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**NATIONAL ENGINEERING SERVICES  
PAKISTAN (PRIVATE) LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2015**

EY Ford Rhodes  
Chartered Accountants  
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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **National Engineering Services Pakistan (Private) Limited** (the Company) as at **30 June 2015** and the related statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - i) the balance sheet and statement of comprehensive income together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the changes as stated in Note 2.1 with which we concur;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of the total comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) In our opinion, no Zakat deductible at source under the Zakat and Ushr Ordinance, 1980.

Without qualifying our opinion, we draw attention to note 9 to the financial statements which describes the uncertainties related to the outcome of litigation between the company and Punjab Revenue Authority regarding applicability of Punjab Sales Tax Act on Services.



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The annual financial statements of the company for the year ended 30 June 2014 were audited by another firm of Chartered Accountants whose report dated 26 November 2015 expressed an unmodified opinion with emphasis of matter paragraph.

*Ernst & Young Farooq Hameed Side Hy)*

**Chartered Accountants**  
**Audit Engagement Partner: Farooq Hameed**  
**Lahore: 27 June 2016**

**NATIONAL ENGINEERING SERVICES PAKISTAN (PRIVATE) LIMITED**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2015**

	Note	2015	2014
----- (Rupees in '000) -----			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital 500,000 (2014: 500,000) ordinary shares of Rs 10 each		5,000	5,000
Issued, subscribed and paid up capital	5	1,500	1,500
Revenue reserves		9,351,843	8,289,116
		<u>9,353,343</u>	<u>8,290,616</u>
<b>NON-CURRENT LIABILITIES</b>			
Employee retirement and other benefits	6	682,035	624,039
Liabilities against assets subject to finance lease	7	1,233	2,356
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	1,215,696	996,558
Provision for taxation		456,262	272,423
		<u>1,671,958</u>	<u>1,268,981</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9		
		<u>11,708,569</u>	<u>10,185,992</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	10	1,203,705	1,238,955
Intangible assets	11	7,871	1,938
Investment property	12	15,000	15,000
Investments	13	5,315	5,298
Investment in associates	14	50,749	47,464
Loans and advances	15	6,559	6,446
Long term security deposits		32,475	33,893
Deferred taxation	16	240,404	207,985
		<u>1,562,078</u>	<u>1,556,979</u>
<b>CURRENT ASSETS</b>			
Drawing and stationery stores		5,465	6,236
Contract fee receivable	17	7,033,029	6,045,851
Advances, deposits and prepayments	18	587,367	630,218
Interest accrued		4,153	5,105
Other receivables		207,007	113,171
Short term investments	19	1,251,500	731,313
Cash and bank balances	20	1,057,970	1,097,119
		<u>10,146,491</u>	<u>8,629,013</u>
		<u>11,708,569</u>	<u>10,185,992</u>

The annexed notes 1 to 34 form an integral part of these financial statements.

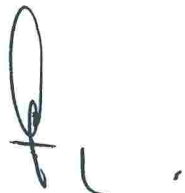
  
 Chief Executive

  
 Director

**NATIONAL ENGINEERING SERVICES PAKISTAN (PRIVATE) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Note	2015	2014
		----- (Rupees in '000) -----	
Consultancy services fee	21	6,912,193	6,253,700
Operating cost	22	<u>(5,491,896)</u>	<u>(4,932,186)</u>
Operating profit		1,420,297	1,321,514
Finance cost	23	<u>(7,859)</u>	<u>(4,065)</u>
		1,412,438	1,317,449
Other income	24	<u>281,285</u>	<u>102,554</u>
Other expenses	25	<u>(142)</u>	<u>-</u>
Share of profit from associates - net		<u>3,285</u>	<u>3,761</u>
		284,428	106,315
Profit before taxation		<u>1,696,866</u>	<u>1,423,764</u>
Taxation	26	<u>(529,517)</u>	<u>(254,032)</u>
Profit after taxation		<u><u>1,167,349</u></u>	<u><u>1,169,732</u></u>

The annexed notes 1 to 34 form an integral part of these financial statements.



