

SIEMENS

**Condensed Interim Financial Statements
for the three months period
ended December 31, 2022
(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 THREE MONTHS PERIOD ENDED DECEMBER 31st, 2022 ON THE UN-AUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

Chairman of the Board	Karl Stefan Werner
Executive Director	Markus Strohmeier
Non-Executive Directors	Oliver Spierling Harald Griem Adnan Afridi
Independent & Non-Executive Director	Qazi Sajid Ali
Female Director	Ayla Majid
Members of the Audit Committee	Ayla Majid (Chairwoman) Adnan Afridi Karl Stefan Werner Harald Griem
Members of the Human Resource & Remuneration Committee	Qazi Sajid Ali (Chairman) Oliver Spierling Markus Strohmeier
Nomination Committee	Oliver Spierling (Chairman) Markus Strohmeier
Managing Director	Markus Strohmeier
Acting Chief Financial Officer	Syed Muhammad Ahsan Ghazali
Company Secretary	Khurram M. Siddiqui
Registered Office	B-72 Estate Avenue, S I T E, Karachi-75700,
Trading Symbol	SIEM
Auditors	EY Ford Rhodes, Chartered Accountants
Registrar and Share Transfer Agent	THK Associates (Pvt) Limited

Siemens (Pakistan) Engg. Co. Ltd
Corporate Secretariat
Head: Khurram Muhammad Siddiqui

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 quarter ended December 31, 2022

Company's Performance: Key Performance Indicators ("KPIs") for the three months period ended December 31 2022 compared to corresponding period last year are summarized below

KPIs	Rs in million	
	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021
New Orders	11,862	4,801
Net sales and services	6,310	4,173
(Loss) / profit before income tax	(506)	583
Net (loss) / profit after income tax	(464)	317
(Loss) / earnings per share (Rupees)	(56.28)	38.40

The Company booked 147% higher new orders in current quarter ended December 31, 2022, as compared to the same period last year, with the energy business contributing to 68% of the total orders booked. The revenue increased by 50% in the current quarter ended December 31, 2022, as compared to the same period last year. The net loss is Rs 464 million mainly due to embedded derivatives and foreign exchange revaluation losses and margin variation on few projects.

The directors and management of the Company are confident in our ability to create value for the shareholders and all other stakeholders which also entails being cognizant of the importance of focusing on strengths and core activities.

Future Outlook:

The Company continues to closely monitor risks including the political and economic situation of the country that can impact its progress. Present regulatory environment with regards to foreign currency transaction remains challenging. There is a risk that this situation may impact the Company's ability to timely procure the machinery and equipment required for execution of its orders in businesses. We are in close coordination with our partner banks to mitigate the anticipated delays.

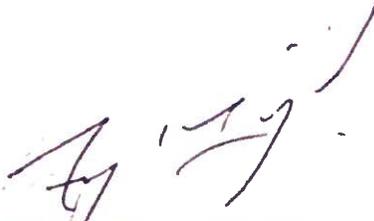
Acknowledgement: The Board is grateful for the dedication of the Company's employees and Management. We also appreciate the continued support and commitment of our stakeholders. Additionally, we greatly value the cooperation received from our customers, suppliers, business partners, financial institutions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


Digitally signed by
Strohmeier Markus
DN: cn=Strohmeier
Markus, o=Siemens,
email=markus-erich.
strohmeier@siemens.com

Markus Strohmeier
Managing Director


Ayla Majid
Director

Dubai, January 26, 2023

Siemens (Pakistan) Engineering Co. Ltd.
Condensed Interim Statement of Financial Position
As at December 31, 2022

		December 31, 2022 (Unaudited)	September 30, 2022 (Audited)
	Note	----- (Rupees in '000) -----	
Equity and liabilities			
Share capital and reserves			
Share capital			
- Authorised		200,000	200,000
20,000,000 (September 30, 2022: 20,000,000) Ordinary shares of Rs 10 each			
- Issued, subscribed and paid-up		82,470	82,470
8,247,037 (September 30, 2022: 8,247,037) Ordinary shares of Rs 10 each			
Reserves			
Capital		624,192	624,192
Revenue		6,020,700	6,484,867
		6,644,892	7,109,059
Total equity		6,727,362	7,191,529
Non-current liabilities			
Lease liabilities	5	59,426	48,307
Deferred liabilities	6	446,183	440,103
Retention money		8,121	3,262
		513,730	491,672
Current liabilities			
Trade and other payables	7	8,790,624	8,970,865
Contract liabilities	8	4,895,391	5,205,139
Current portion of non-current liabilities	9	37,977	66,240
Short-term borrowings	10	3,898,960	-
Provisions	11	630,424	649,152
Taxation - net	12	565,133	574,729
Unclaimed dividend		28,892	28,892
		18,847,401	15,495,017
Liabilities classified as held for sale	4.2	175,606	-
Total liabilities		19,536,737	15,986,689
Contingencies and commitments	13		
Total equity and liabilities		26,264,099	23,178,218
Assets			
Non-current assets			
Property, plant and equipment	14	306,057	326,151
Right-of-use assets	15	78,177	68,339
Long-term loans and trade receivables		916,190	609,767
Long-term prepayments		461	830
Deferred tax asset - net	16	507,598	356,874
		1,808,483	1,361,961
Current assets			
Inventories	17	2,573,799	2,165,764
Trade receivables	18	14,083,609	11,641,930
Contract assets	19	3,447,827	3,424,503
Loans and advances		445,499	490,183
Deposits and short-term prepayments		837,897	522,588
Derivative financial instruments	20	1,176,987	1,780,775
Other receivables	21	579,073	315,934
Cash and bank balances	22	918,532	1,474,580
		24,063,223	21,816,257
Assets classified as held for sale	4.2	392,393	-
Total assets		26,264,099	23,178,218

