

# Condensed Interim Financial Statements

for the nine months period ended June 30, 2018  
(Unaudited)

## SIEMENS (PAKISTAN) ENGINEERING CO. LTD.

### DIRECTORS' REPORT NINE MONTHS PERIOD ENDED JUNE 30, 2018 ON THE UN-AUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

<b>Chairman of the Board</b>	Sebastian Andreas Brachert
<b>Executive Director</b>	Helmut von Struve
<b>Non-Executive Directors</b>	Marco Jochen Schiffer Manuel Kuehn Beatrice Eva-Maria Bock Manzoor Ahmed
<b>– Independent &amp; Non-Executive Director</b>	Qazi Sajid Ali
<b>Audit Committee</b>	Qazi Sajid Ali (Chairman) Manzoor Ahmed Marco Jochen Schiffer Beatrice Eva-Maria Bock
<b>Human Resource &amp; Remuneration Committee</b>	Qazi Sajid Ali (Chairman) Sebastian Andreas Brachert Manuel Kuehn Helmut von Struve
<b>Nomination Committee</b>	Sebastian Andreas Brachert (Chairman) Helmut von Struve
<b>Managing Director</b>	Helmut von Struve
<b>Chief Financial Officer</b>	Umer Jalil Anwer
<b>Company Secretary</b>	Abdul Mannan Majid
<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: Abdul Mannan Majid

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 nine months period ended June 30, 2018.

**Company's Performance:** Key Financial Indicators (KPI) for the nine months period ended June 30, 2018 compared to corresponding period last year are summarized below:

KPIs	Rs in million	
	Nine Months Ended June 30, 2018	Nine Months Ended June 30, 2017
New Orders	11,001	9,218
Net sales and services	15,097	9,557
Profit before tax	1,965	707
Net profit after tax	1,045	352
Earnings per share (Rupees)	126.71	42.69

Growth in Profit before tax is due to increased revenue during the period and recording of aggregate net positive impact of Rs. 387 million on account of foreign exchange gain and revaluation gain on embedded derivative.

Increase in new orders and revenues of 19% and 58% respectively compared to corresponding period mainly attributable to Company's core business in Energy Management, Digital Factory and Power Generation Divisions.

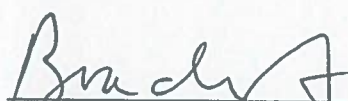
**Future Outlook:** With healthy order backlog and commitment of management, we are expecting that Company will deliver sustained financial performance, subject to country's economic growth and timely execution of projects.


As we embrace the times ahead, we are convinced that Company is strategically poised to provide innovative and cutting-edge solutions for the Country's growing energy needs and we aim to overcome all the challenges by focusing on our core business, utilizing Siemens' global expertise, being innovative and increased proximity with the customers.

**Acknowledgement:** We thank our shareholders, customers, staff and all other stakeholders for their dedication and sustained support and trust in the Company.

The enclosed condensed interim financial statements are unaudited.

On behalf of the Board of Directors

  
Dr Sebastian A. Brachert  
Chairman

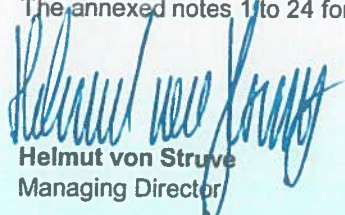
  
Helmut von Struve  
Managing Director

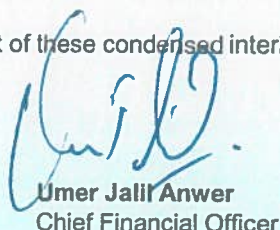
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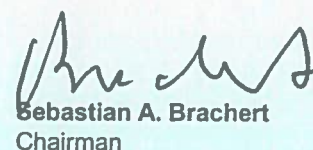
**Siemens (Pakistan) Engineering Company Limited**  
**Condensed Interim Statement of Financial Position**  
**As at June 30, 2018**