Chief Executive



Director

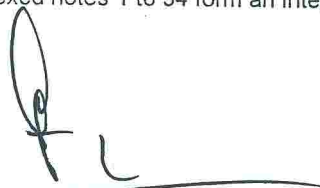




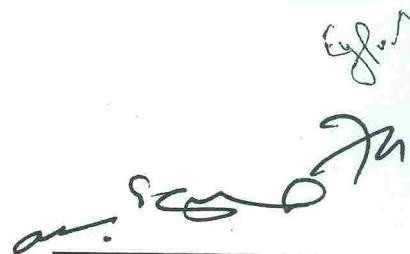
NATIONAL ENGINEERING SERVICES PAKISTAN (PRIVATE) LIMITED  
 STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>2015</u>	<u>2014</u>
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Profit for the year	1,167,349	1,169,732
<b>Items that will not be reclassified to profit and loss account</b>		
Re-measurement of post employment benefit obligation - actuarial (loss) / gain	(149,436)	79,128
Tax effect of gain on employees' retirement benefits	49,314	(26,112)
Other comprehensive (loss) / income for the year	(100,122)	53,016
Total comprehensive income for the year	<u>1,067,227</u>	<u>1,222,748</u>

The annexed notes 1 to 34 form an integral part of these financial statements.



Chief Executive



Director

**NATIONAL ENGINEERING SERVICES PAKISTAN (PRIVATE) LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Note	2015	2014
----- (Rupees in '000) -----			
<b>Cash flows from operating activities</b>			
Cash generated from operations	27	894,075	841,053
Income taxes paid		(328,782)	(208,191)
Employee benefits paid		(109,926)	(138,574)
(Increase) / decrease in loans and advances		(113)	1,287
Decrease / (increase) in long term security deposits		1,418	(18,189)
Net cash generated from operating activities		<u>456,672</u>	<u>477,386</u>
<b>Cash flows from investing activities</b>			
Purchase of operating fixed assets - net		(50,604)	(72,258)
Purchase of intangible assets		(9,411)	(469)
Proceeds from disposal of property and equipment		4,306	6,606
Proceeds from redemption of units in mutual fund		20,000	18,000
Short term investments - net		(36,172)	(47,246)
Acquisition of subsidiary - net		(17)	-
Interest received		78,573	41,902
Net cash used in investing activities		<u>6,675</u>	<u>(53,465)</u>
<b>Cash flows from financing activities</b>			
Lease rentals paid		(1,123)	(352)
Dividend paid		(3,000)	(162)
Finance cost		(7,859)	(4,065)
Net cash used in financing activities		<u>(11,982)</u>	<u>(4,579)</u>
<b>Net increase in cash and cash equivalents</b>		<b>451,365</b>	<b>419,342</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,690,230</b>	<b>1,270,888</b>
<b>Cash and cash equivalents at the end of the year</b>	28	<b><u>2,141,595</u></b>	<b><u>1,690,230</u></b>

The annexed notes 1 to 34 form an integral part of these financial statements.

  
 Chief Executive

  
 Director

NATIONAL ENGINEERING SERVICES PAKISTAN (PRIVATE) LIMITED  
 STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED JUNE 30, 2015

	Share capital	General reserve	Unappropriated profit	Total
		----- (Rupees in '000) -----		
Balance as at June 30, 2013	1,500	5,917,563	1,151,805	7,070,868
Final dividend for the year ended June 30, 2013 Rs. 20 per share	-	-	(3,000)	(3,000)
Transfer to general reserve	-	994,007	(994,007)	-
Profit for the year	-	-	1,169,732	1,169,732
Other comprehensive income for the year	-	-	53,016	53,016
Total comprehensive income	-	-	1,222,748	1,222,748
Balance as at June 30, 2014	1,500	6,911,570	1,377,546	8,290,616
Final dividend for the year ended June 30, 2014 at Rs 30 per share	-	-	(4,500)	(4,500)
Transfer to general reserve	-	1,165,232	(1,165,232)	-
Profit for the year	-	-	1,167,349	1,167,349
Other comprehensive income for the year	-	-	(100,122)	(100,122)
Total comprehensive income	-	-	1,067,227	1,067,227
Balance as at June 30, 2015	1,500	8,076,802	1,275,041	9,357,843

The annexed notes 1 to 34 form an integral part of these financial statements.

  
 Chief Executive

  
 Director



**NATIONAL ENGINEERING SERVICES PAKISTAN (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**1 THE COMPANY AND ITS OPERATIONS**

The company was incorporated in 1973 under Companies Act, 1913 (now Companies Ordinance, 1984). The company is wholly owned by the Federal Government of Pakistan and is engaged in providing engineering consultancy services in Pakistan and abroad. The registered office of the company is situated at 1-C, Block N, Model Town Extension, Lahore.

**2 BASIS OF PREPARATION**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 (the Ordinance). Approved accounting standards comprise such International Financial Reporting Standards as notified under the provisions of the Ordinance. Wherever the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives take precedence.