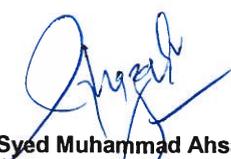
The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.

Siemens (Pakistan) Engineering Co. Ltd.
Condensed Interim Statement of Profit or Loss (Unaudited)
For the three months period ended December 31, 2022

	Note	Three months period ended	
		December 31, 2022	December 31, 2021
Continuing operations		----- (Rupees in '000) -----	
Net sales and services	23	5,352,724	3,586,276
Cost of sales and services	20.3	(5,365,882)	(2,622,500)
Gross (loss) / profit		(13,158)	963,776
Marketing and selling expenses		(248,362)	(214,695)
Allowance for expected credit losses		(18,693)	(36,174)
General administrative expenses		(99,437)	(92,023)
		(366,492)	(342,892)
		(379,650)	620,884
Other income	24	1,005	199
Other operating expenses	25	(2,635)	(46,307)
Net other operating expenses		(1,630)	(46,108)
Operating (loss) / profit		(381,280)	574,776
Financial income		2,963	17,298
Financial expenses		(76,417)	(7,706)
Net finance (expenses) / income		(73,454)	9,592
(Loss) / profit before income tax from continuing operations		(454,734)	584,368
Income tax	26	71,281	(248,340)
Net (loss) / profit for the period from continuing operations		(383,453)	336,028
Discontinued operations			
Net loss for the period from discontinued operations	4.3	(80,714)	(19,361)
Net (loss) / profit for the period		(464,167)	316,667
Basic and diluted (loss) / earnings per share (Rupees)		(56.28)	38.40
Basic and diluted (loss) / earnings per share from continuing operations (Rupees)		(46.50)	40.75

The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.


Markus-Erich Strohmeier
 Managing Director


Syed Muhammad Ahsan Ghazali
 Chief Financial Officer


Ayla Majid
 Director

Siemens (Pakistan) Engineering Co. Ltd.
Condensed Interim Statement of Comprehensive Income (Unaudited)
For the three months period ended December 31, 2022

	<u>Three months period ended</u>	
	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
	----- (Rupees in '000) -----	
Net (loss) / profit for the period	(464,167)	316,667
Other comprehensive income	-	-
Total comprehensive (loss) / profit for the period	<u>(464,167)</u>	<u>316,667</u>

The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.


Markus-Erich Strohmeier
 Managing Director


Syed Muhammad Ahsan Ghazali
 Chief Financial Officer


Ayla Majid
 Director

Siemens (Pakistan) Engineering Co. Ltd.
Condensed Interim Statement of Cash Flows (Unaudited)
For the three months period ended December 31, 2022

	Note	Three months period ended	
		December 31, 2022	December 31, 2021
		----- (Rupees in '000) -----	
Cash flows from operating activities			
Cash used in operations	27	(4,271,764)	(150,989)
Financial expenses paid		(5,248)	(330)
Income tax paid		(118,831)	(95,429)
Payment to Workers' Profit Participation Fund (WPPF)		(9,112)	(15,580)
Net cash used in operating activities		(4,404,955)	(262,328)
Cash flows from investing activities			
Capital expenditure		(16,753)	(24,511)
Proceeds from sale of property, plant and equipment		1,811	187
Financial income received		2,099	16,551
Net cash used in investing activities		(12,843)	(7,773)
Cash flows from financing activities			
Dividends paid		-	(502)
Repayment of long-term financing		(34,222)	(35,238)
Repayment of lease liabilities		(2,988)	(2,715)
Net cash used in financing activities		(37,210)	(38,455)
Net decrease in cash and cash equivalents		(4,455,008)	(308,556)
Cash and cash equivalents at beginning of the period		1,474,580	2,402,311
Cash and cash equivalents at end of the period	28	(2,980,428)	2,093,755

The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.


