

SIEMENS

**Condensed Interim Financial Statements
for the nine months period
ended June 30, 2023
(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 NINE MONTHS ENDED JUNE 30TH, 2023 ON THE UN-AUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

Chairman of the Board	Stefan Werner
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 Stefan Werner Harald Griem
Members of the Human Resource & Remuneration Committee	Qazi Sajid Ali (Chairman) Oliver Spierling
Acting Managing Director	Syed Muhammad Daniyal
Chief Financial Officer	Syed Muhammad Ahsan Ghazali
Company Secretary	Khurram Muhammad Siddique
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	THK Associates (Pvt.) Limited

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

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 the half year ended June 30, 2023.

Company’s Performance: Key Performance Indicators (“KPIs”) for the nine months ended June 30, 2023, compared to corresponding period last year are summarized below:

KPIs	Rupees in million	
	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022
New Orders	22,596	34,471
Net sales and services (continuing and discontinued operations)	15,813	15,028
Profit before income tax from continuing operations	3,135	1,919
Net loss from discontinued operations	(387)	(57)
Net profit for the period (continuing and discontinued operations)	1,954	1,174
Earnings per share (Rupees)	236.90	142.41
Earnings per share from continuing operations (Rupees)	283.87	149.29

The Company booked a total Rs 22.6 billion in new orders during the nine months period ended June 30, 2023, A major portion (63% of the total volume) was generated from the new contracts secured in Energy Business.

The revenue increased by 5% in the current nine months period ended June 30, 2023, as compared to the same period last year. The net profit from continuing operations is Rs 2,341 million which has mainly arisen due to gain of Rs 2,337 million on re-measurement of foreign currency embedded derivatives booked on account of business from continuing operations.

Subsequent Events:

Subsequent to June 30, 2023, a major contract was secured in Transmission Solution Business awarded by National Transmission & Despatch Company (NTDC) to Siemens Consortium having an impact of approximately Rs 12.3 billion on the Company’s new order value.

Future Outlook:

The Company continues to closely monitor risks including the political and economic situation of the country that can impact its progress. Although the Government has removed restrictions on import transactions, the actual outcome of these measures is to be determined in upcoming periods. Therefore, there remains 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. The Company is in close coordination with its 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


Acting Managing Director

Karachi, July 27, 2023


Ayla Majid
Director

Siemens (Pakistan) Engineering Co. Ltd.
Condensed Interim Statement of Financial Position
As at June 30, 2023

		June 30, 2023 (Unaudited) ----- (Rupees in '000) -----	September 30, 2022 (Audited)
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		8,059,241	6,484,867
Total equity		8,683,433	7,109,059
Non-current liabilities			
Lease liabilities	6	29,174	48,307
Deferred liabilities	7	500,732	440,103
Retention money		41,820	3,262
		571,726	491,672
Current liabilities			
Trade and other payables	8	11,667,179	8,970,865
Contract liabilities	9	5,931,792	5,205,139
Current portion of non-current liabilities		31,435	66,240
Short-term running finances	10	50,167	-
Provisions	11	716,811	649,152
Taxation - net	12	969,851	574,729
Unpaid dividend	13	250,752	-
Unclaimed dividend		29,986	28,892
		19,647,973	15,495,017
Total liabilities		20,219,699	15,986,689
Contingencies and commitments	14		
Total equity and liabilities		28,985,602	23,178,218
Assets			
Non-current assets			
Property, plant and equipment	15	275,664	326,151
Right-of-use assets	16	48,247	68,339
Long-term loans and trade receivables		731,217	609,767
Long-term prepayments		-	830
Deferred tax asset - net	17	229,260	356,874
		1,284,388	1,361,961
Current assets			
Inventories	18	3,872,259	2,165,764
Trade receivables	19	13,357,985	11,641,930
Contract assets	20	3,911,659	3,424,503
Loans and advances		254,582	490,183
Deposits and short-term prepayments		710,008	522,588
Derivative financial instruments	21	4,027,514	1,780,775
Other receivables	22	600,189	315,934
Cash and bank balances	23	967,018	1,474,580
		27,701,214	21,816,257
Total assets		28,985,602	23,178,218

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


Syed Muhammad Daniyal
 Managing Director


Syed Muhammad Ahsan Ghazali
 Chief Financial Officer


Ayla Majid
 Director

Siemens (Pakistan) Engineering Co. Ltd.
Condensed Interim Statement of Profit or Loss (Unaudited)
For the nine months period ended June 30, 2023