**2.1 Standards, interpretations and amendments to published approved accounting standards**

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

**2.1.1 Standards, amendments to published standards and interpretations that are effective in current year**

The Company has adopted the following new and amended IFRS interpretations which became effective during the year.

IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 19	Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

**Improvements to Accounting Standards Issued by the IASB in December 2013**

IFRS 2	Share-based Payment - Definitions of vesting conditions
IFRS 3	Business Combinations - Accounting for contingent consideration in a business combination
IFRS 3	Business Combinations - Scope exceptions for joint ventures
IFRS 8	Operating Segments - Aggregation of operating segments
IFRS 8	Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets
IFRS 13	Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
IAS16	Property, Plant and Equipment and IAS 38 Intangible Assets - Revaluation method - proportionate restatement of accumulated depreciation / amortization
IAS 24	Related Party Disclosures - Key management personnel
IAS 40	Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above standards, amendments, interpretations and improvements did not have any material effect on the financial statements.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016 . The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

2.1.2 Standards issued but not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (Periods beginning on or after)
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 16 and 38 Property, Plant and Equipment and intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 and 41 Property, Plant and Equipment and Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

The Company expects that the adoption of the above revisions and amendments of the standards will not materially affect the Company's financial statements in the period of initial application or later period.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard	Effective date (Periods beginning on or after)
IFRS 1 First-time adoption of International Financial Reporting standards	01 January 2009
IFRS 9 Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 Regulatory Deferral Accounts	01 January 2016
IFRS 15 Revenue from Contracts with Customers	01 January 2018
IFRS 16 Leases	01 January 2019

The management will assess the impact of the above standards when these are notified by the SECP in accordance with the effective date in the notification.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except that certain employee benefits are recognized on the basis mentioned in note 4.7. In these financial statements, except for cash flow statement, all the transactions have been accounted for on accrual basis.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Taxation	Note 4.1
b) Useful life and residual values of property and equipment	Note 4.2
c) Employee benefits	Note 4.7
d) Provision for doubtful receivables	Note 4.13



### 3 BENAZIR EMPLOYEES STOCK OPTION SCHEME

On August 14, 2009, the Government of Pakistan (GOP) launched Benazir Employees Stock Option Scheme ("the Scheme") for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises (non-SOEs) where GOP holds significant investment. The Scheme is applicable to permanent and contractual employees who were in employment of these entities, on the date of launch of the scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GOP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allotted units by each Trust Fund in proportion to their respective length of service on retirement or termination such employees would be entitled to receive such amounts from Trust Fund in exchange for the surrendered units as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GOP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employee. The balance 50% dividend would be transferred by the respective Trust Fund to Central Revolving Fund Managed by the Privatization Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Fund to meet the re-purchase commitments would be met by GOP.

The Scheme, developed in compliance with stated GOP Policy of empowerment of employees of State Owned Enterprises need to be accounted for by the covered entities, including the Company, under the provisions of amended International Financial Reporting Standard 2 Share Based Payments (IFRS 2). However, keeping in the view the difficulties that may be faced by entities covered under the scheme, the Securities & Exchange Commission of Pakistan on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, has granted exemption to such entities from the application of IFRS 2 to the Scheme.

Had the exemption not been granted the staff costs of the Company for the year would have been higher by Rs. 10,285 thousand (2014: Rs. 55,513 thousand), profit after taxation would have been lower by Rs. 6,891 thousand (2014: Rs. 36,639 thousand), retained earnings would have been lower by Rs. 6,891 thousand (2014: Rs. 36,639 thousand) and reserves would have been higher by Rs. 10,285 thousand (2014: Rs. 55,513 thousand).

## 4 SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Taxation

#### Current

Current income tax expense is based on taxable profit at the current rates of taxation or minimum turnover tax, whichever is higher.

#### Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

### 4.2 Property and equipment

#### Owned

Operating fixed assets except freehold land, which is stated at cost, are stated at cost less accumulated depreciation.

Depreciation on additions is charged to the profit and loss account on the reducing balance method, so as to write off the historical cost of an asset over its estimated useful life, at the rates given in note 10.

Depreciation on additions is charged from the month in which the asset is put to use while no depreciation is charged from the month in which an asset is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized. The profit or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

#### **Assets subject to finance lease**

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date. Finance leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased assets or if lower, at the present value of minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are recognized in the profit and loss.

Leased assets are depreciated over the useful life of the asset at the rates stated in note 10. However, if there is no reasonable certainty that the Company will obtain ownership by the end of lease term, the asset is depreciated over the shorter of estimated useful life of the asset and lease term.