Markus-Erich Strohmeier
 Managing Director


Syed Muhammad Ahsan Ghazali
 Chief Financial Officer


Ayla Majid
 Director

Siemens (Pakistan) Engineering Co. Ltd.
Condensed Interim Statement of Changes in Equity
For the three months period ended December 31, 2022

	Issued, subscribed and paid-up share capital	Capital reserves			Revenue reserves			Total
		Share premium	Treasury shares reserve	Other capital reserve	General reserves	Remeasurement loss on defined benefit plan - net of tax	Accumulated profits	
Balance as at September 30, 2021 - Audited	82,470	619,325	567	4,300	4,523,026	(279,895)	856,504	5,806,297
Net profit for the three months period ended December 31, 2021	-	-	-	-	-	-	316,667	316,667
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	316,667	316,667
Balance as at December 31, 2021 - Unaudited	82,470	619,325	567	4,300	4,523,026	(279,895)	1,173,171	6,122,964
Balance as at September 30, 2022 - Audited	82,470	619,325	567	4,300	4,523,026	(196,148)	2,157,989	7,191,529
Net loss for the three months period ended December 31, 2022	-	-	-	-	-	-	(464,167)	(464,167)
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	(464,167)	(464,167)
Balance as at December 31, 2022 - Unaudited	82,470	619,325	567	4,300	4,523,026	(196,148)	1,693,822	6,727,362

The annexed notes 1 to 31 form an integral part of these condensed interim financial statements.


Markus-Erich Strohmeier
 Managing Director


Syed Muhammad Ahsan Ghazali
 Chief Financial Officer


Ayla Majid
 Director

Siemens (Pakistan) Engineering Co. Ltd.
Notes to the Condensed Interim Financial Statements (Unaudited)
For the three months period ended December 31, 2022

1. LEGAL STATUS AND OPERATIONS

Siemens (Pakistan) Engineering Co. Ltd. (the Company) was incorporated in Pakistan in the year 1953 under the Companies Act, 1913 (now Companies Act, 2017). 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.

2. BASIS OF PREPARATION

2.1 These condensed interim financial statements of the Company for the three months period ended December 31, 2022 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, 2022.

2.2 Functional and presentation currency

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

3. ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computations adopted and significant judgements, estimates and assumptions used 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, 2022.

3.2 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were either not relevant or did not have any material impact on the accounting policies of the Company.

4. DISCONTINUED OPERATIONS

4.1 The Board of Directors of the Company in their meeting held on October 4, 2022, approved, in principle, the sale of the Company's ERP value added reselling solution and service business. Pursuant to the decision in the Board meeting, the afore-mentioned business has been classified as a disposal group held for sale and as a discontinued operation in these condensed interim financial statements.

Siemens (Pakistan) Engineering Co. Ltd.
Notes to the Condensed Interim Financial Statements (Unaudited)
For the three months period ended December 31, 2022

4.2 The major classes of assets and liabilities of the disposal group classified as held for sale as at December 31, 2022 are, as follows:

	As at December 31, 2022 (Unaudited)	As at September 30, 2022 (Audited)
----- (Rupees in '000) -----		
Assets classified as held for sale		
Property, plant and equipment	9,677	-
Inventories	128,815	-
Trade receivables	184,735	-
Contract assets	69,166	-
	<u>392,393</u>	<u>-</u>
Liabilities classified as held for sale		
Contract liabilities	144,955	-
Provisions	30,651	-
	<u>175,606</u>	<u>-</u>

4.3 The results of the disposal group for the period are presented below:

		For the three months period ended	
		December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)
----- (Rupees in '000) -----			
Discontinued operations	Note		
Net sales and services		957,323	587,026
Cost of sales and services	20.3	(958,337)	(555,489)
Gross (loss) / profit		<u>(1,014)</u>	31,537
Marketing and selling expenses		(29,686)	(21,598)
Allowance for expected credit losses		(4,178)	(3,090)
General administrative expenses		(16,044)	(8,593)
		<u>(49,908)</u>	<u>(33,281)</u>
Loss before income tax from discontinued operations		<u>(50,922)</u>	(1,744)
Income tax		(29,792)	(17,617)
Net loss for the period from discontinued operations		<u>(80,714)</u>	<u>(19,361)</u>
Basic and diluted loss per share from discontinued operations (Rupees)		<u>(9.78)</u>	<u>(2.35)</u>

Siemens (Pakistan) Engineering Co. Ltd.
Notes to the Condensed Interim Financial Statements (Unaudited)
For the three months period ended December 31, 2022