	Note	Nine months period ended		Three months period ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Continuing operations					
		----- (Rupees in '000) -----			
Net sales and services	24	14,417,265	13,356,929	4,046,667	5,060,192
Cost of sales and services	21.3	(9,381,588)	(9,938,743)	(3,684,741)	(3,562,669)
Gross profit		5,035,677	3,418,186	361,926	1,497,523
Marketing and selling expenses		(833,215)	(708,610)	(302,902)	(263,439)
(Allowance for) / reversal of expected credit losses		(396,906)	(411,731)	54,066	(255,201)
General administrative expenses		(357,015)	(220,848)	(133,733)	(49,261)
		(1,587,136)	(1,341,189)	(382,569)	(567,901)
		3,448,541	2,076,997	(20,643)	929,622
Other income		8,262	1,395	7,257	139
Other operating expenses		(55,423)	(142,183)	9,736	(63,564)
Net other operating (expenses) / income		(47,161)	(140,788)	16,993	(63,425)
Operating profit / (loss)		3,401,380	1,936,209	(3,650)	866,197
Financial income		13,635	27,867	5,726	2,906
Financial expenses		(279,736)	(45,432)	(60,693)	(21,778)
Net financial expenses		(266,101)	(17,565)	(54,967)	(18,872)
Profit / (loss) before income tax from continuing operations		3,135,279	1,918,644	(58,617)	847,325
Income tax	25	(794,176)	(687,458)	(135,193)	(334,061)
Net profit / (loss) for the period from continuing operations		2,341,103	1,231,186	(193,810)	513,264
Discontinued operations					
Net loss for the period from discontinued operations	5.1	(387,365)	(56,740)	(319,722)	(16,863)
Net profit / (loss) for the period		1,953,738	1,174,446	(513,532)	496,401
Basic and diluted earnings / (loss) per share (Rupees)		236.90	142.41	(62.27)	60.19
Basic and diluted earnings / (loss) per share from continuing operations (Rupees)		283.87	149.29	(23.50)	62.24

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


Syed Muhammad Daniyal
 Managing Director


Syed Muhammad Ahsan Ghazali
 Chief Financial Officer


Ayla Majid
 Director

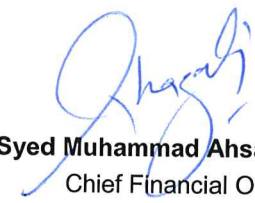
Siemens (Pakistan) Engineering Co. Ltd.
Condensed Interim Statement of Comprehensive Income (Unaudited)
For the nine months period ended June 30, 2023

	Nine months period ended		Three months period ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----			
Net profit / (loss) for the period	1,953,738	1,174,446	(513,532)	496,401
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	1,953,738	1,174,446	(513,532)	496,401

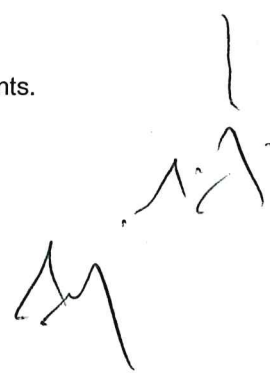
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Syed Muhammad Daniyal
 Managing Director



Syed Muhammad Ahsan Ghazali
 Chief Financial Officer

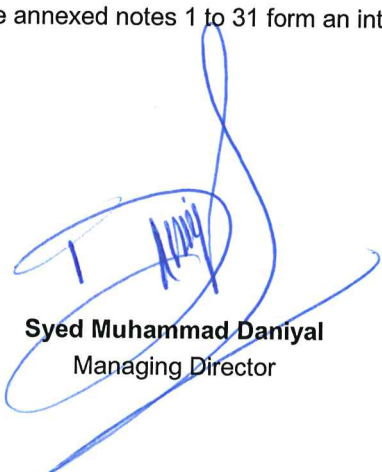


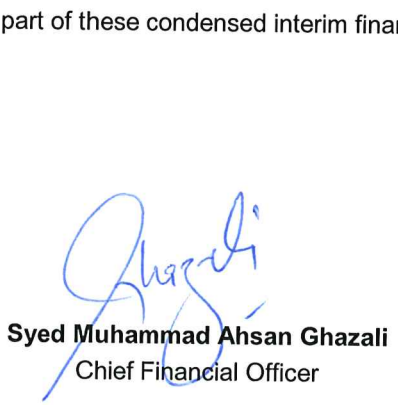
Ayla Majid
 Director

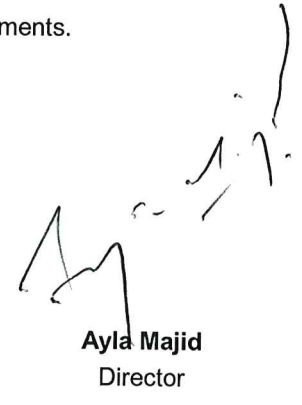
Siemens (Pakistan) Engineering Co. Ltd.
Condensed Interim Statement of Cash Flows (Unaudited)
For the nine months period ended June 30, 2023

