

**SIEMENS**

**Condensed Interim Financial Statements  
for the three months period  
ended December 31, 2019  
(Unaudited)**

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

# SIEMENS

## SIEMENS (PAKISTAN) ENGINEERING CO. LTD.

### DIRECTORS' REPORT FIRST QUARTER FINANCIAL YEAR 2020 ENDED ON DECEMBER 31, 2019 ON THE UNAUDITED 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>Female Director</b>	Sadia Khan (independent director)
<b>Chairwoman of the Audit Committee</b>	Sadia Khan
<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>Chairman of the Nomination Committee</b>	Oliver Spierling
<b>Member of the Nomination Committee</b>	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 of Siemens (Pakistan) Engineering Co. Ltd. (“Company”), are pleased to present the unaudited condensed interim financial statements for the three months period ended December 31, 2019.

**Company’s Performance:** Key Performance Indicators (“KPIs”) for the period, compared to the corresponding period last year are summarized below:

KPIs	Rs in million	
	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018
New Orders	1,454	4,037
Net sales and services	3,915	4,213
(Loss) / profit before tax	(94)	357
Net profit after tax	14	205
Earnings per share (Rupees)	1.74	24.84

During the quarter, the external factors, such as postponements in project awards, foreign currency fluctuations and market volatility, as well as the long-cycle nature of our business, has begun to reflect on the financial results. The net sales and services have remained at approximately the same levels. However, the net profit after tax has decreased substantially as compared to the same period last year mainly due to execution of projects won in a challenging economic environment and foreign currency losses.

**Future Outlook:** We remain optimistic in achieving a solid performance given a harsh economic environment. However, our results are expected to be on a lower basis compared to previous fiscal year.

**Acknowledgement:** The Board is grateful for the dedication of the Company’s employees and Management. We also appreciate the continued support and commitment of all 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

  
\_\_\_\_\_  
Gazi Sajid Ali  
Director

  
\_\_\_\_\_  
Helmut von Struve  
Managing Director


Dubai, January 28, 2020

**Siemens (Pakistan) Engineering Co. Ltd.**  
**Condensed Interim Statement of Financial Position**  
**As at December 31, 2019**

		December 31, 2019 (Unaudited)	September 30, 2019 (Audited)
<b>Equity and liabilities</b>			
	Note	----- (Rupees in '000) -----	
<b>Share capital and reserves</b>			
<b>Share capital</b>			
- Authorised			
20,000,000 (September 30, 2019: 20,000,000)			
Ordinary shares of Rs 10 each		200,000	200,000
- Issued, subscribed and paid-up			
8,247,037 (September 30, 2019: 8,247,037)			
Ordinary shares of Rs 10 each		82,470	82,470
<b>Reserves</b>			
Capital		624,192	624,192
Revenue		5,295,096	5,280,782
		5,919,288	5,904,974
		6,001,758	5,987,444
<b>Non-current liabilities</b>			
Retention money		129,301	57,958
Long-term lease liabilities	7	109,172	-
Others		31,872	32,075
		270,345	90,033
<b>Current liabilities</b>			
Trade and other payables	5	6,504,252	6,244,694
Contract liabilities	6	1,762,986	2,043,467
Short-term lease liabilities	7	15,432	-
Provisions	8	625,814	652,033
Short-term running finance	9	379,647	793,642
Taxation - net	10	303,332	495,827
Unclaimed dividend		32,037	32,076
		9,623,500	10,261,739
<b>Total liabilities</b>		9,893,845	10,351,772
<b>Contingencies and commitments</b>			
	11		
<b>Total equity and liabilities</b>		15,895,603	16,339,216
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Property, plant and equipment	12	463,488	378,120
Intangible assets		1,097	1,342
		464,585	379,462
Long-term loans and trade receivables		1,393,449	604,139
Long-term deposits and prepayments		-	175
Deferred tax asset	13	977,268	861,508
		2,835,302	1,845,284
<b>Current assets</b>			
Inventories	14	1,220,769	1,305,741
Trade receivables	15	7,535,124	9,040,768
Contract assets	16	2,701,720	2,514,935
Loans and advances		91,355	253,478
Deposits and short-term prepayments		146,158	111,768
Other receivables	17	852,757	714,038
Cash and bank balances	18	512,418	553,204
		13,060,301	14,493,932
<b>Total assets</b>		15,895,603	16,339,216