		June 30, 2018 (Unaudited)	September 30, 2017 Restated
<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, 2017: 20,000,000)			
Ordinary shares of Rs 10 each		200,000	200,000
- Issued, subscribed and paid-up			
8,247,037 (September 30, 2017: 8,247,037)			
Ordinary shares of Rs 10 each		82,470	82,470
<b>Reserves</b>			
Capital		624,192	624,192
Revenue		5,046,361	4,619,942
		5,670,553	5,244,134
		5,753,023	5,326,604
<b>Non-current liabilities</b>			
Retention money		115,879	50,202
Other non-current liabilities		29,135	18,466
		145,014	68,668
<b>Current liabilities</b>			
Trade and other payables	5	7,665,301	6,051,360
Contract liabilities	6	1,583,016	1,670,922
Provisions	7	688,668	751,822
Short-term borrowings	8	1,776,475	167,415
Taxation - net		608,142	410,083
		12,321,602	9,051,602
<b>Total liabilities</b>		12,466,616	9,120,270
<b>Contingencies and commitments</b>	9		
<b>Total equity and liabilities</b>		18,219,639	14,446,874
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Property, plant and equipment	10	375,388	312,647
Intangible assets		4,533	4,216
		379,921	316,863
Long-term loans and trade receivables		318,362	385,150
Long-term deposits and prepayments		4,420	7,507
Deferred tax asset		868,233	1,114,274
		1,570,936	1,823,794
<b>Current assets</b>			
Inventories	11	1,554,789	1,617,439
Trade receivables	12	7,678,717	4,927,341
Contract assets		5,512,966	1,584,452
Loans and advances		153,148	129,685
Deposits and short-term prepayments		157,023	76,970
Other receivables	13	899,026	539,178
Cash and bank balances	14	693,034	3,748,015
		16,648,703	12,623,080
<b>Total assets</b>		18,219,639	14,446,874

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

  
**Helmut von Struve**  
Managing Director

  
**Umer Jalil Anwer**  
Chief Financial Officer

  
**Sebastian A. Brachert**  
Chairman

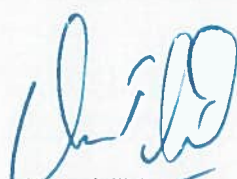


**Siemens (Pakistan) Engineering Co. Ltd.**  
**Condensed Interim Statement of Profit and Loss (Unaudited)**  
**For the nine months period ended June 30, 2018**

		Nine months period ended		Three months period ended	
		June 30,	June 30,	June 30,	June 30,
		2018	2017	2018	2017
Note -----(Rupees in '000) -----					
Net sales and services	15	15,097,023	9,557,561	4,889,649	4,043,387
Cost of sales and services		(12,287,097)	(8,190,356)	(4,234,829)	(3,274,962)
<b>Gross profit</b>		<b>2,809,926</b>	<b>1,367,205</b>	<b>654,820</b>	<b>768,425</b>
Marketing and selling expenses		(641,414)	(626,406)	(178,992)	(241,079)
General administrative expenses		(161,064)	(98,416)	(36,275)	(31,873)
		(802,478)	(724,822)	(215,267)	(272,952)
		<b>2,007,448</b>	<b>642,383</b>	<b>439,553</b>	<b>495,473</b>
Other income	16	107,108	6,694	46,778	101
Other operating expenses	16	(148,255)	(53,724)	(32,644)	(34,215)
Net other operating expense		(41,147)	(47,030)	14,134	(34,114)
<b>Operating profit</b>		<b>1,966,301</b>	<b>595,353</b>	<b>453,687</b>	<b>461,359</b>
Financial income		35,531	124,656	1,515	32,624
Financial expenses		(36,636)	(12,305)	(21,674)	(3,931)
Net finance (expense) / income		(1,105)	112,351	(20,159)	28,693
Profit before income tax		1,965,196	707,704	433,528	490,052
Income tax		(920,249)	(355,609)	(267,078)	(226,668)
<b>Net profit for the period</b>		<b>1,044,947</b>	<b>352,095</b>	<b>166,450</b>	<b>263,384</b>
Basic and diluted earnings per share (Rupees)		<b>126.71</b>	<b>42.69</b>	<b>20.18</b>	<b>31.94</b>

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

  
**Helmut von Struve**  
 Managing Director

  
**Umer Jalil Anwer**  
 Chief Financial Officer

  
**Sebastian A. Brachert**  
 Chairman

Siemens (Pakistan) Engineering Co. Ltd.  
Condensed Interim Statement of Comprehensive Income (Unaudited)  
For the nine months period ended June 30, 2018

	Nine months period end		Three months period ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	----- (Rupees in '000) -----			
Net profit for the period	1,044,947	352,095	166,450	263,384
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>1,044,947</u>	<u>352,095</u>	<u>166,450</u>	<u>263,384</u>