	Note	Nine months period ended	
		June 30, 2023	June 30, 2022
		----- (Rupees in '000) -----	
Cash flows from operating activities			
Cash generated from / (used in) operations	27	1,462	(17,613)
Financial expenses paid		(217,095)	(10,235)
Income tax paid		(359,987)	(356,708)
Payment to Workers' Profit Participation Fund (WPPF)		(9,112)	(15,580)
Payment to Workers' Welfare Fund (WWF)		(24,040)	(94)
Net cash used in operating activities		(608,772)	(400,230)
Cash flows from investing activities			
Capital expenditure		(36,846)	(120,447)
Proceeds from sale of property, plant and equipment		8,300	873
Proceeds from sale of assets classified as held for sale		266,431	-
Financial income received		4,604	22,759
Net cash generated from / (used in) investing activities		242,489	(96,815)
Cash flows from financing activities			
Dividends paid		(127,518)	(378,365)
Repayment of long-term financing		(34,222)	(103,147)
Repayment of lease liabilities		(29,706)	(27,271)
Net cash used in financing activities		(191,446)	(508,783)
Net decrease in cash and cash equivalents		(557,729)	(1,005,828)
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	<u>916,851</u>	<u>1,396,483</u>

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


Syed Muhammad Daniyal
 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 nine months period ended June 30, 2023

	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 - net of tax	Accumulated profits	
(Rupees in '000)								
Balance as at September 30, 2021 - Audited	82,470	619,325	567	4,300	4,523,026	(279,895)	856,504	5,806,297
Final dividend @ Rs 46 per Ordinary share of Rs 10 each for the year ended September 30, 2021	-	-	-	-	-	-	(379,364)	(379,364)
Net profit for the nine months period ended June 30, 2022	-	-	-	-	-	-	1,174,446	1,174,446
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	1,174,446	1,174,446
Balance as at June 30, 2022 - Unaudited	82,470	619,325	567	4,300	4,523,026	(279,895)	1,651,586	6,601,379
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
Final dividend @ Rs 46 per Ordinary share of Rs 10 each for the year ended September 30, 2022	-	-	-	-	-	-	(379,364)	(379,364)
Net profit for the nine months period ended June 30, 2023	-	-	-	-	-	-	1,953,738	1,953,738
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	1,953,738	1,953,738
Balance as at June 30, 2023 - Unaudited	82,470	619,325	567	4,300	4,523,026	(196,148)	3,732,363	8,765,903

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


Syed Muhammad Daniyal
 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 nine months period ended June 30, 2023

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.

1.1 Energy Portfolio of the Company

The Board of Directors of the Company in their meeting held on March 10, 2023, has approved, in principle, that the Company assesses the viability of a sale of the Company's energy portfolio to a separate entity of Siemens Energy Group following the Spin-off of the Energy Business by Siemens AG in 2020.

The proposed sale transaction shall remain subject to finalization of definitive agreement between the parties and the receipt of further internal, corporate and applicable regulatory approvals. The criteria stated in IFRS-5 'Non-current Assets Held for Sale and Discontinued Operations' has not been fully met as at the reporting date, accordingly, the afore-mentioned business has not been classified and presented as 'Held for Sale and Discontinued Operation' in these condensed interim financial statements.

1.2 Discontinued operations

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 to TMC (Private) Limited. The requisite regulatory approvals have been obtained and the sale of the business has been completed on April 1, 2023. Consequently, the business was economically transferred to TMC (Private) Limited. However, in case of certain contracts where legal transfer is pending (pending contracts), the Company will continue to manage such contracts and the related receivable and payable balances.

The afore-mentioned business is presented as discontinued operations for the period in note 5 to these condensed interim financial statements. Further, the comparative figures of the condensed interim statement of profit or loss and respective notes have been re-presented accordingly. The related gain on sale of assets classified as held for sale is presented in note 26 to these condensed interim financial statements.

2. BASIS OF PREPARATION

- 2.1** These condensed interim financial statements of the Company for the nine months period ended June 30, 2023 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 (the Act) and provisions of and directives issued under the Act. In case where requirements differ, the provisions of or directives issued under the Act have been followed.

These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended September 30, 2022.

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

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.

Siemens (Pakistan) Engineering Co. Ltd.
Notes to the Condensed Interim Financial Statements (Unaudited)
For the nine months period ended June 30, 2023

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computations adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual audited financial statements for the year ended September 30, 2022.
- 3.2 Amendments and improvements 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. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND FINANCIAL RISK MANAGEMENT

The judgments, estimates and assumptions made by the management in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the Company's annual audited financial statements for the year ended September 30, 2022.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended September 30, 2022.