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

  
**Qazi Sajid Ali**  
 Director

**Siemens (Pakistan) Engineering Co. Ltd.**  
**Condensed Interim Statement of Profit or Loss (Unaudited)**  
**For the three months period ended December 31, 2019**

	Note	Three months period ended December 31, 2019	Three months period ended December 31, 2018
----- (Rupees in '000) -----			
Net sales and services	19	3,914,623	4,212,654
Cost of sales and services		<u>(3,662,646)</u>	<u>(3,422,328)</u>
Gross profit		251,977	790,326
Marketing and selling expenses		<u>(220,663)</u>	<u>(297,684)</u>
General administrative expenses		<u>(80,634)</u>	<u>(54,696)</u>
		<u>(301,297)</u>	<u>(352,380)</u>
		(49,320)	437,946
Other income	20	<u>118</u>	<u>3,700</u>
Other operating expenses	20	<u>-</u>	<u>(27,332)</u>
Net other operating income / (expense)		<u>118</u>	<u>(23,632)</u>
<b>Operating (loss) / profit</b>		<u>(49,202)</u>	414,314
Financial income		<u>368</u>	<u>1,758</u>
Financial expenses		<u>(44,725)</u>	<u>(58,966)</u>
Net finance (expense) / income		<u>(44,357)</u>	<u>(57,208)</u>
(Loss) / profit before income tax		<u>(93,559)</u>	357,106
Income tax reversal / (expense)	21	<u>107,873</u>	<u>(152,249)</u>
Net profit for the period		<u>14,314</u>	<u>204,857</u>
Basic and diluted earnings per share (Rupees)		<u>1.74</u>	<u>24.84</u>

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

  
**Qazi Sajid Ali**  
 Director

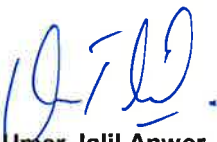
**Siemens (Pakistan) Engineering Co. Ltd.**  
**Condensed Interim Statement of Other Comprehensive Income (Unaudited)**  
**For the three months period ended December 31, 2019**

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	<b>Three months period ended December 31, 2019</b>	<b>Three months period ended December 31, 2018</b>
	----- (Rupees in '000) -----	
<b>Net profit for the period</b>	<b>14,314</b>	<b>204,857</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>14,314</b>	<b>204,857</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

  
**Qazi Sajid Ali**  
Director

**Siemens (Pakistan) Engineering Co. Ltd.**  
**Condensed Interim Statement of Cash Flows (Unaudited)**  
**For the three months period ended December 31, 2019**

	Three months period ended December 31, 2019	Three months period ended December 31, 2018
	----- (Rupees in '000) -----	
<b>Cash flows from operating activities</b>		
Cash generated from / (used in) operations	22 630,628	(454,179)
Financial expenses paid	(40,313)	(37,434)
Income tax paid	(200,382)	(158,384)
Payment to workers' profit participation fund	-	(6,985)
Net cash generated from / (used in) operating activities	389,933	(656,982)
<b>Cash flows from investing activities</b>		
Capital expenditure incurred	(15,332)	(10,968)
Proceeds from sale of property, plant and equipment	483	3,917
Financial income received	368	564
Net cash used in investing activities	(14,481)	(6,487)
<b>Cash flows from financing activities</b>		
Repayment of lease liabilities	(2,243)	-
Net cash used in financing activities	(2,243)	-
Net increase / (decrease) in cash and cash equivalents	373,209	(663,469)
Cash and cash equivalents at beginning of the period	(240,438)	(426,612)
Cash and cash equivalents at end of the period	23 132,771	(1,090,081)

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

  
**Qazi Sajid Ali**  
 Director

Siemens (Pakistan) Engineering Co. Ltd.  
Condensed Interim Statement of Changes in Equity (Unaudited)  
For the three months period ended December 31, 2019