#### **4.3 Intangible assets**

Intangible assets are carried at cost less accumulated amortization and impairment losses. Amortization is charged to income on straight line basis over a period of three years.

Subsequent expenditures on intangibles assets are recognized as an expense when it is incurred, unless the expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance.

#### **4.4 Investment property**

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The investment property of the company comprises land and is valued using the fair value model.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise. Fair values are determined based on periodic evaluation performed by an accredited external independent valuer.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

#### **4.5 Capital work in progress**

Capital work in progress represents expenditure on property and equipment in course of construction, installation and / or in transit. Transfers are made to relevant category of property and equipment as and when assets become available for use. Capital work in progress is stated at cost, less any identified impairment loss.

#### **4.6 Investments**

##### **4.6.1 Available for sale investments**

Investments in subsidiaries are stated at cost less impairment. Other investments are being carried at fair value.

##### **4.6.2 Investment in associates**

Investments in associates are accounted for by using the equity method to comply with the requirements of IAS 28 "Investments in Associates".



4.6.3 Short term investments

Held for trading

Financial assets are classified as held for trading are acquired for the purpose of selling and purchasing in near term. These investments are initially recognized at fair value. Subsequent to initial recognition these are recognized at fair value unless fair value cannot be reliably measured. Any surplus and deficit on revaluation of investment is recognized in profit and loss account. All purchases and sales of investments are recognized on trade date, which is the date that the Company commits to purchase or sell the investments.

Held to maturity

Financial assets are classified as held to maturity represent investments with fixed maturity in respect of which Company has the positive intent and ability to hold till maturity. These are initially recognized at cost including transaction costs and are subsequently carried at amortized cost.

4.7 Long term employment benefits

- (a) The company operates a funded gratuity scheme that requires contributions to be made to a separately administrated funds. The cost of defined benefit retirement plan (gratuity) is determined using actuarial valuations (projected unit credit method) performed by an independent actuary. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. All assumptions are reviewed at each reporting date and take into account factors such as prevailing interest rates, increments and promotions awarded by the Company in the recent past and projected for the future, health and age profile of employees. Gratuity is paid to employees at the termination of service at the rate of number of years of association multiplied by the last drawn salary.
- (b) The company provides liability for accumulated compensated absences of its permanent and contract staff as per company policy. Compensated absence of an employee are accumulated throughout the term of employment to the maximum accumulation of 180 days and can be availed on the termination of service, however encashment of compensated absence is allowed to the maximum of 28 days.
- (c) The company operates a recognized provident fund for all permanent employees. Monthly contributions are made both by the company and employees @ of 10 % of basic and technical pay . Charge for the year in respect of provident fund amounted to Rs. 73,422 thousands (2014: 70,462 thousands).
- (d) The company provides long term association benefit to its permanent employees. Under the plan, the employees who have completed ten years of service are entitled to receive one month's salary, twenty years of service are entitled to receive two months salary and thirty years of service are entitled to receive three months salary. At each year end, the management records provision based on the proportionate number of years worked by each employee.

4.8 Foreign currencies

Transactions in foreign currencies are accounted for in Pak Rupees at the rates prevailing on the date of transaction. Assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange prevailing at the balance sheet date.

4.9 Revenue recognition

Revenue is recognized to the extent that it is probable that the future economic benefits will flow to the company and the revenue can be measured reliably.

The company recognizes:

- revenue when services are rendered, over the contractual period or as and when services are rendered to customers.





- Dividend income is recognized when the right to receive the payment is established
- Income from bank deposits is recognized on accrual basis; and
- Rental income is recognized on accrual basis and is included in other income in profit or loss account.

#### 4.10 Provisions

Provisions are recognized when the company has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount of the obligation can be made.

#### 4.11 Financial instruments

All financial assets and liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Financial liabilities are derecognized from the balance sheet when the obligation is extinguished, discharged, cancelled or expired.

Any gain / loss on the recognition and derecognition of the financial assets and liabilities is included in the profit and loss account for the year to which it arises.

(a) **Long and short term deposits**

These are stated at cost which represents the fair value of consideration given.

(b) **Receivables**

Receivables are carried at original invoice amount less provision made for receivables considered doubtful of recovery. Debts considered irrecoverable are written off.

(c) **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits with banks, other short term investments with original maturities of three months or less and bank overdrafts.

For the purposes of cash flow statement, cash and cash equivalents comprise of cash in hand, cash in transit, bank balances and short term investments at maturity.

(d) **Trade and other payables**

Liabilities for trade and other payable are carried at amortized cost.