4.4 The net cash flows from / (incurred by) the disposal group are, as follows:

	For the three months period ended	
	December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)
	----- (Rupees in '000) -----	
Cash flows from discontinued operations		
Net Cash flows from operating activities	43,492	(223,987)
Net Cash flows from investing activities	(399)	(154)
Net cash flows from discontinued operations	<u>43,093</u>	<u>(224,141)</u>
	As at December 31, 2022 (Unaudited)	As at September 30, 2022 (Audited)
	----- (Rupees in '000) -----	
5. LEASE LIABILITIES	Note	
Balance at beginning of the period / year		111,654
New leases during the period / year		-
Accretion of interest during the period / year		9,945
Payments during the period / year		(41,274)
Balance at end of the period / year		<u>80,325</u>
Less: Current maturity of lease liabilities	9	<u>(32,018)</u>
		<u>59,426</u>
6. DEFERRED LIABILITIES		
Defined benefit plan - gratuity fund		397,966
Share based benefits		26,004
Others		16,133
		<u>446,183</u>
7. TRADE AND OTHER PAYABLES		
Trade creditors [including retention money of Rs 470.031 million (September 30, 2022: Rs 581.729 million)]	7.1	6,907,944
Accrued liabilities		1,384,543
Accrued interest		191,469
Workers' Welfare Fund (WWF)		229,349
Workers' Profit Participation Fund (WPPF)		9,112
Derivative financial instruments	20.1	-
Withholding tax payable		27,244
Sales tax payable		121,534
Other liabilities		99,670
		<u>8,970,865</u>

7.1 These include sums aggregating to Rs 1,841.962 million (September 30, 2022: Rs 1,518.889 million) due to related parties.

Siemens (Pakistan) Engineering Co. Ltd.
Notes to the Condensed Interim Financial Statements (Unaudited)
For the three months period ended December 31, 2022

		As at December 31, 2022 (Unaudited)	As at September 30, 2022 (Audited)
		----- (Rupees in '000) -----	
8. CONTRACT LIABILITIES	Note		
Advances from customers			
- for goods		1,153,445	1,355,811
- for projects and services	8.1	3,521,265	3,275,911
		<u>4,674,710</u>	<u>4,631,722</u>
Unearned portion of revenue		18,748	185,861
Refund liabilities		346,888	387,556
		<u>5,040,346</u>	<u>5,205,139</u>
Classified as liabilities held for sale	4.2	(144,955)	-
		<u>4,895,391</u>	<u>5,205,139</u>

- 8.1** These include advance amount due from a related party, Rousch (Pakistan) Power Limited having aggregate amount of Rs 156.622 million (September 30, 2022: Rs 264.223 million) as per the contractual payment terms.

		As at December 31, 2022 (Unaudited)	As at September 30, 2022 (Audited)
		----- (Rupees in '000) -----	
9. CURRENT PORTION OF NON-CURRENT LIABILITIES	Note		
Current maturity of long-term financing		-	34,222
Current maturity of lease liabilities	5	37,977	32,018
		<u>37,977</u>	<u>66,240</u>

10. SHORT-TERM BORROWINGS

Short-term loans

Secured	10.1	950,000	-
Unsecured	10.2	750,000	-

Short-term running finances

Secured	10.3	2,198,960	-
		<u>3,898,960</u>	<u>-</u>

- 10.1** This represents loans obtained from commercial banks in Pakistan for a period of one month at interest rate ranges between 16.74% to 17.06% per annum. These are secured against the joint hypothecation charges over inventories and trade receivables of the Company.

- 10.2** This represents loan obtained from a commercial bank in Pakistan for a period of one month at an interest rate of 17.24% per annum.

- 10.3** These facilities arranged with commercial banks in Pakistan aggregated to Rs 4,917 million (September 30, 2022: Rs 3,695 million) at interest rate ranges between 15.71% to 16.98% per annum (September 30, 2022: 8.00% to 16.01% per annum). These are secured against the joint hypothecation charges over inventories and trade receivables of the Company.

Siemens (Pakistan) Engineering Co. Ltd.

Notes to the Condensed Interim Financial Statements (Unaudited)