	Issued, subscribed and paid-up share capital	Capital reserves			General reserves	Revenue reserves		Total
		Share premium	Treasury shares reserve	Other capital reserve		Remeasurement loss on defined benefit plan	Accumulated profit	
(Rupees In '000)								
<b>Balance as at September 30, 2018</b>	<b>82,470</b>	<b>619,325</b>	<b>567</b>	<b>4,300</b>	<b>4,523,026</b>	<b>(324,927)</b>	<b>873,408</b>	<b>5,778,169</b>
Net profit for the three months period ended December 31, 2018	-	-	-	-	-	-	204,857	204,857
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	204,857	204,857
<b>Balance as at December 31, 2018</b>	<b>82,470</b>	<b>619,325</b>	<b>567</b>	<b>4,300</b>	<b>4,523,026</b>	<b>(324,927)</b>	<b>1,078,265</b>	<b>5,983,026</b>
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 September 30, 2019	-	-	-	-	-	-	504,611	504,611
Other comprehensive income for the period	-	-	-	-	-	118,335	-	118,335
Total comprehensive income	-	-	-	-	-	118,335	504,611	622,946
<b>Balance as at September 30, 2019</b>	<b>82,470</b>	<b>619,325</b>	<b>567</b>	<b>4,300</b>	<b>4,523,026</b>	<b>(206,592)</b>	<b>984,348</b>	<b>5,987,444</b>
Net profit for the three months period ended December 31, 2019	-	-	-	-	-	-	14,314	14,314
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	14,314	14,314
<b>Balance as at December 31, 2019</b>	<b>82,470</b>	<b>619,325</b>	<b>567</b>	<b>4,300</b>	<b>4,523,026</b>	<b>(206,592)</b>	<b>978,662</b>	<b>6,001,758</b>

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

  
Helmut von Struve  
Managing Director

  
Umer Jallil Anwer  
Chief Financial Officer

  
Gazi Sajid Ali  
Director

## 1. LEGAL STATUS AND OPERATIONS

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

## 2. BASIS OF PREPARATION

2.1 These condensed interim financial statements of the Company for the three months period ended December 31, 2019 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, except for adoption of IFRS 16 'Leases' in these interim financial statements for the quarter ended December 31, 2019.

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 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 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 for 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	<u>(10,053)</u>
Operating lease commitments in scope of IFRS 16 as at September 30, 2019	166,389
Impact of discounting at weighted average incremental borrowing rate of 11.2%	<u>(43,030)</u>
Lease liability (discounted) as at October 1, 2019	<u>123,359</u>

3.3 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.

## 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 633.552 million as at December 31, 2019. Information relating to Afghanistan operations is presented in note 25 to these condensed interim financial statements.

5. TRADE AND OTHER PAYABLES	As at December 31, 2019 (Unaudited)	As at September 30, 2019 (Audited)
	Note	----- (Rupees in '000) -----
Trade creditors [including retention money of Rs 613.136 million (September 30, 2019; Rs 644.263 million)]	4,795,992	4,511,442
Accrued liabilities	792,678	963,466
Defined benefit plan - gratuity	301,509	293,328
Accrued interest	181,544	180,620
Workers' Welfare Fund (WWF)	174,520	174,520
Withholding tax payable	99,516	20,409
Other liabilities	158,493	100,909
	5.1	
	<u>6,504,252</u>	<u>6,244,694</u>

5.1 These include sums aggregating to Rs 1,691.840 million (September 30, 2019: Rs 1,694.349 million) due to related parties.

6. CONTRACT LIABILITIES	As at December 31, 2019 (Unaudited)	As at September 30, 2019 (Audited)
	Note	----- (Rupees in '000) -----
Advances from customers		
- for goods	332,453	444,748
- for projects and services	1,080,053	1,179,522
	6.1	
	<u>1,412,506</u>	<u>1,624,270</u>
Unearned portion of revenue and maintenance contracts	78,263	151,828
Refund liabilities	272,217	267,369
	<u>1,762,986</u>	<u>2,043,467</u>

6.1 This includes advance of Rs 200.506 million (September 30, 2019: Rs 194.312 million) from a related party as per the contractual payment terms.

