	1,655	134		
Depreciation and amortisation	21,129	36,600	57,729	11,891	4,547	141	16,579	3,738	4,174	7,912	523		
Non-cash expenses other than depreciation and amortisation	(217)	331	114	(546)	932	(69)	317	(1,228)	(854)	(2,082)	(42)		
-----As at March 31, 2020-----													
Segment assets	7,998,569	441,023	8,439,592	1,654,799	1,102,374	48,304	2,805,477	1,140,794	620,378	1,761,172	598,354		13,604,595
Segment liabilities	2,805,172	1,024,722	3,829,894	753,703	724,652	56,309	1,534,664	594,461	582,596	1,177,057	549,182		7,090,797

*EPM*

Siemens (Pakistan) Engineering Co. Ltd.  
Notes to the Condensed Interim Financial Statements (Unaudited)  
For the six months period ended March 31, 2020

(All rupees in '000)

Divisions  Business Units	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 six months period ended March 31, 2019 -----													
<b>REVENUE</b>													
Sales to external customers	4,232,938	1,397,363	5,630,301	1,097,027	289,560	88,885	1,475,472	801,327	573,373	1,374,700	378,819	-	8,859,292
Inter-segment sales	-	-	-	76,018	1,227,888	21,946	1,325,852	1,868	37,433	39,301	-	(1,365,153)	-
Total revenue	4,232,938	1,397,363	5,630,301	1,173,045	1,517,448	110,831	2,801,324	803,195	610,806	1,414,001	378,819	(1,365,153)	8,859,292
<b>RESULT</b>													
Segment result	469,812	245,944	715,756	(101,018)	55,104	17,057	(28,857)	58,323	31,453	89,776	127,825	-	904,500
Interest expense													(130,058)
Interest income													1,429
Income tax expense													(342,489)
Net profit for the period													433,382
<b>OTHER INFORMATION</b>													
Capital expenditure	6,364	3,368	9,732	8,376	1,277	-	9,653	1,482	2,544	4,026	277		
Depreciation and amortisation	28,583	8,064	36,647	14,524	3,044	322	17,890	4,091	3,831	7,922	938		
Non-cash expenses other than depreciation and amortisation	(509)	373	(136)	(843)	111	(18)	(750)	(367)	(1,160)	(1,527)	(307)		
----- As at September 30, 2019 -----													
<b>ASSETS AND LIABILITIES</b>													
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

*ETM*

**Siemens (Pakistan) Engineering Co. Ltd.**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**  
**For the six months period ended March 31, 2020**


25.2 Geographical information	For the six months period ended	
	March 31, 2020	March 31, 2019
Sales to external customers	---(Rupees in '000)---	
Pakistan	6,285,311	7,625,214
Afghanistan	355,227	1,036,461
Others	97,600	197,617
	<u>6,738,138</u>	<u>8,859,292</u>

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

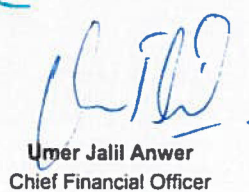
**26. GENERAL**

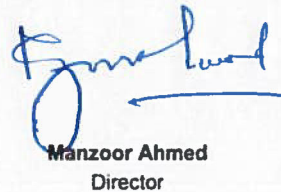
26.1 Previous period's figures have been reclassified wherever necessary for the purposes of better presentation and comparison of transactions in the financial statements of the Company.

26.2 These condensed interim financial statements were authorised for issue by the Board of Directors of the Company in the meeting held on May 12, 2020.

  
**Helmut von Struve**  
 Managing Director

*EMR*

  
**Umer Jalil Anwer**  
 Chief Financial Officer

  
**Manzoor Ahmed**  
 Director