5. DISCONTINUED OPERATIONS

- 5.1 As stated in note 1.2 to these condensed interim financial statements, the results of the disposal group for the period are presented below:

		For the nine months period ended		For the three months period ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
		----- (Unaudited) -----		----- (Unaudited) -----	
Discontinued operations	Note	----- (Rupees in '000) -----			
Net sales and services		1,394,938	1,671,195	3,687	795,144
Cost of sales and services	21.3	(1,724,902)	(1,593,334)	(404,544)	(757,273)
Gross (loss) / profit		(329,964)	77,861	(400,857)	37,871
Marketing and selling expenses		(44,680)	(52,324)	-	(15,692)
Reversal of / (allowance for) expected credit losses		5,816	1,771	22,019	(1,984)
General administrative expenses		(49,403)	(31,778)	(12,207)	(11,029)
		(88,267)	(82,331)	9,812	(28,705)
		(418,231)	(4,470)	(391,045)	9,166
Other income		4,502	14	1,325	2
Other operating expenses		(22)	-	-	-
Net other operating income		4,480	14	1,325	2
(Loss) / profit before income tax expense and gain on sale of assets classified as held for sale		(413,751)	(4,456)	(389,720)	9,168
Income tax		(43,723)	(52,284)	(111)	(26,031)
Loss for the period before gain on sale of assets classified as held for sale		(457,474)	(56,740)	(389,831)	(16,863)
Gain on sale of assets classified as held for sale - net of income tax	26	70,109	-	70,109	-
Net loss for the period		(387,365)	(56,740)	(319,722)	(16,863)
Basic and diluted loss per share (Rupees)		(46.97)	(6.88)	(38.77)	(2.05)

Siemens (Pakistan) Engineering Co. Ltd.
Notes to the Condensed Interim Financial Statements (Unaudited)
For the nine months period ended June 30, 2023

5.2 The net cash flows from the disposal group are, as follows:

	For the nine months period ended		
	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)	
	----- (Rupees in '000) -----		
Cash flows from discontinued operations			
Net cash flows from operating activities	746,311	381,519	
Net cash flows from investing activities	265,569	(5,094)	
Net cash flows from discontinued operations	<u>1,011,880</u>	<u>376,425</u>	
	As at June 30, 2023 (Unaudited)	As at September 30, 2022 (Audited)	
	----- (Rupees in '000) -----		
6. LEASE LIABILITIES	<i>Note</i>		
Balance at beginning of the period / year	80,325	111,654	
New leases during the period / year	17,876	-	
Accretion of interest during the period / year	6,045	9,945	
Payments during the period / year	(29,706)	(41,274)	
Disposals during the period / year	(13,931)	-	
Balance at end of the period / year	<u>60,609</u>	<u>80,325</u>	
Less: Current maturity of lease liabilities	<u>(31,435)</u>	<u>(32,018)</u>	
	<u>29,174</u>	<u>48,307</u>	
7. DEFERRED LIABILITIES			
Defined benefit plan - gratuity fund	432,535	397,966	
Share based benefits	52,617	26,004	
Others	15,580	16,133	
	<u>500,732</u>	<u>440,103</u>	
8. TRADE AND OTHER PAYABLES			
Trade creditors [including retention money of Rs 432.683 million (September 30, 2022: Rs 581.729 million)]	8.1	9,636,105	6,907,944
Accrued liabilities		1,189,811	1,384,543
Payable against pending contracts	8.2	207,520	-
Accrued interest		248,065	191,469
Workers' Welfare Fund (WWF)		263,078	229,349
Workers' Profit Participation Fund (WPPF)		-	9,112
Withholding tax payable		55,993	27,244
Sales tax payable		-	121,534
Other liabilities		66,607	99,670
		<u>11,667,179</u>	<u>8,970,865</u>

Siemens (Pakistan) Engineering Co. Ltd.
Notes to the Condensed Interim Financial Statements (Unaudited)
For the nine months period ended June 30, 2023

- 8.1 These include sums aggregating to Rs 3,642.176 million (September 30, 2022: Rs 1,518.889 million) due to related parties.
- 8.2 This represents the net balance payable to TMC (Private) Limited on account of pending contracts as mentioned in note 1.2 to these condensed interim financial statements.