#### 4.12 Dividends and appropriations to reserves

Dividend and appropriations to reserves are recognized in the financial statements of the period in which these are approved.

#### 4.13 Provision for doubtful debts

The Company reviews its trade and other receivables at each reporting date to assess whether provision should be recorded in profit and loss account for any doubtful receivables. Especially, judgment by management is required in the estimation of the amount and timing of future cash flows while determining the extent of provision required. Such estimates are based on assumption about a number of factors including credit history of counter party. Actual cash flows may differ resulting in subsequent changes to the provisions.

#### 4.14 Contingencies and commitments

Contingent liabilities are disclosed when:

- There is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.
- There is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

#### 4.15 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Parties are said to be related if they are able to influence the operating and financial decisions of the Company and vice versa.



**NATIONAL ENGINEERING SERVICES PAKISTAN (PRIVATE) LIMITED**

	2015	2014
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
5	<b>Issued, subscribed and paid up capital</b>	
	50,000 (2014: 50,000) ordinary shares of Rs 10 each fully paid in cash	
	500	500
	100,000 (2014: 100,000) ordinary shares of Rs 10 each issued as fully paid bonus shares	
	<u>1,000</u>	<u>1,000</u>
	<u>1,500</u>	<u>1,500</u>
6	<b>Employees retirement and other benefits</b>	
	These are composed of:	
	Accumulated compensated absences	
	614,321	568,250
	Long term association benefit	
	<u>67,714</u>	<u>55,789</u>
	<u>682,035</u>	<u>624,039</u>
6.1	Short term retirement benefits are disclosed in note 18.	
7	<b>Liabilities against assets subject to finance lease</b>	
	Present value of the minimum lease payments	
	2,356	2,790
	Less : Advance adjustment	
	<u>(628)</u>	<u>-</u>
	<u>1,728</u>	<u>2,790</u>
	Less : current portion shown under current liabilities	
	<u>(495)</u>	<u>(434)</u>
	<u>1,233</u>	<u>2,356</u>

The amount of future payments of the lease and the period in which these payments will become due are as follows:

	2015	2014		
	----- (Rupees in '000) -----	----- (Rupees in '000) -----		
	Minimum lease payments (MLPs)	Financial charges not yet due	Present value of MLPs	Present value of MLPs
Not later than one year	656	161	495	434
Later than one year but not later than five years:	<u>1,377</u>	<u>144</u>	<u>1,233</u>	<u>2,356</u>
	<u>2,033</u>	<u>305</u>	<u>1,728</u>	<u>2,790</u>

7.1 Present value of minimum lease payments has been discounted using the 12 month KIBOR + 3%. Rentals are paid in monthly equal installments. Taxes, repairs and insurance costs are borne by the Company. In case of earlier termination, the Company shall have to pay entire rentals for unexpired period of lease agreement.

	2015	2014
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
8	<b>Trade and other payables</b>	
	Retention money payable	
	9,458	7,604
	Sundry creditors	
	492,147	486,071
	Accrued liabilities	
	113,837	84,547
	Advances from customers	
	270,107	272,786
	Employees' bonus payable	
	185,925	128,756
	Dividend Payable	
	4,500	3,057
	Sales tax payable	
	125,422	4,749
	Liabilities against assets subject to finance lease	
	495	434
	Other liabilities	
	<u>13,805</u>	<u>8,554</u>
	<u>1,215,696</u>	<u>996,558</u>

9 Contingencies and commitments

9.1 Contingencies

- (a) Guarantees given by Commercial Banks and an Insurance Companies on behalf of the company amounting to Rs. 3,195,140 thousand (2014: Rs 4,070,580 thousand).
- (b) Claims against the Company not acknowledged as debts amounted to Rs. 4,491 thousand (2014: Rs 1,035 thousand).
- (c) Assessing Officer passed order u/s 122 in respect of Tax Year 2009 and raised a demand of Rs. 405 million. Being aggrieved with the orders of the department, the Company preferred appeal before Commissioner Inland Revenue - Appeals [CIR(A)]. CIR(A) vide order dated 17 September 2015 amended the assessment order by an appeal effect order amounting to Rs. 129 million by rejecting all disallowances except sub consultancy fee, foreign remittance and depreciation. The Company filed an appeal before Appellant Tribunal

*[Handwritten Signature]*



Inland Revenue (ATIR) against the orders of CIR(A) which is pending adjudication. The management of the company based on the opinion of its legal advisor is confident of favorable outcome and accordingly, no provision has been made in these financial statements.