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

  
Helmut von Struve  
Managing Director


  
Omer Jalil Anwer  
Chief Financial Officer

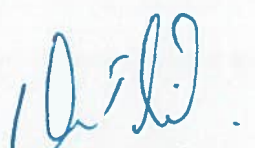
  
Sebastian A. Brachert  
Chairman

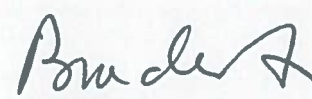
**Siemens (Pakistan) Engineering Company Limited**  
**Condensed Interim Statement of Cash Flow (Unaudited)**  
**For the nine months period ended June 30, 2018**

		Nine months period ended	
		June 30,	June 30,
		2018	2017
	Note	----- (Rupees in '000) -----	
<b>Cash flows from operating activities</b>			
Cash utilised in operations	18	(3,352,884)	(742,618)
Financial expenses paid		(10,161)	(2,015)
Income tax paid		(476,149)	(317,667)
Payment to workers' profit participation fund		(78,077)	(8,905)
Net cash flows from operating activities		(3,917,271)	(1,071,205)
<b>Cash flows from investing activities</b>			
Capital expenditure incurred		(172,964)	(170,078)
Proceeds from sale of property, plant and equipment		4,001	7,080
Financial income received		32,206	123,173
Net cash flows from investing activities		(136,757)	(39,825)
<b>Cash flows from financing activities</b>			
Dividends paid		(610,013)	(989,644)
Net cash flows from financing activities		(610,013)	(989,644)
Net decrease in cash and cash equivalents		(4,664,041)	(2,100,674)
Cash and cash equivalents at beginning of the period		3,580,600	5,218,175
Cash and cash equivalents at end of the period	19	(1,083,441)	3,117,501

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**Helmut von Struve**  
 Managing Director

  
**Umer Jalil Anwer**  
 Chief Financial Officer

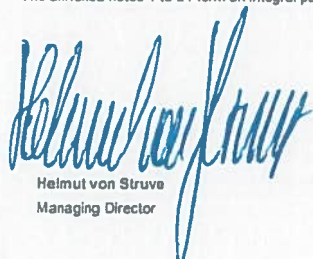
  
**Sebastian A. Brachert**  
 Chairman




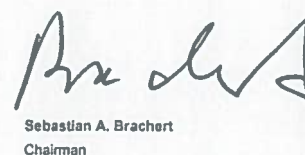
Siemens (Pakistan) Engineering Co. Ltd.  
Condensed Interim Statement of Changes in Equity (Unaudited)  
For the nine months period ended June 30, 2018

	Issued, subscribed and paid-up share capital	Capital reserves			Revenue reserves			Sub-total Reserves	Total
		Share premium	Capital repurchase reserve account	Other capital reserve	General reserves	Remeasurement loss on defined benefit plan	Accumulated profit / (loss)		
(Rupees in '000)									
Balance as at September 30, 2016	82,470	619,325	567	4,300	4,523,026	(217,211)	218,964	5,148,971	5,231,441
Final dividend @ Rs 120 per Ordinary share of Rs 10 each for the year ended September 30, 2016	-	-	-	-	-	-	(989,644)	(989,644)	(989,644)
Net profit for the nine months period ended June 30, 2017	-	-	-	-	-	-	352,095	352,095	352,095
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	352,095	352,095	352,095
Balance as at June 30, 2017	82,470	619,325	567	4,300	4,523,026	(217,211)	(418,585)	4,511,422	4,593,892
Net profit for the three months period ended September 30, 2017	-	-	-	-	-	-	751,301	751,301	751,301
Other comprehensive income	-	-	-	-	-	(18,589)	-	(18,589)	(18,589)
Total comprehensive income for the period	-	-	-	-	-	(18,589)	751,301	732,712	732,712
Balance as at September 30, 2017	82,470	619,325	567	4,300	4,523,026	(235,800)	332,716	5,244,134	5,326,604
Final dividend @ Rs 75 per Ordinary share of Rs 10 each for the year ended September 30, 2017	-	-	-	-	-	-	(618,528)	(618,528)	(618,528)
Net profit for the nine months period ended June 30, 2018	-	-	-	-	-	-	1,044,947	1,044,947	1,044,947
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	1,044,947	1,044,947	1,044,947
Balance as at June 30, 2018	82,470	619,325	567	4,300	4,523,026	(235,800)	759,135	5,670,553	5,753,023

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

  
Helmut von Struve  
Managing Director

  
Umer Jalil Anwer  
Chief Financial Officer

  
Sebastian A. Brachert  
Chairman



## 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 nine months period ended June 30, 2018 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard 34 - 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

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, 2017.