		As at June 30, 2023 (Unaudited)	As at September 30, 2022 (Audited)
9. CONTRACT LIABILITIES	Note	----- (Rupees in '000) -----	
Advances from customers			
- for goods		1,363,065	1,355,811
- for projects and services	9.1	<u>4,227,321</u>	<u>3,275,911</u>
		5,590,386	4,631,722
Unearned portion of revenue		-	185,861
Refund liabilities		<u>341,406</u>	<u>387,556</u>
		<u>5,931,792</u>	<u>5,205,139</u>

- 9.1 These include advance received from a related party, Rousch (Pakistan) Power Limited having aggregate amount of Rs 157.893 million (September 30, 2022: Rs 264.223 million) as per the contractual payment terms.

		As at June 30, 2023 (Unaudited)	As at September 30, 2022 (Audited)
10. SHORT-TERM RUNNING FINANCES	Note	----- (Rupees in '000) -----	
Secured	10.1	<u>50,167</u>	-

- 10.1 These facilities arranged with commercial banks in Pakistan aggregated to Rs 3,887 million (September 30, 2022: Rs 3,695 million) at interest rate ranges between 15.71% to 22.48% 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.

- 10.2 There is no material change in the terms and conditions of the short-term running finance facilities as stated in the notes 15.2 and 15.3 to the annual audited financial statements of the Company for the year ended September 30, 2022.

Siemens (Pakistan) Engineering Co. Ltd.
Notes to the Condensed Interim Financial Statements (Unaudited)
For the nine months period ended June 30, 2023

11. PROVISIONS	Warranties	Losses on sales contracts	Total
	----- (Rupees in '000) -----		
Balance as at September 30, 2022 (Audited)	502,960	146,192	649,152
Additional provisions	61,750	200,598	262,348
Cost incurred	(18,187)	(77,651)	(95,838)
Reversal of unutilised amounts	(70,078)	(28,773)	(98,851)
Balance as at June 30, 2023 (Unaudited)	<u>476,445</u>	<u>240,366</u>	<u>716,811</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 June
30, 2023
(Unaudited)

As at September
30, 2022
(Audited)

12. TAXATION - NET

----- (Rupees in '000) -----

Provision for taxation	2,780,691	2,189,776
Advance tax	(1,810,840)	(1,615,047)
	<u>969,851</u>	<u>574,729</u>

13. UNPAID DIVIDEND

Represents amount payable to Siemens AG (Parent Company) on account of final dividend for the year ended September 30, 2022. The remittance of dividend has been applied for and is in regulatory approval.

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

There has been no major change in the status of contingencies as stated in the note 16.1 to the annual audited financial statements of the Company for the year ended September 30, 2022.

14.2 Commitments

- (i) As at June 30, 2023, capital expenditure contracted for but not incurred amounted to Rs 46.524 million (September 30, 2022: Rs 38.140 million).

	As at June 30, 2023 (Unaudited)	As at September 30, 2022 (Audited)
	----- (Rupees in '000) -----	
(ii) Guarantees		
- limit	<u>21,322,777</u>	18,916,372
- utilised portion	<u>20,738,822</u>	16,580,399
- unutilised portion	<u>583,955</u>	2,335,973

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		As at June 30, 2023 (Unaudited)	As at September 30, 2022 (Audited)		
----- (Rupees in '000) -----					
(iii)	Letters of credit				
	- limit	5,200,000	5,200,000		
	- utilised portion	1,969,269	4,444,805		
	- unutilised portion	3,230,731	755,195		
(iv)	The aggregate amount of commitments against various lease arrangements for rental premises:				
		As at June 30, 2023 (Unaudited)	As at September 30, 2022 (Audited)		
		----- (Rupees in '000) -----			
	Note				
	- Not later than one year	3,022	5,761		
15.	PROPERTY, PLANT AND EQUIPMENT				
	Operating assets - at net book value	253,744	296,280		
	Capital-work-in-progress	21,920	29,871		
		275,664	326,151		
15.1	Operating assets				
	Opening net book value	296,280	244,418		
	Additions during the period / year	44,797	182,499		
		341,077	426,917		
	Disposals during the period / year	(70,051)	(108,690)		
	Accumulated depreciation on disposals	58,720	102,896		
	Depreciation for the period / year	(76,002)	(124,843)		
		(87,333)	(130,637)		
	Closing net book value	253,744	296,280		
15.2	Following is the cost of operating assets that have been added / disposed off:				
		Additions		Disposals	
		For the nine months period ended		For the nine months period ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
		----- (Unaudited) -----		----- (Unaudited) -----	
		----- (Rupees in '000) -----			
	Leasehold improvements	4,258	41,998	-	-
	Plant and machinery	2,175	23,758	2,112	3,899
	Furniture and fixtures	12,377	23,343	5,558	6,207
	Office equipment	23,832	35,802	51,761	12,056
	Vehicles	-	17,886	6,251	162
	Tools and patterns	2,155	8,518	4,369	5,006
		44,797	151,305	70,051	27,330