- (d) Additional Commissioner Inland Revenue (ACIR) invoked the provisions of section 122(5A) and raised a demand of Rs. 336 million for Tax Year 2012. Being aggrieved, the Company preferred appeal before CIR(A) against the order of ACIR and the CIR(A) vide its order revised the demand to Rs. 51 million. Being aggrieved with the decision of CIR(A), both the Company and department preferred appeal before ATIR who revised the demand to Rs. 86 million based on the available records. The Company, simultaneously filled a reference application before Honorable Lahore High Court (LHC) which is pending for adjudication. An interim stay was however been granted by LHC. The management of the company based on the opinion of its legal advisor is confident of favorable outcome and accordingly, no provision has been made in these financial statements.
- (e) Punjab Revenue Authority (PRA) issued notices for levy of sales tax on services in Tax Year 2014. This matter has been challenged before the Lahore High Court, Lahore (LHC) on the grounds that NESPAK is a company which is owned and controlled by Federal Government and effect of the levy should not be retrospective on the contracts executed by NESPAK prior to this levy. Secondly, against the present contracts, the levy has been challenged under Art.165 of the Constitution, on the basis of Doctrine of Immunity of instrumentalities based on 2014 CLC 590 (LHC) and 2013 PTD 2048 (KHC). The matter is pending adjudication before Lahore High Court. However, interim and conditional stay have been granted. Later, on another CM was filed which was heard on 17 August 2015 in which LHC ordered the office to notice for 28 August 2015. On said date, Court remained occupied with local government election petitions and was adjourned for 24 September 2014. The interim Order has not been revoked by Court. In similar nine cases before LHC, PRA has been restrained by LHC from adopting any coercive measures against petitioners till 14 October 2015. Subsequently, Commissioner Appeals issued an order directing additional commissioner to decide the case after providing appellant a reasonable opportunity of being heard. No order has been passed after the said date.

Sindh Revenue Board (SRB) issued notices to NESPAK for levy of sales tax on services rendered subsequent to 01 July 2014. This matter has also been challenged before the Sindh High Court on the grounds that NESPAK is company which is owned and controlled by Federal Government and the effect of the levy should not be retrospective on the contracts executed by the Company prior to the levy. On the basis of two judgments cited as 2014 CLC 590 (LHC) and 2013 PTD 2048 (KHC), the Sindh High Court has restrained the Sindh Revenue Authority from passing of final order against NESPAK. The matter is pending for adjudication.

After the issuance of above notices, the Company got itself registered with PRA and SRB in prior years and deposited approximately Rs. 136 million till 30 June 2015. However, sales tax has not been charged to all customers and sales tax returns have not been filed with PRA and SRB as the matter is subjudice and management of the Company, based on the opinion of its tax advisor, is confident of favourable outcome of such cases. Further, management of the Company believes that if any such tax is imposed later on by PRA and SRB, the same would be passed through to its customers as allowed by the agreements executed with most of its customers.

- (f) Mr.Asad I.A. Khan, ex-MD NESPAK, filed constitutional petition to restrain NESPAK from lodging FIR against him and to allow him to purchase NESPAK property i.e. vehicle LED-9091 PRADO. The constitutional petition was filed on 17-06-2014. On the last date of hearing, Sindh High Court has asked the Petitioner to satisfy the Court about the maintainability of petition. The management is confident of favourable outcome and accordingly, there is no need of any adjustment in these financial statements.
- (g) Other than the above cases, a number of legal cases have been filed against the Company by individuals / employees / local authorities at various forums relating to several disputes / difference of opinion. Because of their nature, it is not possible to quantify their financial impact at present. However, the management and the Company's legal advisors are of the view that the outcome of these cases is expected to be favorable and a liability, if any, arising on the settlement of these cases is not likely to be material. Accordingly, no provision has been made for any liability that may arise as a result of these cases in these financial statements.

## 9.2 Commitments

Capital commitments amounts to Rs. Nil thousands (2014: 17,879)

	Note	2015	2014
		----- (Rupees in '000) -----	
10 Property and Equipment			
Operating fixed assets	10.1	1,203,705	1,057,170
Capital work-in-progress	10.2	-	181,785
		<u>1,203,705</u>	<u>1,238,955</u>