## 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 consistent with those followed in the preparation of the Company's annual financial statements for the year ended September 30, 2017, except for:

### New / revised standards, interpretations and amendments

The Company has adopted the following amendments to IFRS which became effective for the current period:

#### Standard or Interpretation

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

#### Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12

The adoption of the above amendments in the accounting standards did not have any material effect on the financial statements except for early adoption of IFRS 15 'Revenue From Contracts With Customer' as disclosed in Note 3.2 below.

## 3.2 Early Adoption of IFRS 15 - Revenue from Contracts with customer

IFRS 15 supersedes IAS 11, 'Construction Contracts' and IAS 18, 'Revenue' as well as related interpretations. According to the new standard, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The application of IFRS 15 does not have any impact on the Company's total revenue recognized for a customer contract. However, some changes to the balance sheet are expected, e.g. separate line items for 'contract assets' and 'contract liabilities' are required. The standard also requires more extensive quantitative and qualitative disclosures which will be included in Annual Financial Statements for the year ending September 30, 2018.

The Company has applied IFRS 15 in accordance with the retrospective transitional approach and accordingly the comparative periods have been restated. The balance sheet as at the beginning of the comparative period has been presented in note 17 to these condensed interim financial statements.

The Company's accounting policy for its revenue streams is disclosed in Note 3.3 below.

## 3.3 Revenue recognition

Revenue from sale of goods are recognised at a point in time when the customer obtains control of the goods or services. Service revenue is recognised as per the contractual period or as and when services are rendered to customers. Commission income is recognised on receipt / acknowledged basis. Financial income is recognised as it accrues, using the effective mark-up rates.

The Contract revenue generated from long term construction-type contracts is accounted for under the percentage-of-completion method as the customer obtains control of the goods or services over the time. Contract revenue and contract costs relating to such contracts are recognised as revenue and expenses respectively by reference to stage of completion of contract activity at the balance sheet date. Stage of completion of a contract is determined by applying 'cost-to-cost method' by reference to the proportion that contract cost incurred to date bears to the total estimated contract cost. Contract revenue on construction contracts valuing less than Rs 10 million and / or duration upto six months is recognised using completed contract method.

When it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

Contract modifications which may be a change in the scope or price (or both) are included in contract revenue to the extent that they have been agreed with the customer and create enforceable rights and obligation.

#### 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 1,530.210 million as at June 30, 2018.

#### 5. TRADE AND OTHER PAYABLES

		As at June 30, 2018 (Unaudited)	As at September 30, 2017 (Restated)
	Note	(Rupees in '000)	
Trade creditors [including retention money of Rs 456.428 million (September 30, 2017: Rs 302.534 million)]		5,881,183	4,137,369
Accrued liabilities		738,311	792,129
Advances from customers			
For goods		301,542	292,210
For projects and services		733,520	980,550
Defined benefit plan - gratuity		287,177	271,928
Accrued interest		145,142	118,667
Unearned portion of revenue and maintenance contracts		186,295	101,900
Workers' Welfare Fund (WWF)		153,720	115,842
Workers' Profit Participation Fund (WPPF)		105,869	78,077
Unclaimed dividend		33,099	24,584
Derivative financial instruments		38,149	247,154
Withholding tax payable		15,106	19,968
Other liabilities		267,545	245,642
		8,886,658	7,426,020
Less: transferred to contract liabilities	6	(1,221,357)	(1,374,660)
	5.1	7,665,301	6,051,360

5.1 These include sums aggregating to Rs 2,004.470 million (September 30, 2017: Rs 1,580.782 million) due to related parties.