For the three months period ended December 31, 2022

11. PROVISIONS	Note	Warranties ----- (Rupees in '000)	Losses on sales contracts (Rupees in '000)	Total -----
Balance as at September 30, 2022 (Audited)		502,960	146,192	649,152
Additional provisions		24,708	40,157	64,865
Cost incurred		(6,937)	(23,724)	(30,661)
Reversal of unutilised amounts		(22,281)	-	(22,281)
		<u>498,450</u>	<u>162,625</u>	<u>661,075</u>
Classified as liabilities held for sale	4.2	-	(30,651)	(30,651)
Balance as at December 31, 2022 (Unaudited)		<u>498,450</u>	<u>131,974</u>	<u>630,424</u>
Balance as at September 30, 2021 (Audited)		504,477	37,251	541,728
Additional provisions		132,000	132,708	264,708
Cost incurred		(47,113)	(14,443)	(61,556)
Reversal of unutilised amounts		(86,404)	(9,324)	(95,728)
Balance as at September 30, 2022 (Audited)		<u>502,960</u>	<u>146,192</u>	<u>649,152</u>
		As at December 31, 2022 (Unaudited)	As at September 30, 2022 (Audited)	
		----- (Rupees in '000) -----		
12. TAXATION - NET				
Provision for taxation			2,134,817	2,189,776
Advance tax			(1,569,684)	(1,615,047)
			<u>565,133</u>	<u>574,729</u>
13. CONTINGENCIES AND COMMITMENTS				
13.1 Contingencies				
There has been no major change in the status of contingencies as stated in the note 16.1 to the annual financial statements of the Company for the year ended September 30, 2022.				
13.2 Commitments				
(i) As at December 31, 2022, capital expenditure contracted for but not incurred amounted to Rs 27.277 million (September 30, 2022: Rs 38.140 million).				
		As at December 31, 2022 (Unaudited)	As at September 30, 2022 (Audited)	
		----- (Rupees in '000) -----		
(ii) Guarantees				
- limit		19,899,942	18,916,372	
- utilised portion		<u>17,247,764</u>	<u>16,580,399</u>	
- unutilised portion		<u>2,652,178</u>	<u>2,335,973</u>	
(iii) Letters of credit				
- limit		5,200,000	5,200,000	
- utilised portion		<u>666,496</u>	<u>4,444,805</u>	
- unutilised portion		<u>4,533,504</u>	<u>755,195</u>	
(iv) The aggregate amount of commitments against various lease arrangements for rental premises:				
		As at December 31, 2022 (Unaudited)	As at September 30, 2022 (Audited)	
		----- (Rupees in '000) -----		
- Not later than one year		<u>4,613</u>	<u>5,761</u>	

Siemens (Pakistan) Engineering Co. Ltd.
Notes to the Condensed Interim Financial Statements (Unaudited)
For the three months period ended December 31, 2022

		As at December 31, 2022 (Unaudited) ----- (Rupees in '000) -----	As at September 30, 2022 (Audited)
14. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating assets - at net book value	14.1	284,480	296,280
Capital-work-in-progress		21,577	29,871
		<u>306,057</u>	<u>326,151</u>
14.1 Operating assets			
Opening net book value		296,280	244,418
Additions during the period / year	14.2	25,047	182,499
		<u>321,327</u>	<u>426,917</u>
Disposals during the period / year	14.2	(9,898)	(108,690)
Accumulated depreciation on disposals		8,168	102,896
Depreciation for the period / year		(25,440)	(124,843)
Classified as assets held for sale	4.2	(9,677)	-
		<u>(36,847)</u>	<u>(130,637)</u>
Closing net book value		<u>284,480</u>	<u>296,280</u>

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

	Additions		Disposals	
	For the three months period ended		For the three months period ended	
	December 31, 2022 ----- (Unaudited) -----	December 31, 2021	December 31, 2022 ----- (Unaudited) -----	December 31, 2021
----- (Rupees in '000) -----				
Leasehold improvements	3,779	41,998	-	-
Plant and machinery	2,175	-	1,106	469
Furniture and fixtures	8,220	6,738	3,854	1,083
Office equipment	10,873	3,061	3,760	2,460
Vehicles	-	9,911	-	-
Tools and patterns	-	4,114	1,178	4,825
	<u>25,047</u>	<u>65,822</u>	<u>9,898</u>	<u>8,837</u>

15. RIGHT-OF-USE ASSETS

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 / year:

	As at December 31, 2022 (Unaudited) ----- (Rupees in '000) -----	As at September 30, 2022 (Audited)
Opening net book value	68,339	99,958
Right-of-use assets recognised during the period / year	17,876	-
Depreciation for the period / year	(8,038)	(31,619)
Closing net book value	<u>78,177</u>	<u>68,339</u>

16. DEFERRED TAX ASSET - NET

Debit / (credit) balance arising in respect of:

Unadjusted tax credits / tax losses	26,449	-
Provisions	201,113	189,044
Loss allowance	398,959	370,364
Remeasurement loss on defined benefit plan	37,137	34,792
Decelerated tax depreciation	27,395	25,595
Lease liabilities	15,454	11,940
	<u>706,507</u>	<u>631,735</u>
Derivative financial instruments	(186,505)	(264,703)
Right-of-use assets	(12,404)	(10,158)
	<u>(198,909)</u>	<u>(274,861)</u>
	<u>507,598</u>	<u>356,874</u>