7. LEASE LIABILITIES	As at December 31, 2019 (Unaudited)	As at September 30, 2019 (Audited)
Openeing lease liabilities	123,359	-
Accretion of interest during the period	3,488	-
Payments during the period	(2,243)	-
Balance at end of the period	<u>124,604</u>	<u>-</u>
Current portion of lease liabilities	15,432	-
Non-Current lease liabilities	109,172	-
	<u>124,604</u>	<u>-</u>

8. PROVISIONS	Warranties	Losses on sales contracts	Total
	----- (Rupees in '000) -----		
Balance at beginning of the period (Audited)	610,151	41,882	652,033
Additional provisions	132,899	-	132,899
Cost incurred	(127,901)	(13,544)	(141,445)
Reversal of unutilised amounts	(17,673)	-	(17,673)
Balance at end of the period (Unaudited)	<u>597,476</u>	<u>28,338</u>	<u>625,814</u>

9. SHORT-TERM RUNNING FINANCE	Note	As at December 31, 2019 (Unaudited) ----- (Rupees in '000) -----	As at September 30, 2019 (Audited)
Unsecured - from related party	9.1	197,155	198,791
Secured - from others	9.2	<u>182,492</u>	<u>594,851</u>
		<u><b>379,647</b></u>	<u><b>793,642</b></u>

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 2.67% 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) including islamic murabaha facility with sub-limit of USD 10.500 million (September 30, 2019: USD 10.500 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 of inventories and trade receivables.

9.3 The Company also has bank overdraft facilities arranged with commercial banks in the United Arab Emirates (UAE) aggregated to Rs 105.725 million (September 30, 2019: Rs 106.800 million) which were not utilised during the three months ended December 31, 2019.

10. TAXATION - net	As at December 31, 2019 (Unaudited) ----- (Rupees in '000) -----	As at September 30, 2019 (Audited)
Provision for taxation	1,822,452	1,917,520
Advance tax	<u>(1,519,120)</u>	<u>(1,421,693)</u>
	<u><b>303,332</b></u>	<u><b>495,827</b></u>

## 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 December 31, 2019 capital expenditure contracted for but not incurred amounted to Rs 19.724 million (September 30, 2019: Rs 27.523 million).
- (ii) There were no post dated cheques issued by the Company as at December 31, 2019 (September 30, 2019: Rs 24.424 million).
- (iii) The Company has entered into various lease arrangements for vehicles with a commercial bank. The aggregate amount of commitments against these arrangements are as follows:

	As at December 31, 2019 (Unaudited) ----- (Rupees in '000) -----	As at September 30, 2019 (Audited)
- Not later than one year	2,371	3,550
- Later than one year but not later than five years	<u>413</u>	<u>380</u>
	<u><b>2,784</b></u>	<u><b>3,930</b></u>

12. PROPERTY, PLANT AND EQUIPMENT	Note	As at December 31, 2019 (Unaudited)	As at September 30, 2019 (Audited)
		----- (Rupees in '000) -----	
Operating assets - at net book value	12.1	332,747	371,413
Right-of-use assets - at net book value	12.3	117,285	-
Capital work in progress		13,456	6,707
		<u>463,488</u>	<u>378,120</u>

**12.1 Operating assets**

		For the three months period ended December 31, 2019	For the year ended September 30, 2019
		----- (Rupees in '000) -----	
Opening net book value		371,413	367,270
Additions during the period / year	12.2	8,583	165,769
		<u>379,996</u>	<u>533,039</u>
Disposals during the period / year	12.2	(8,275)	(52,866)
Accumulated depreciation and impairment on disposals		7,910	51,850
Depreciation and impairment for the period / year		(46,884)	(160,610)
		<u>(47,249)</u>	<u>(161,626)</u>
		<u>332,747</u>	<u>371,413</u>

**12.2** Following is the cost of operating assets that have been added / disposed off:

	Additions		Disposals	
	For the three months period ended December 31, 2019	For the three months period ended December 31, 2018	For the three months period ended December 31, 2019	For the three months period ended December 31, 2018
	----- (Rupees in '000) -----			
Plant and machinery	-	420	706	268
Furniture and fixtures	3,437	2,136	691	1,550
Office equipment	4,801	3,634	6,782	4,418
Vehicles	55	14,334	-	7,732
Tools and patterns	290	-	96	-
	<u>8,583</u>	<u>20,524</u>	<u>8,275</u>	<u>13,968</u>