#### 6. CONTRACT LIABILITIES

		As at June 30, 2018 (Unaudited)	As at September 30, 2017 (Restated)
	Note	(Rupees in '000)	
Advances from customers			
- for goods		301,542	292,210
- for projects and services		733,520	980,550
Unearned portion of revenue and maintenance contracts		186,295	101,900
	5	1,221,357	1,374,660
Refund liabilities on account of liquidated damages	7	361,659	296,262
		1,583,016	1,670,922



## 7. PROVISIONS

	Warranties	Losses on sales contracts	Liquidated damages	Total	Transferred to Contract Liabilities (Note 6)	Total
	(Rupees in '000)					
Balance at beginning of the period (Audited)	649,760	102,062	296,262	1,048,084	(296,262)	751,822
Additional provision	205,144	46,269	104,124	355,537	(104,124)	251,413
Cost incurred / imposed	(134,649)	(31,865)	(18,729)	(185,243)	18,729	(166,514)
Reversal of unutilised amounts	(83,669)	(64,384)	(19,998)	(168,051)	19,998	(148,053)
Balance at end of the period (Unaudited) - Restated	<b>636,586</b>	<b>52,082</b>	<b>361,659</b>	<b>1,050,327</b>	<b>(361,659)</b>	<b>688,668</b>

## 8. SHORT-TERM BORROWINGS

	Note	As at June 30, 2018 (Unaudited)	As at September 30, 2017 (Audited)
		(Rupees in '000)	
<b>Short-term loans</b>			
Secured - from others	8.1	1,155,000	-
<b>Short-term running finances</b>			
Unsecured - from related party	8.2	297,600	167,415
Unsecured - from others	8.3	-	-
		<b>297,600</b>	<b>167,415</b>
Secured - from others	8.4	323,875	-
		<b>1,776,475</b>	<b>167,415</b>

8.1 This represents short-term loans obtained from Banks in Pakistan at mark-up rates ranges between 6.98% and 7.22% per annum (September 30, 2017: Nil) for a period of one month and are secured against the joint hypothecation of inventories and trade receivables.

8.2 This facility is available from Siemens Financial Services (SFS) of Siemens AG, utilised in respect of the projects in the United Arab Emirates (UAE). The mark-up on this facility ranges between 2.32% and 3.31% per annum (September 30, 2017: 2.04% and 2.51% per annum).

8.3 These facilities arranged with commercial banks in the United Arab Emirates (UAE) aggregated to Rs 82.9 million (September 30, 2017: Rs 71.6 million) at interest rates ranges between 5.07% and 5.63% per annum (September 30, 2017: 4.32% and 5.07% per annum).

8.4 These facilities arranged with commercial banks in Pakistan aggregated to Rs 3,300 million (September 30, 2017: Rs 3,300 million) at interest rates ranges between 6.48% and 7.42% per annum (September 30, 2017: 6.42% and 6.69% per annum). These are secured against the joint hypothecation of inventories and trade receivables.

## 9. CONTINGENCIES AND COMMITMENTS

### 9.1 Contingencies

There has been no major change in the status of contingencies as stated in note 11.1 to the annual financial statements of the Company for the year ended September 30, 2017.

### 9.2 Commitments

(i) As at June 30, 2018 capital expenditure contracted for but not incurred amounted to Rs 40.716 million (September 30, 2017: Rs 84.113 million).

(ii) Post dated cheques issued to the Collector of Customs against import duty aggregate to Rs 47.335 million (September 30, 2017: Rs 46.407 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 June 30, 2018 (Unaudited)	As at September 30, 2017 (Audited)
	(Rupees in '000)	
- Not later than one year	5,136	23,285
- Later than one year but not later than five years	22,408	20,479
	<b>27,544</b>	<b>43,764</b>



10. PROPERTY, PLANT AND EQUIPMENT	Note	As at June 30, 2018 (Unaudited)	As at September 30, 2017 (Audited)
		(Rupees in '000)	
Operating assets - at net book value	10.1	286,616	311,376
Capital work in progress	10.3	88,772	1,271
		<u>375,388</u>	<u>312,647</u>

10.1 Operating assets

		For the nine months period ended June 30, 2018	For the year ended September 30, 2017
		(Rupees in '000)	
Opening net book value		311,376	223,685
Additions during the current period / year	10.2	83,464	208,759
		<u>394,840</u>	<u>432,444</u>
Disposals during the current period / year	10.2	(56,049)	(70,344)
Accumulated depreciation on disposals		54,968	68,210
Depreciation and impairment for the period / year		(107,143)	(118,934)
		<u>(108,224)</u>	<u>(121,068)</u>
		<u>286,616</u>	<u>311,376</u>