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16. 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 June 30, 2023 (Unaudited)	As at September 30, 2022 (Audited)
<i>Note</i>	----- (Rupees in '000) -----	
Opening net book value	68,339	99,958
Right-of-use assets recognised during the period / year	17,876	-
Depreciation for the period / year	(24,642)	(31,619)
Right-of-use assets disposed off during the period / year	(13,326)	-
Closing net book value	<u>48,247</u>	<u>68,339</u>

17. DEFERRED TAX ASSET - NET

Debit / (credit) balance arising in respect of:

Unused tax credits	127,657	-
Provisions	263,893	189,044
Loss allowance	594,911	370,364
Remeasurement loss on defined benefit plan	34,792	34,792
Decelerated tax depreciation	36,628	25,595
Lease liabilities	12,508	11,940
	<u>1,070,389</u>	<u>631,735</u>
Derivative financial instruments	(831,172)	(264,703)
Right-of-use assets	(9,957)	(10,158)
	<u>(841,129)</u>	<u>(274,861)</u>
	<u>229,260</u>	<u>356,874</u>

18. INVENTORIES

Raw materials and components	857,110	520,569
Work-in-process	1,720,443	1,191,025
Finished goods	417,910	211,621
	<u>2,995,463</u>	<u>1,923,215</u>
Less: Provision for slow moving and obsolete items	(171,690)	(171,462)
	<u>2,823,773</u>	<u>1,751,753</u>
Goods-in-transit	1,048,486	414,011
	<u>3,872,259</u>	<u>2,165,764</u>

19. TRADE RECEIVABLES

Considered good		
Due from related parties	19.1	728,229
Due from others		209,870
		<u>12,629,756</u>
		<u>13,357,985</u>
Considered doubtful		1,587,030
		<u>14,945,015</u>
Less: Loss allowance		(1,458,266)
		<u>13,357,985</u>
		<u>11,641,930</u>

19.1 Represent amounts due from Rousch (Pakistan) Power Limited and Siemens Energy affiliates having aggregate amounts of Rs 27.750 million (September 30, 2022; Rs 38.888 million) and Rs 700.479 million (September 30 2022; Rs 170.982 million) respectively.

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	As at June 30, 2023 (Unaudited)	As at September 30, 2022 (Audited)
20. CONTRACT ASSETS	----- (Rupees in '000) -----	
Considered good	3,911,659	3,424,503
Considered doubtful	483,078	534,852
	<u>4,394,737</u>	<u>3,959,355</u>
Less: Loss allowance	(483,078)	(534,852)
	<u><u>3,911,659</u></u>	<u><u>3,424,503</u></u>

21. 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.

		As at June 30, 2023 (Unaudited)	As at September 30, 2022 (Audited)
21.1 Fair value of embedded foreign currency derivatives	Note	----- (Rupees in '000) -----	
Embedded foreign currency derivatives asset	21.2	<u>4,027,514</u>	<u>1,780,775</u>

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

	For the nine months period ended		For the three months period ended	
	June 30, 2023 (Unaudited)	June 30, 2022	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Note	----- (Rupees in '000) -----			
Fair value of embedded foreign currency derivatives - at the beginning of the period (net)	1,780,775	225,269	4,547,837	440,097
Net remeasurement gain / (loss) recognised in statement of profit or loss during the period				
Continuing operations	2,337,217	849,052	(141,896)	634,224
Discontinued operations	(90,478)	-	(378,427)	-
21.3	<u>2,246,739</u>	849,052	<u>(520,323)</u>	634,224
Fair value of embedded foreign currency derivatives - at the end of the period	<u><u>4,027,514</u></u>	<u>1,074,321</u>	<u><u>4,027,514</u></u>	<u>1,074,321</u>

21.3 The significant net increase in fair value of embedded foreign currency derivatives asset is due to sharp devaluation of Pak Rupee during the period against relevant currencies of US Dollar and Euro. This net remeasurement gain is included under the line item of cost of sales and services in the condensed interim statement of profit or loss.

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Notes to the Condensed Interim Financial Statements (Unaudited)

For the nine months period ended June 30, 2023

		As at June 30, 2023 (Unaudited)	As at September 30, 2022 (Audited)
	Note	----- (Rupees in '000) -----	
22. OTHER RECEIVABLES			
Considered good			
Due from related parties	22.1	1,019	1,912
Costs reimbursable from customers		391,221	243,482
Sales tax refundable		114,818	-
Interest accrued		64,427	55,396
Others		28,704	15,144
		600,189	315,934
Considered doubtful			
Costs reimbursable from customers		33,836	30,087
Sales tax refundable		116,361	116,361
Others		88,857	88,262
		239,054	234,710
		839,243	550,644
Less: Loss allowance		(239,054)	(234,710)
		600,189	315,934

22.1 This represents amount due from Siemens Industry Software (Private) Limited having aggregate amount due of Rs 1.019 million (September 30, 2022: Rs 1.912 million).