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10.1 Operating fixed assets

10.1.1 Owned

Note	Land		Buildings on freehold land	Furniture and fittings	Office and electrical equipment	Computers	Telephone installation	Drawing and survey equipment	Vehicles	Total
	Freehold	Leasehold								
(Rupees in '000)										
<b>Net carrying value basis</b>										
<b>Year ended June 30, 2015</b>										
	340,040	2,694	447,520	45,200	86,903	28,564	3,973	19,884	79,878	1,054,656
	-	-	123,115	44,835	41,366	11,490	161	84	11,338	232,389
	-	-	-	(348)	(318)	-	-	(213)	(3,569)	(4,448)
	-	(245)	(22,765)	(5,038)	(18,519)	(12,417)	(805)	(4,994)	(16,336)	(81,119)
	-	-	-	(5)	(4)	1	(1)	225	-	216
	<u>340,040</u>	<u>2,449</u>	<u>547,870</u>	<u>84,644</u>	<u>109,428</u>	<u>27,638</u>	<u>3,328</u>	<u>14,986</u>	<u>71,311</u>	<u>1,201,694</u>
<b>Gross carrying value basis</b>										
<b>As at 30 June, 2015</b>										
	340,040	8,083	705,902	154,171	292,104	179,206	18,582	53,339	195,139	1,946,566
	-	(5,634)	(158,032)	(69,527)	(182,676)	(151,568)	(15,254)	(38,353)	(123,828)	(744,872)
	<u>340,040</u>	<u>2,449</u>	<u>547,870</u>	<u>84,644</u>	<u>109,428</u>	<u>27,638</u>	<u>3,328</u>	<u>14,986</u>	<u>71,311</u>	<u>1,201,694</u>
	-	33 year lease	5	10	20	35	20	25	20	
<b>10.1.2 Leased</b>										
	-	-	-	-	-	-	-	-	2,514	2,514
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	(503)	(503)
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	2,011	2,011
	<u>340,040</u>	<u>2,449</u>	<u>547,870</u>	<u>84,644</u>	<u>109,428</u>	<u>27,638</u>	<u>3,328</u>	<u>14,986</u>	<u>73,322</u>	<u>1,203,705</u>
<b>Total</b>										
<b>Net carrying value basis</b>										
<b>Year ended June 30, 2014</b>										
	340,040	2,939	469,808	48,236	105,436	30,567	4,886	26,221	96,046	1,124,179
	-	-	1,194	2,439	5,987	9,846	103	295	6,330	26,194
	-	-	-	(414)	(3,098)	(2)	-	(29)	(2,804)	(6,347)
	-	(245)	(23,482)	(4,956)	(21,387)	(11,841)	(988)	(6,601)	(19,587)	(89,087)
	-	-	-	(105)	(35)	(6)	(28)	(2)	(107)	(283)
	<u>340,040</u>	<u>2,694</u>	<u>447,520</u>	<u>45,200</u>	<u>86,903</u>	<u>28,564</u>	<u>3,973</u>	<u>19,884</u>	<u>79,878</u>	<u>1,054,656</u>
	340,040	8,083	582,787	109,709	251,220	167,716	18,421	53,029	193,603	1,724,608
	-	(5,389)	(135,267)	(64,509)	(164,317)	(139,152)	(14,448)	(33,145)	(113,725)	(669,952)
	<u>340,040</u>	<u>2,694</u>	<u>447,520</u>	<u>45,200</u>	<u>86,903</u>	<u>28,564</u>	<u>3,973</u>	<u>19,884</u>	<u>79,878</u>	<u>1,054,656</u>
	-	33 year lease	5	10	20	35	20	25	20	
<b>Leased</b>										
	-	-	-	-	-	-	-	-	3,142	3,142
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	(628)	(628)
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	2,514	2,514
	<u>340,040</u>	<u>2,694</u>	<u>447,520</u>	<u>45,200</u>	<u>86,903</u>	<u>28,564</u>	<u>3,973</u>	<u>19,884</u>	<u>82,392</u>	<u>1,057,170</u>

\* Represent foreign exchange differences on assets held at foreign branches.