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

	Additions		Disposals	
	For the nine months period ended June 30, 2018 (Unaudited)	For the year ended September 30, 2017 (Audited)	For the nine months period ended June 30, 2018 (Unaudited)	For the year ended September 30, 2017 (Audited)
	(Rupees in '000)			
Building on lease hold land	5,839	-	-	-
Plant and machinery	9,193	9,717	5,534	20,387
Furniture and fixtures	17,379	30,539	24,567	7,321
Office equipment	33,722	32,060	18,655	20,248
Vehicles	2,455	15	4,029	21,055
Tools and patterns	14,876	136,428	3,264	1,333
	<u>83,464</u>	<u>208,759</u>	<u>56,049</u>	<u>70,344</u>

10.3 Capital work in progress

	As at June 30, 2018 (Unaudited)	As at Sept 30, 2017 (Audited)
	(Rupees in '000)	
Advances to suppliers	7,287	1,271
Plant, machinery and equipment under installation	81,485	-
	<u>88,772</u>	<u>1,271</u>

**11. INVENTORIES**

		As at June 30, 2018 (Unaudited)	As at September 30, 2017 (Restated)
	Note	(Rupees in '000)	
Raw materials and components		484,859	410,932
Work-in-process		618,703	862,278
Finished goods		362,748	383,091
		1,466,310	1,656,301
Provision for slow moving and obsolete items		(155,604)	(250,574)
		1,310,706	1,405,727
Goods-in-transit		244,083	211,712
		1,554,789	1,617,439

**12. TRADE RECEIVABLES**

Considered good			
Due from related parties	12.1	14,958	23,227
Due from others		7,663,759	4,904,114
		7,678,717	4,927,341
Considered doubtful		1,105,019	1,047,880
		8,783,736	5,975,221
Provision for doubtful receivables		(1,105,019)	(1,047,880)
		7,678,717	4,927,341

12.1 Represents amounts due from Rousch (Pakistan) Power Limited.

**13. OTHER RECEIVABLES**

Costs reimbursable from customers	583,760	243,420
Sales tax refundable	172,357	169,378
Interest accrued	29,906	26,581
Derivative financial instruments	61,008	-
Others	51,995	99,799
	899,026	539,178

**14. CASH AND BANK BALANCES**

With banks in			
Current accounts		64,146	89,965
Deposit account		593,921	3,591,013
		658,067	3,680,978
Cheques in hand		33,699	66,125
Cash in hand		1,268	912
		693,034	3,748,015

**15. NET SALES AND SERVICES**

	For the nine months period ended	
	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Execution of contracts	8,244,058	5,400,843
Sale of goods	4,399,645	2,535,468
Rendering of services	2,453,320	1,621,250
	15,097,023	9,557,561

**Siemens (Pakistan) Engineering Company Limited**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**  
**For the nine months period ended June 30, 2018**

For the nine months period ended  
June 30, June 30,  
2018 2017  
(Rupees in '000)

**16. OTHER INCOME AND OTHER OPERATING EXPENSES**

**16.1 OTHER INCOME**

Gain on sale of property, plant and equipment	3,601	6,694
Insurance claim	23,400	-
Liabilities no longer payable written back	80,107	-
	<b>107,108</b>	<b>6,694</b>

**16.2 OTHER OPERATING EXPENSES**

Workers' Welfare Fund (WWF)	41,705	15,359
Workers' Profits Participation Fund (WPPF)	105,869	38,068
Loss on disposal of property, plant and equipment	681	297
	<b>148,255</b>	<b>53,724</b>

**17. BALANCE SHEET AS AT BEGINNING OF THE COMPARATIVE YEAR**

The balance sheet as at the beginning of the comparative year as referred to in note 3.1 has been presented as follows:

	October 1, 2016 (Restated)	October 1, 2016 (Audited)
<b><u>Equity and liabilities</u></b>		
<b>Share capital and reserves</b>		
<b>Share capital</b>		
- Authorised		
20,000,000 Ordinary shares of Rs 10 each	200,000	200,000
- Issued, subscribed and paid-up	82,470	82,470
<b>Reserves</b>		
Capital	624,192	624,192
Revenue	4,524,779	4,524,779
	5,148,971	5,148,971
	<b>5,231,441</b>	<b>5,231,441</b>
<b>Non-current liabilities</b>		
Retention money	12,664	12,664
Other non-current liabilities	11,086	11,086
	23,750	23,750
<b>Current liabilities</b>		
Trade and other payables	5,003,682	7,908,477
Contract liabilities	3,167,233	-
Provisions	576,038	838,476
Short-term running finances	16,204	16,204
Taxation - net	720,379	720,379
	9,483,536	9,483,536
<b>Total liabilities</b>	<b>9,507,286</b>	<b>9,507,286</b>
<b>Total equity and liabilities</b>	<b>14,738,727</b>	<b>14,738,727</b>
<b><u>Assets</u></b>		
<b>Non-current assets</b>		
<b>Fixed assets</b>		
Property, plant and equipment	240,832	240,832
Intangible assets	5,083	5,083
	245,915	245,915
Long-term loans and trade receivables	126,068	126,068
Long-term deposits and prepayments	12,063	12,063
Deferred tax asset	1,296,339	1,296,339
	1,680,385	1,680,385
<b>Current assets</b>		
Inventories	1,180,684	1,180,684
Trade receivables	4,045,675	4,045,675
Contract assets	2,045,904	-
Due against construction work in progress	-	2,146,864
Loans and advances	56,935	56,935
Deposits and short-term prepayments	71,033	71,033
Other receivables	423,732	322,772
Cash and bank balances	5,234,379	5,234,379
	13,058,342	13,058,342
<b>Total assets</b>	<b>14,738,727</b>	<b>14,738,727</b>



# 18. CASH UTILISED IN OPERATIONS

	For the nine months period ended	
	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Note		
Profit before tax for the period	1,965,196	707,704
<b>Adjustments for non-cash items:</b>		
Depreciation and amortisation	108,826	86,993
Reversal of provision for slow moving and obsolete items of inventories - net	(94,970)	(7,804)
Provision for doubtful trade receivables - net	57,139	77,264
Provision for doubtful contract assets - net	31,254	(5,301)
(Reversal of provision) / provision for doubtful deposits and other receivables - net	(8,085)	12,000
(Reversal of discounting) / discounting of long-term loans and trade receivables	(17,821)	41,552
Provision for WPPF	105,869	38,068
Gain on sale of property, plant and equipment	(2,920)	(6,397)
Financial expenses	36,636	12,305
Financial income	(35,531)	(124,656)
<b>Adjustment for other items:</b>		
Long-term loans and trade receivables	84,609	(215,789)
Long-term deposits and prepayments	3,087	4,168
Retention money payable	65,677	(625)
Other non-current liabilities	10,669	3,494
Working capital changes	18.1 (5,662,519)	(1,365,594)
	<b>(3,352,884)</b>	<b>(742,618)</b>

## 18.1 Working capital changes

### (Increase) / decrease in current assets:

Inventories	157,620	(737,440)
Trade receivables	(2,808,515)	(646,399)
Contract assets	(3,959,768)	390,914
Loans and advances	(23,463)	(81,563)
Deposits and short-term prepayments	(85,635)	(36,324)
Other receivables	(342,856)	117,835
	<b>(7,062,617)</b>	<b>(992,977)</b>

### Increase / (decrease) in current liabilities:

Trade and other payables	1,551,158	499,564
Contract liabilities	(87,906)	(864,580)
Provisions	(63,154)	(7,601)
	<b>1,400,098</b>	<b>(372,617)</b>
	<b>(5,662,519)</b>	<b>(1,365,594)</b>

# 19. CASH AND CASH EQUIVALENTS

	As at June 30, 2018	As at June 30, 2017
	(Rupees in '000)	
Cash and bank balances	14 693,034	3,206,083
Short-term running finances	8 (1,776,475)	(88,582)
	<b>(1,083,441)</b>	<b>3,117,501</b>

## 20. TRANSACTIONS WITH RELATED PARTIES

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

	For the nine months period ended June 30, 2018	For the nine months period ended June 30, 2017
	(Rupees in '000)	
<b>Parent company</b>		
Sales of goods and rendering of services	59,454	9,120
Purchases of goods and receipt of services	1,873,372	1,994,536
Commission and allowances earned	11,656	6,414
Dividends paid	461,759	738,814
<b>Associated companies</b>		
Sales of goods and rendering of services	214,666	502,833
Purchases of goods and receipt of services	981,015	906,332
Commission and allowances earned	23,279	12,285
Financial expenses	4,029	1,062
<b>Others</b>		
Dividend paid	38	60
Employees' retirement benefits	85,940	71,813
Compensation to key management personnel	84,580	67,070

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

21. The Company is operating through business divisions namely Power and Gas (PG), Energy Management (EM), Digital Factory (DF), Process Industries and Drives (PD) and Logistics & Airport Solutions (LAS). The PG Division includes supply, installation, commissioning and related services of power plant and related equipment. EM Division mainly relates to execution of sub-station projects under contracts, supply of switchboards and panels, supply and installation of sub-station automation and telecommunication systems, transmission, and distribution equipment and related services. DF and PD Divisions include designing, engineering services, information technology services and supply and installation of motors and drives etc. LAS Division includes designing, engineering and construction services in electrical field relating to airport projects.