**12.3** The right-of-use assets comprise 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 three months period ended December 31, 2019	For the year ended September 30, 2019
	----- (Rupees in '000) -----	
Right-of-use assets - at cost	123,359	-
Depreciation for the period / year	(6,074)	-
Right-of-use assets - at net book value	<u>117,285</u>	<u>-</u>

Siemens (Pakistan) Engineering Co. Ltd.  
Notes to the Condensed Interim Financial Statements (Unaudited)  
For the three months period ended December 31, 2019

13. DEFERRED TAX ASSET - net	Note	As at December 31, 2019 (Unaudited)	As at September 30, 2019 (Audited)
		----- (Rupees in '000) -----	
Debit balances arising in respect of:			
Unadjusted tax credits / tax losses		267,166	209,723
Provisions		595,543	549,365
Remeasurement loss on defined benefit plan		64,156	59,247
Discounting of long-term receivables		14,158	15,609
Accelerated tax depreciation and amortisation		36,245	27,564
		<u>977,268</u>	<u>861,508</u>
<b>14. INVENTORIES</b>			
Raw materials and components		360,607	457,089
Work-in-process		579,948	664,179
Finished goods		277,628	313,793
		1,218,183	1,435,061
Provision for slow moving and obsolete items		(219,878)	(228,994)
		998,305	1,206,067
Goods-in-transit		222,464	99,674
		<u>1,220,769</u>	<u>1,305,741</u>
<b>15. TRADE RECEIVABLES</b>			
Considered good			
Due from related parties	15.1	11,264	6,224
Due from others		7,523,860	9,034,544
		7,535,124	9,040,768
Considered doubtful		1,019,833	999,594
		8,554,957	10,040,362
Loss allowance		(1,019,833)	(999,594)
		<u>7,535,124</u>	<u>9,040,768</u>
15.1 Represents amounts due from Rousch (Pakistan) Power Limited and Mentor Graphics Pakistan Development (Private) Limited.			
<b>16. CONTRACT ASSETS</b>			
		As at December 31, 2019 (Unaudited)	As at September 30, 2019 (Audited)
		----- (Rupees in '000) -----	
Considered good		2,701,720	2,514,935
Considered doubtful		247,231	252,326
		2,948,951	2,767,261
Loss allowance		(247,231)	(252,326)
		<u>2,701,720</u>	<u>2,514,935</u>
<b>17. OTHER RECEIVABLES</b>			
Considered good			
Other costs reimbursable from customers		253,829	258,494
Sales tax refundable		268,661	79,039
Interest accrued		35,836	35,836
Derivative financial instruments		275,033	308,743
Workers' Profit Participation Fund (WPPF)		-	5,571
Others		19,398	26,355
		852,757	714,038
Considered doubtful			
Costs reimbursable from customers		16,513	16,612
Sales tax refundable		54,373	54,373
Others		89,911	89,413
		160,797	160,398
		1,013,554	874,436
Loss allowance		(160,797)	(160,398)
		<u>852,757</u>	<u>714,038</u>
<b>18. CASH AND BANK BALANCES</b>			
With banks in			
Current accounts		124,546	102,974
Deposit account		289,446	409,480
		413,992	512,454
Cheques in hand		98,390	39,928
Cash in hand		36	822
		<u>512,418</u>	<u>553,204</u>

19. NET SALES AND SERVICES

For the three months period ended  
December 31, 2019 December 31, 2018  
----- (Rupees in '000) -----

	2019	2018
Execution of contracts	2,249,800	2,426,369
Sale of goods	1,082,123	812,636
Rendering of services	582,700	973,649
	<u>3,914,623</u>	<u>4,212,654</u>

20. OTHER INCOME AND OTHER OPERATING EXPENSES

Gain on sale of property, plant and equipment	118	3,700
Workers' Welfare Fund (WWF)	-	7,343
Workers' Profits Participation Fund (WPPF)	-	19,989
Other operating expenses	-	27,332
Net other operating income / (expenses)	<u>118</u>	<u>(23,632)</u>