		As at June 30, 2023 (Unaudited)	As at September 30, 2022 (Audited)
		----- (Rupees in '000) -----	
23. CASH AND BANK BALANCES			
With banks in			
Current accounts		647,860	451,193
Deposit accounts		318,800	1,023,201
		966,660	1,474,394
Cash in hand		358	186
		967,018	1,474,580

For the nine months period ended

June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
---------------------------------	---------------------------------

----- (Rupees in '000) -----

24. NET SALES AND SERVICES			
Sales disaggregation by type of contracts			
Execution of contracts		9,859,310	7,108,848
Sale of goods		2,417,440	5,247,287
Rendering of services		2,140,515	1,000,794
		14,417,265	13,356,929
Sales tax		2,230,736	1,817,269
Gross sales and services		16,648,001	15,174,198
Less: Sales tax		(2,230,736)	(1,817,269)
		14,417,265	13,356,929

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	For the nine months period ended	
	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
	----- (Rupees in '000) -----	
25. INCOME TAX		
Current		
For the year	547,627	438,270
For prior year	118,935	52,700
	666,562	490,970
Deferred	127,614	196,488
	794,176	687,458
		For the nine months period ended June 30, 2023 (Unaudited) (Rupees in '000)
26. GAIN ON SALE OF ASSETS CLASSIFIED AS HELD FOR SALE		
Sales price		266,431
Identifiable (assets) / liabilities disposed off:		
Property, plant and equipment		(9,677)
Inventories		(128,478)
Trade receivables		(479,104)
Contract assets		(69,942)
Trade and other payables		368,828
Contract liabilities		171,091
Provisions		30,651
Net assets disposed off		(116,631)
Gain on sale of assets classified as held for sale before expenses and income tax		149,800
Expenses in connection with disposal transaction		(32,521)
Workers' Welfare Fund (WWF)		(2,346)
Gain on sale of assets classified as held for sale before income tax		114,933
Income tax on above		(44,824)
Gain on sale of assets classified as held for sale - net of income tax		70,109

Siemens (Pakistan) Engineering Co. Ltd.
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For the nine months period ended June 30, 2023

		For the nine months period ended	
		June 30,	June 30,
		2023	2022
		(Unaudited)	(Unaudited)
		----- (Rupees in '000) -----	
27.	CASH GENERATED FROM / (USED IN) OPERATIONS		
	Profit before income tax for the period	2,836,461	1,914,188
	Adjustments for non-cash items:		
	Depreciation	100,644	119,269
	Provision / (reversal of provision) for slow moving and obsolete items of inventories - net	228	(13,189)
	Loss allowance on trade receivables - net	443,292	305,741
	(Reversal of loss allowance) / loss allowance on contract assets - net	(51,774)	104,913
	Reversal of loss allowance on deposit and other receivables - net	(428)	(694)
	Discounting of long-term loans - net	(173)	56
	Provision for Workers' Welfare Fund (WWF)	57,769	39,349
	Provision for Workers' Profit Participation Fund (WPPF)	-	102,834
	Liabilities no longer payable written back	(5,426)	(1,050)
	Gain on sale of property, plant and equipment - net	(6,646)	(155)
	Gain on sale of assets classified as held for sale	(149,800)	-
	Gain recognised in profit or loss on lease termination	(605)	-
	Financial expenses	279,736	45,432
	Financial income	(13,635)	(27,867)
	Adjustment for other items:		
	Long-term loans and trade receivables	(435,805)	(570,314)
	Long-term prepayments	830	1,659
	Retention money	38,558	4,637
	Other non-current liabilities	60,629	7,265
	Working capital changes	(3,152,393)	(2,049,687)
		1,462	(17,613)
27.1	Working capital changes		
	(Increase) / decrease in current assets:		
	Inventories	(1,706,723)	(940,660)
	Trade receivables	(1,844,819)	(429,658)
	Contract assets	(435,382)	(1,656,642)
	Loans and advances	235,601	(395,661)
	Deposits and short-term prepayments	(182,648)	(368,111)
	Derivative financial instruments	(2,246,739)	(849,052)
	Other receivables	(279,568)	59,109
		(6,460,278)	(4,580,675)
	Increase / (decrease) in current liabilities:		
	Trade and other payables	2,513,573	1,034,869
	Contract liabilities	726,653	1,496,662
	Provisions	67,659	(543)
		3,307,885	2,530,988
		(3,152,393)	(2,049,687)