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		As at December 31, 2022 (Unaudited)	As at September 30, 2022 (Audited)
	Note	----- (Rupees in '000) -----	
17. INVENTORIES			
Raw materials and components		726,201	520,569
Work-in-process		1,553,461	1,191,025
Finished goods		210,810	211,621
		<u>2,490,472</u>	<u>1,923,215</u>
Less: Provision for slow moving and obsolete items		(180,952)	(171,462)
		<u>2,309,520</u>	<u>1,751,753</u>
Goods-in-transit		393,094	414,011
		<u>2,702,614</u>	<u>2,165,764</u>
Classified as assets held for sale	4.2	(128,815)	-
		<u><u>2,573,799</u></u>	<u><u>2,165,764</u></u>
18. TRADE RECEIVABLES			
Considered good			
Due from related parties	18.1	494,384	209,870
Due from others		13,773,960	11,432,060
		<u>14,268,344</u>	<u>11,641,930</u>
Considered doubtful		1,461,953	1,458,266
		<u>15,730,297</u>	<u>13,100,196</u>
Less: Loss allowance		(1,461,953)	(1,458,266)
		<u>14,268,344</u>	<u>11,641,930</u>
Classified as assets held for sale - net	4.2	(184,735)	-
		<u><u>14,083,609</u></u>	<u><u>11,641,930</u></u>
18.1	Represents amounts due from Rousch (Pakistan) Power Limited and Siemens Energy affiliates having aggregate amounts of Rs 8.113 million (September 30, 2022: Rs 38.888 million) and Rs 486.271 million (September 30 2022: Rs 170.982 million) respectively.		
		As at December 31, 2022 (Unaudited)	As at September 30, 2022 (Audited)
		----- (Rupees in '000) -----	
19. CONTRACT ASSETS			
Considered good		3,516,993	3,424,503
Considered doubtful		536,057	534,852
		<u>4,053,050</u>	<u>3,959,355</u>
Less: Loss allowance		(536,057)	(534,852)
		<u>3,516,993</u>	<u>3,424,503</u>
Classified as assets held for sale - net	4.2	(69,166)	-
		<u><u>3,447,827</u></u>	<u><u>3,424,503</u></u>
20. DERIVATIVE FINANCIAL INSTRUMENTS			

This represents the derivative contracts embedded in foreign currency host construction contracts entered into by the Company with its customers and suppliers. The economic characteristics and risks of such embedded contracts are not closely related to those of the host contracts and therefore are accounted for as separate derivatives and are carried at fair value through profit or loss. Fair values of embedded foreign currency derivatives are based on forward exchange rates for the due dates of the respective embedded derivatives.

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Notes to the Condensed Interim Financial Statements (Unaudited)

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		As at December 31, 2022 (Unaudited)	As at September 30, 2022 (Audited)
20.1 Fair value of embedded foreign currency derivatives	Note	----- (Rupees in '000) -----	
Embedded foreign currency derivatives asset		1,176,987	1,780,775
Embedded foreign currency derivatives liability	7	(1,528)	-
	20.2	<u>1,175,459</u>	<u>1,780,775</u>

20.2 Below is the reconciliation for change in fair value measurement of embedded derivative net asset position:

		For the three months period ended	
		December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)
	Note	----- (Rupees in '000) -----	
Fair value of embedded foreign currency derivatives - at the beginning of the period (net)	20.1	1,780,775	225,269
Net remeasurement (loss) / gain recognised in statement of profit or loss during the period			
Continuing operations		(579,204)	156,243
Discontinued operations		(26,112)	-
	20.3	<u>(605,316)</u>	156,243
Fair value of embedded foreign currency derivatives - at the end of the period (net)	20.1	<u>1,175,459</u>	<u>381,512</u>

20.3 This represents amount included under the line item of cost of sales and services in statement of profit or loss.

		As at December 31, 2022 (Unaudited)	As at September 30, 2022 (Audited)
21. OTHER RECEIVABLES	Note	----- (Rupees in '000) -----	
Considered good			
Due from related parties	21.1	3,196	1,912
Costs reimbursable from customers		410,049	243,482
Sales tax refundable		95,643	-
Interest accrued		56,260	55,396
Others		13,925	15,144
		<u>579,073</u>	315,934
Considered doubtful			
Costs reimbursable from customers		29,583	30,087
Sales tax refundable		116,361	116,361
Others		88,501	88,262
		<u>234,445</u>	234,710
		<u>813,518</u>	550,644
Less: Loss allowance		<u>(234,445)</u>	(234,710)
		<u>579,073</u>	<u>315,934</u>

21.1 Represents amount due from Siemens Industry Software (Private) Limited and Siemens Healthcare (Private) Limited having aggregate amounts due of Rs 2.681 million (September 30, 2022: Rs 1.912 million) and Rs 0.515 million (September 30, 2022: nil) respectively.