21.1 INFORMATION ABOUT BUSINESS SEGMENTS

Divisions  Business Units	Energy Management (EM)						(All rupees in '000)			
	Power and Gas (PG & PS)	Transmission Solutions	Digital Grid	Medium Voltage & Systems	Others	Total	Logistics & Airport Solutions (LAS)	Digital Factory (DF)	Process Industries & Drives (PD)	Eliminations  Company as a whole
For the nine months period ended June 30, 2018										
<b>REVENUE</b>										
Sales to external customers	1,450,921	7,443,856	959,796	1,095,009	287,617	9,786,278	574,202	2,304,223	981,399	- 15,097,023
Inter-segment sales	-	-	484,567	613,453	9,668	1,107,688	-	50,106	3,988	(1,161,782) -
Total revenue	1,450,921	7,443,856	1,444,363	1,708,462	297,285	10,893,966	574,202	2,354,329	985,387	(1,161,782) 15,097,023
<b>RESULT</b>										
Segment result	391,508	918,527	173,314	(29,438)	62,631	1,125,034	174,440	180,234	132,656	- 2,003,872
Interest expense										(26,345)
Interest income										32,206
Others										(44,537)
Income tax										(920,249)
Net profit for the period										1,044,947
<b>OTHER INFORMATION</b>										
Capital expenditure	9,889	17,366	5,083	84,170	1,422	108,041	1,817	17,453	2,983	
Depreciation and amortisation	5,707	45,693	1,812	10,930	492	58,927	1,783	5,740	6,035	
Non-cash expenses other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	
As at June 30, 2018										
<b>ASSETS AND LIABILITIES</b>										
Segment assets	314,950	10,499,726	853,817	1,427,201	146,399	12,927,143	451,711	2,021,303	691,154	16,406,261
Segment liabilities	502,205	4,188,019	590,131	952,269	145,974	5,876,393	706,878	1,489,486	733,776	9,308,738
For the nine months period ended June 30, 2018										
<b>REVENUE</b>										
Sales to external customers	1,021,078	4,203,004	198,230	1,013,420	193,121	5,607,775	684,970	1,413,334	830,404	9,557,561
Inter-segment sales	-	-	518,141	407,907	4,359	930,407	-	21,764	2,187	(954,358) -
Total revenue	1,021,078	4,203,004	716,371	1,421,327	197,480	6,538,182	684,970	1,435,098	832,591	(954,358) 9,557,561
<b>RESULT</b>										
Segment result	275,391	129,442	49,511	108,696	(3,302)	284,347	(25,962)	18,519	34,251	- 586,546
Interest expense										(2,015)
Interest income										123,173
Income tax										(355,609)
Net profit for the period										352,095
<b>OTHER INFORMATION</b>										
Capital expenditure	794	117,820	3,746	5,567	89	127,222	1,800	1,993	5,598	
Depreciation and amortisation	3,430	15,896	688	5,721	306	22,611	1,042	2,791	4,230	
Non-cash expenses other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	
As at September 30, 2017										
<b>ASSETS AND LIABILITIES</b>										
Segment assets	538,553	4,912,589	432,340	1,287,270	184,568	6,816,767	516,951	806,491	660,448	- 9,339,210
Segment liabilities	808,028	3,299,183	618,866	866,063	217,866	5,001,978	661,533	589,611	775,148	- 7,836,298



**22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's activities expose it to a variety of financial risks. These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the annual financial statements of the Company as at September 30, 2017. There have been no changes in any risk management policies since the year end.

**23. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

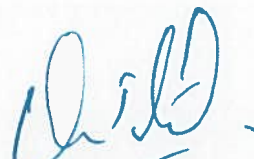
The carrying values of all financial assets and liabilities are estimated to approximate their fair values.

**24. GENERAL**

These condensed interim financial statements were authorised for issue by the Board of Directors of the Company in the meeting held on July 30, 2018.



Helmut von Struve  
Managing Director



Umer Jalil Anwer  
Chief Financial Officer



Sebastian A. Brachert  
Chairman