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	As at June 30, 2023 (Unaudited)	As at June 30, 2022 (Unaudited)
	----- (Rupees in '000) -----	
28. CASH AND CASH EQUIVALENTS		
Cash and bank balances	967,018	1,414,700
Short-term running finances	(50,167)	(18,217)
	<u>916,851</u>	<u>1,396,483</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 personnel. 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 nine months period ended	
	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
	----- (Rupees in '000) -----	
Parent Company		
Sale of goods and rendering of services	1,532	5,984
Purchases of goods and receipt of services	1,939,572	1,906,108
Dividends payable / paid	283,212	283,212
Associated Companies		
Sale of goods and rendering of services	1,327,380	471,562
Purchases of goods and receipt of services	1,954,275	3,417,358
Costs reimbursements	6,208	8,778
Financial income	1,644	24
Others		
Dividends paid	649	481
Contribution to employees' retirement benefit funds	97,866	96,861
Compensation to key management personnel	29.1 195,857	159,567
Sale of office equipments	1,084	-
29.1 The details of compensation to key management personnel are as follows:		
Short-term benefits	170,379	148,041
Post-employment benefits	1,046	1,383
Share based benefits	24,432	10,143
	<u>195,857</u>	<u>159,567</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 segments are as follows:

Segment						(Rupees in '000)
	Smart Infrastructure	Digital Industries (Note 30.2)	Energy	Others	Eliminations	Company as a whole
-----For the nine months period ended June 30, 2023 (Unaudited)-----						
REVENUE						
Sales to external customers	1,578,307	2,261,226	11,972,670	-	-	15,812,203
Inter-segment sales	404,341	6,805	-	-	(411,146)	-
Total revenue	<u>1,982,648</u>	<u>2,268,031</u>	<u>11,972,670</u>	<u>-</u>	<u>(411,146)</u>	<u>15,812,203</u>
RESULT						
Segment result	(1,043,194)	(441,199)	4,459,571	10,158	-	2,985,336
Financial expenses						(268,412)
Financial income						4,604
Gain on sale of assets classified as held for sale - net of income tax						70,109
Income tax						(837,899)
Net profit for the period						<u>1,953,738</u>
OTHER INFORMATION						
Capital expenditure	7,396	4,060	8,790	-		
Depreciation	18,799	9,389	20,094	149		
Non-cash expenses other than depreciation	(2,133)	(8,835)	(3,065)	(176)		
-----As at June 30, 2023 (Unaudited)-----						
ASSETS AND LIABILITIES						
Segment assets	4,757,869	1,520,043	20,430,559	389,361	-	27,097,832
Segment liabilities	3,987,459	3,758,852	9,639,615	191,688	-	17,577,614
-----For the nine months period ended June 30, 2022 (Unaudited)-----						
REVENUE						
Sales to external customers	3,126,449	2,558,341	9,340,118	3,216	-	15,028,124
Inter-segment sales	507,464	10,996	-	-	(518,460)	-
Total revenue	<u>3,633,913</u>	<u>2,569,337</u>	<u>9,340,118</u>	<u>3,216</u>	<u>(518,460)</u>	<u>15,028,124</u>
RESULT						
Segment result	55,194	(33,842)	1,912,408	(7,509)	-	1,926,251
Financial expenses						(34,822)
Financial income						22,759
Income tax						(739,742)
Net profit for the period						<u>1,174,446</u>
OTHER INFORMATION						
Capital expenditure	10,396	42,257	23,438	-		
Depreciation	19,502	12,646	32,814	373		
Non-cash expenses other than depreciation	(1,019)	(1,027)	(3,761)	(395)		
-----As at September 30, 2022 (Audited)-----						
ASSETS AND LIABILITIES						
Segment assets	3,629,402	1,373,029	15,634,072	374,080	-	21,010,583
Segment liabilities	2,972,061	1,811,446	9,074,833	266,300	-	14,124,640

30.2 This includes discontinued operations as mentioned in note 5 to these condensed interim financial statements.

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For the nine months period ended June 30, 2023

	For the nine months period ended	
	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
	----- (Rupees in '000) -----	
30.3 Geographical information		
Sales to external customers		
Pakistan	15,236,331	14,658,927
Libya	142,011	46,800
United Arab Emirates	157,680	66,170
Others	276,181	256,227
	<u>15,812,203</u>	<u>15,028,124</u>


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 JULY 27, 2023.



Syed Muhammad Daniyal
 Managing Director



Syed Muhammad Ahsan Ghazali
 Chief Financial Officer



Ayla Majid
 Director