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		As at December 31, 2022 (Unaudited)	As at September 30, 2022 (Audited)
		----- (Rupees in '000) -----	
22. CASH AND BANK BALANCES			
With banks in			
Current accounts		407,635	451,193
Deposit accounts		510,104	1,023,201
		<u>917,739</u>	<u>1,474,394</u>
Cash in hand		793	186
		<u>918,532</u>	<u>1,474,580</u>
		For the three months period ended	
		December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)
		----- (Rupees in '000) -----	
23. NET SALES AND SERVICES	<i>Note</i>		
Sales disaggregation by type of contracts			
Execution of contracts		3,905,781	1,766,683
Sale of goods		1,384,967	1,549,815
Rendering of services		1,019,299	856,804
		<u>6,310,047</u>	<u>4,173,302</u>
Sales tax		990,212	447,843
Gross sales and services		<u>7,300,259</u>	<u>4,621,145</u>
Less: Sales tax		<u>(990,212)</u>	<u>(447,843)</u>
		<u>6,310,047</u>	<u>4,173,302</u>
Less: Discontinued operations	4.3	<u>(957,323)</u>	<u>(587,026)</u>
		<u>5,352,724</u>	<u>3,586,276</u>
24. OTHER INCOME			
Gain on sale of property, plant and equipment		81	-
Liabilities no longer payable written back		924	44
Insurance and other claims		-	155
		<u>1,005</u>	<u>199</u>
25. OTHER OPERATING EXPENSES			
Loss on sale of property, plant and equipment		-	127
Workers' Profit Participation Fund (WPPF)		-	33,404
Workers' Welfare Fund (WWF)		2,635	12,776
		<u>2,635</u>	<u>46,307</u>

Siemens (Pakistan) Engineering Co. Ltd.
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For the three months period ended December 31, 2022

		For the three months period ended	
		December 31,	December 31,
		2022	2021
		(Unaudited)	(Unaudited)
		----- (Rupees in '000) -----	
26.	INCOME TAX		
	Current	109,235	99,463
	Deferred	(150,724)	166,494
		<u>(41,489)</u>	<u>265,957</u>
	Less: Discontinued operations	4.3 (29,792)	(17,617)
		<u>(71,281)</u>	<u>248,340</u>
27.	CASH USED IN OPERATIONS		
	(Loss) / profit before tax for the period	(505,656)	582,624
	Adjustments for non-cash items:		
	Depreciation	33,478	40,195
	Creation / (reversal) of provision for slow moving and obsolete items of inventories - net	9,490	(2,976)
	Loss allowance on trade receivables - net	22,180	27,897
	Loss allowance on contract assets - net	1,205	14,323
	Reversal of loss allowance on deposit and other receivables - net	(514)	(2,956)
	Discounting of long-term loans - net	(3)	(29)
	Provision for Workers' Welfare Fund (WWF)	2,635	12,776
	Provision for Workers' Profit Participation Fund (WPPF)	-	33,404
	Liabilities no longer payable written back	(924)	(44)
	(Gain) / loss on sale of property, plant and equipment	(81)	127
	Financial expenses	76,417	7,706
	Financial income	(2,963)	(17,298)
	Adjustment for other items:		
	Long-term loans and trade receivables	(324,913)	84,171
	Long-term prepayments	369	553
	Retention money	4,859	2,342
	Other non-current liabilities	6,080	(343)
	Working capital changes	27.1 (3,593,423)	(933,461)
		<u>(4,271,764)</u>	<u>(150,989)</u>
27.1	Working capital changes		
	(Increase) / decrease in current assets:		
	Inventories	(546,340)	(436,564)
	Trade receivables	(2,630,101)	629,458
	Contract assets	(93,695)	(684,738)
	Loans and advances	44,684	(4,719)
	Deposits and short-term prepayments	(315,060)	(16,696)
	Derivative financial instruments	603,788	(136,282)
	Other receivables	(262,010)	55,991
		<u>(3,198,734)</u>	<u>(593,550)</u>
	Increase / (decrease) in current liabilities:		
	Trade and other payables	(241,819)	78,871
	Contract liabilities	(164,793)	(417,432)
	Provisions	11,923	(1,350)
		<u>(394,689)</u>	<u>(339,911)</u>
		<u>(3,593,423)</u>	<u>(933,461)</u>

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	As at December 31, 2022 (Unaudited)	As at December 31, 2021 (Unaudited)
	----- (Rupees in '000) -----	
28. CASH AND CASH EQUIVALENTS		
Cash and bank balances	918,532	2,093,755
Short-term borrowings	(3,898,960)	-
	<u>(2,980,428)</u>	<u>2,093,755</u>

29. 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 are carried at agreed terms as approved by the Board of Directors of the Company. Transactions with related parties can be summarised as follows:

	For the three months period ended	
	December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)
	----- (Rupees in '000) -----	
Parent company		
Sale of goods and rendering of services	982	3,431
Purchases of goods and receipt of services	319,796	630,674
Associated companies		
Sale of goods and rendering of services	542,316	189,093
Purchases of goods and receipt of services	560,563	493,920
Financial expenses	-	1
Financial income	280	-
Others		
Contribution to employees' retirement benefit funds	34,649	32,067
Compensation to key management personnel	29.1 74,599	58,683
Sale of office equipments	1,084	-
29.1 The details of compensation to key management personnel are as follows:		
Short-term benefits	60,888	53,936
Post-employment benefits	372	416
Share based benefits	13,339	4,331
	<u>74,599</u>	<u>58,683</u>

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

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30. INFORMATION ABOUT BUSINESS SEGMENTS

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

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

Segment	(All rupees in '000)					
	Smart Infrastructure	Digital Industries (Note 30.2)	Energy	Others	Eliminations	Company as a whole
-----For the three months period ended December 31, 2022 (Unaudited)-----						
REVENUE						
Sales to external customers	477,690	1,212,580	4,619,777	-	-	6,310,047
Inter-segment sales	106,528	2,344	-	-	(108,872)	-
Total revenue	<u>584,218</u>	<u>1,214,924</u>	<u>4,619,777</u>	<u>-</u>	<u>(108,872)</u>	<u>6,310,047</u>
RESULT						
Segment result	<u>(198,095)</u>	<u>(93,672)</u>	<u>(146,149)</u>	<u>3,109</u>	<u>-</u>	<u>(434,807)</u>
Financial expenses						<u>(72,948)</u>
Financial income						<u>2,099</u>
Income tax						<u>41,489</u>
Net loss for the period						<u>(464,167)</u>
OTHER INFORMATION						
Capital expenditure	<u>5,309</u>	<u>1,224</u>	<u>3</u>	<u>-</u>		
Depreciation	<u>6,475</u>	<u>3,195</u>	<u>6,433</u>	<u>62</u>		
Non-cash expenses other than depreciation	<u>723</u>	<u>2,182</u>	<u>5,197</u>	<u>500</u>		
-----As at December 31, 2022 (Unaudited)-----						
Segment assets	<u>3,882,854</u>	<u>1,735,366</u>	<u>18,350,491</u>	<u>384,218</u>	<u>-</u>	<u>24,352,929</u>
Segment liabilities	<u>2,848,853</u>	<u>2,383,154</u>	<u>8,621,949</u>	<u>242,241</u>	<u>-</u>	<u>14,096,197</u>
-----For the three months period ended December 31, 2021 (Unaudited)-----						
REVENUE						
Sales to external customers	871,384	922,997	2,375,712	3,209	-	4,173,302
Inter-segment sales	214,395	9,869	-	-	(224,264)	-
Total revenue	<u>1,085,779</u>	<u>932,866</u>	<u>2,375,712</u>	<u>3,209</u>	<u>(224,264)</u>	<u>4,173,302</u>
RESULT						
Segment result	<u>39,606</u>	<u>(10,499)</u>	<u>558,916</u>	<u>(14,991)</u>	<u>-</u>	<u>573,032</u>
Financial expenses						<u>(7,706)</u>
Financial income						<u>17,298</u>
Income tax						<u>(265,957)</u>
Net profit for the period						<u>316,667</u>
OTHER INFORMATION						
Capital expenditure	<u>3,589</u>	<u>7,837</u>	<u>4,346</u>	<u>-</u>		
Depreciation	<u>6,817</u>	<u>3,839</u>	<u>13,746</u>	<u>134</u>		
Non-cash expenses other than depreciation	<u>3,071</u>	<u>4,187</u>	<u>3,495</u>	<u>641</u>		
-----As at September 30, 2022 (Audited)-----						
Segment assets	<u>3,629,402</u>	<u>1,373,029</u>	<u>15,634,072</u>	<u>374,080</u>	<u>-</u>	<u>21,010,583</u>
Segment liabilities	<u>2,972,061</u>	<u>1,811,446</u>	<u>9,074,833</u>	<u>266,300</u>	<u>-</u>	<u>14,124,640</u>

30.2 This includes discontinued operations as mentioned in note 4 to these condensed interim financial statements.

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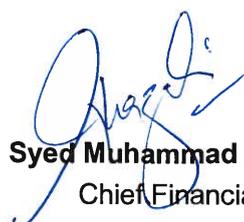
	For the three months period ended	
	December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)
	----- (Rupees in '000) -----	
30.3 Geographical information		
Sales to external customers		
Pakistan	6,210,504	4,057,588
Libya	34,066	45,815
Others	65,477	69,899
	6,310,047	4,173,302

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

31. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue by the Board of Directors of the Company in the meeting held on January 26, 2023.


Markus-Erich Strohmeier
 Managing Director


Syed Muhammad Ahsan Ghazali
 Chief Financial Officer


Ayla Majid
 Director