21. INCOME TAX

Current		
Charge for the period	(101,456)	(159,793)
Reversal for prior years	93,569	-
	<u>(7,887)</u>	<u>(159,793)</u>
Deferred	115,760	7,544
	<u>107,873</u>	<u>(152,249)</u>

22. CASH UTILISED IN OPERATIONS

(Loss) / profit before tax for the period	(93,559)	357,106
<b>Adjustments for non-cash items:</b>		
Depreciation and amortisation	53,203	42,950
(Reversal of provision) / provision for slow moving and obsolete items of inventories - net	(9,116)	2,886
(Reversal of loss allowance) / loss allowance on trade receivables - net	(8,077)	119,706
(Reversal of loss allowance) / loss allowance on contract assets	(5,095)	28,022
Loss allowance / (reversal of loss allowance) on deposits and other receivables - net	524	(81,561)
Discounting of long-term loans and trade receivables - net	(11,367)	18,148
Provision for WPPF	-	19,989
Gain on sale of property, plant and equipment	(118)	(3,700)
Financial expenses	44,725	58,966
Financial income	(368)	(1,758)
<b>Adjustment for other items:</b>		
Long-term loans and trade receivables	(749,627)	(149,105)
Long-term deposits and prepayments	175	286
Retention money payable	71,343	(101,679)
Other non-current liabilities	(203)	1,135
Working capital changes	22.1 1,338,188	(765,570)
	<u>630,628</u>	<u>(454,179)</u>

22.1 Working capital changes

<b>(Increase) / decrease in current assets:</b>		
Inventories	94,088	(411,205)
Trade receivables	1,485,405	611,929
Contract assets	(181,690)	(848,618)
Loans and advances	162,123	116,833
Deposits and short-term prepayments	(34,515)	(47,673)
Other receivables	(139,118)	(147,235)
	<u>1,386,293</u>	<u>(725,969)</u>
<b>Increase / (decrease) in current liabilities:</b>		
Trade, other payables and unclaimed dividend	258,595	(143,082)
Contract liabilities	(280,481)	85,781
Provisions	(26,219)	17,700
	<u>(48,105)</u>	<u>(39,601)</u>
	<u>1,338,188</u>	<u>(765,570)</u>

23. CASH AND CASH EQUIVALENTS

As at December 31, 2019 As at December 31, 2018  
----- (Rupees in '000) -----

Cash and bank balances	18	512,418	862,672
Short-term running finances	9	(379,647)	(1,952,753)
		<u>132,771</u>	<u>(1,090,081)</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:

	<b>For the three months period ended December 31, 2019</b>	<b>For the three months period ended December 31, 2018</b>
<i>Note</i>	----- (Rupees in '000) -----	
<b>Parent company</b>		
Sales of goods and rendering of services	23,865	5,680
Purchases of goods and receipt of services	656,928	1,542,404
Commission and allowances earned	1,268	8,560
<b>Associated companies</b>		
Sales of goods and rendering of services	57,829	52,596
Purchases of goods and receipt of services	997,677	337,341
Commission and allowances earned	-	791
Financial expenses	1,239	3,467
<b>Others</b>		
Employees' retirement benefits	27,337	38,620
Compensation to key management personnel	24.1 54,073	31,498
<b>24.1</b> The details of compensation to key management personnel are as follows:		
Short-term benefits	40,870	25,078
Post-employment benefits	382	1,189
Share based benefits	12,821	5,231
	<u>54,073</u>	<u>31,498</u>

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

25. 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 INFORMATION ABOUT BUSINESS SEGMENTS

		(All rupees in '000)											
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			
Business Units	----- For the three months period ended December 31, 2019 -----												
<b>REVENUE</b>													
Sales to external customers	1,854,657	636,572	2,491,229	459,328	341,034	16,509	816,871	361,856	174,515	536,171	70,352	-	3,914,623
Inter-segment sales	-	-	-	7,067	118,506	51	125,624	-	16,597	16,597	-	(142,221)	-
Total revenue	1,854,657	636,572	2,491,229	466,395	459,540	16,560	942,495	361,856	191,112	552,768	70,352	(142,221)	3,914,623
<b>RESULT</b>													
Segment result	(128,841)	124,434	(4,407)	(59,496)	45,671	(3,500)	(17,417)	(26,584)	1,641	(24,943)	(5,903)	-	(52,670)
Interest expense													(41,267)
Interest income													368
Income tax reversal													107,873
Net profit for the period													14,314
<b>OTHER INFORMATION</b>													
Capital expenditure	2,506	1,364	3,872	2,214	-	-	2,214	268	453	721	134		
Depreciation and amortisation	10,937	17,667	28,604	6,172	2,359	68	8,599	1,857	2,149	4,006	291		
----- As at December 31, 2019 -----													
<b>ASSETS AND LIABILITIES</b>													
Segment assets	8,017,066	978,632	8,996,598	1,755,890	988,885	43,205	2,797,980	1,063,237	530,044	1,593,281	528,271		13,916,130
Segment liabilities	4,212,300	936,055	5,148,355	655,975	766,860	46,650	1,469,485	516,158	441,901	958,059	523,200		8,099,099
----- For the three months period ended December 31, 2018 -----													
<b>REVENUE</b>													
Sales to external customers	2,125,697	636,210	2,761,907	431,937	36,544	43,963	514,444	474,196	274,664	748,860	187,443	-	4,212,654
Inter-segment sales	-	-	-	841	1,125,555	11,836	1,138,232	1,868	4,624	6,492	-	(1,144,724)	-
Total revenue	2,125,697	636,210	2,761,907	432,778	1,164,099	55,799	1,652,676	476,064	279,288	755,352	187,443	(1,144,724)	4,212,654
<b>RESULT</b>													
Segment result	256,036	112,827	370,865	(66,426)	20,576	11,717	(34,133)	48,129	25,158	73,287	2,021	-	412,040
Interest expense													(55,496)
Interest income													564
Income tax expense													(152,249)
Net profit for the period													204,857
<b>OTHER INFORMATION</b>													
Capital expenditure	4,258	1,274	5,532	2,180	494	-	2,674	971	205	1,176	38		
Depreciation and amortisation	17,612	3,648	21,260	7,442	1,281	217	8,940	2,160	1,917	4,076	602		
----- 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	1,073,572	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	1,990,328	881,087	473,353	1,354,440	558,977	-	6,279,871

## 25.2 Geographical information

### Sales to external customers

	For the three months period ended December 31, 2019	For the three months period ended December 31, 2018
	----- (Rupees in '000) -----	
Pakistan	3,583,356	3,987,277
Afghanistan	330,110	173,176
Others	1,157	52,201
	<u>3,914,623</u>	<u>4,212,654</u>

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

### Non-current assets

	As at December 31, 2019 (Unaudited)	As at September 30, 2019 (Audited)
	----- (Rupees in '000) -----	
Pakistan	656,644	982,222
Afghanistan	1,810	1,554
	<u>658,454</u>	<u>983,776</u>

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

## 25.3 Segment assets and liabilities

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

	As at December 31, 2019 (Unaudited)	As at September 30, 2019 (Audited)
	----- (Rupees in '000) -----	
Segment assets for reportable segments	13,916,130	14,712,585
Corporate assets	489,787	211,919
<b>Unallocated</b>		
Deferred tax asset	977,268	861,508
Cash and bank balances	512,418	553,204
Total assets as per balance sheet	<u>15,895,603</u>	<u>16,339,216</u>

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

Segment liabilities for reportable segments	8,099,099	8,279,871
Corporate liabilities	373,003	128,467
<b>Unallocated</b>		
Trade and other payables	738,764	852,756
Short-term borrowings	379,647	594,851
Taxation - net	303,332	495,827
Total liabilities as per balance sheet	<u>9,893,845</u>	<u>10,351,772</u>

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

## 26. GENERAL

26.1 These condensed interim financial statements were authorised for issue by the Board of Directors of the Company in the meeting held on January 28, 2020.

  
Helmut von Struve  
Managing Director

  
Umer Jalil Anwer  
Chief Financial Officer

  
Qazi Sajid Ali  
Director