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10.2	Capital work-in-progress	Note	2015	2014
			----- (Rupees in '000) -----	
	Civil works			
	Opening balance		181,785	135,725
	Additions during the year		19,233	46,060
	Transfers during the year		(201,018)	-
			<u>-</u>	<u>181,785</u>
11	Intangible assets			
	Computer software - Net carrying value basis			
	Opening net book value (NBV)		1,938	2,914
	Additions (at cost)		9,411	469
	Amortization	22	(3,478)	(1,445)
	Closing net book value (NBV)		<u>7,871</u>	<u>1,938</u>
	Computer software - Gross carrying value basis			
	Cost		17,737	8,326
	Accumulated amortization		(9,866)	(6,388)
	Net book value (NBV)		<u>7,871</u>	<u>1,938</u>
	Amortization rate % per annum		33.33	33.33
12	Investment property			
	Land		<u>15,000</u>	<u>15,000</u>
	Based on the valuation carried out by an independent valuer on February 25, 2014 and the management's best estimate, the fair value of investment property at 30 June 2015 is Rs 15,000 thousand (2014: 15,000 thousands).			
13	Investments		2015	2014
			----- (Rupees in '000) -----	
	Subsidiary undertakings - unquoted ( Available for sale)			
	Nespak and Partners LLC, Muscat, Oman			
	13,000 (2014: 13,000) ordinary shares of Omani Riyal 1 each		1,736	1,736
	Equity held: 65% (2014: 65%)			
	Mohammad Hisham Aitah - Nespak, Riyadh, Saudi Arabia			
	49 (2014: 49) ordinary shares of Saudi Riyal 2,000 each		1,328	1,328
	Equity held: 49% (2014: 49%)			
	National Engineering Services Pakistan Limited - Doha, Qatar			
	98,000 (2014: 98,000) ordinary shares of Qatari Riyal 1,000 each		2,234	2,234
	Equity held: 49% (2014: 49%)			
	National Engineering Services Pakistan Limited - UK			
	100 (2014: Nil) ordinary shares of GBP 1 each		17	-
	Equity held: 100% (2014: 0%)			
			<u>5,315</u>	<u>5,298</u>
13.1	The company is not consolidating these subsidiaries as the Securities and Exchange Commission (SECP) of Pakistan has granted exemption to the company from consolidation and investment in these subsidiaries is recorded at cost net of impairment if any.			
14	Investment in Associates - unquoted	Note	2015	2014
			----- (Rupees in '000) -----	
	Corporation House (Private) Limited			
	200,000 (2014: 200,000) ordinary shares of Rs 10 each		11,055	10,538
	Share of net profit for the year		604	517
			11,659	11,055
	Engineering Consulting Associates (Nigeria) Limited			
	6,000 (2014: 6,000) ordinary shares of Naira 1 each		91	91
	Less: Impairment		(91)	(91)
			-	-
	Turpak International (Private) Limited			
	60,000 (2014: 60,000) ordinary shares of Rs 100 each		36,409	33,165
	Share of net profit for the year		2,681	3,244
			39,090	36,409
	Technology and Resource Development (Private) Limited			
	4,000 (2014: 4,000) ordinary shares of Rs 100 each	14.1	400	400
	Less: Impairment		(400)	(400)
			-	-
			<u>50,749</u>	<u>47,464</u>

*M. Akhtar*



**NATIONAL ENGINEERING SERVICES PAKISTAN (PRIVATE) LIMITED**

14.1 One share is held in the name of Mr. Amjad. A. Khan, Managing Director of the company.

14.2 The aggregate share of the company in assets, liabilities, revenue and profit or loss of its associated companies is as follows:

Name	Percentage interest held	Assets	Liabilities	Revenue	Profit *
----- (Rupees in '000) -----					
<b>June 30, 2015</b>					
Corporation House (Private) Limited	25%	12,068	409	1,028	604
Turkpak International (Private) Limited	50%	46,447	7,357	48,933	2,681
<b>June 30, 2014</b>					
Corporation House (Private) Limited	25%	11,435	380	934	517
Turkpak International (Private) Limited	50%	43,098	6,689	51,249	3,244

\* Share of profit of associates is net of taxation.

	Note	2015	2014
----- (Rupees in '000) -----			
<b>15 Loans and advances - considered good</b>			
Muhammad Hisham Aitah, Riyadh, Saudi Arabia - unsecured		1,632	1,632
Abdulla Zayed M A Al-Khayarin, Doha, Qatar - unsecured		2,326	2,326
Dar-al-Handasah LLC, Muscat, Oman - unsecured		1,085	1,085
	15.1	5,043	5,043
Employee loans	15.2	2,341	2,828
Less : Current maturity	18	(900)	(1,500)
		1,441	1,328
Advance due from Pakistan Hydro Consultant		75	75
		<u>6,559</u>	<u>6,446</u>

15.1 This represents interest free loan given to related parties.

15.2 Loans to employees represent house building and motorcycle loans provided to employees in accordance with company policy. These loans are secured against the employees provident fund balances. Loans for motorcycle and house building carry interest at the rate of 4% per annum (2014: 4% per annum) and 10% per annum (2014: 10% per annum), respectively.

	Note	2015	2014
----- (Rupees in '000) -----			
<b>16 Deferred tax asset</b>			
The deferred tax asset comprise temporary differences arising due to:			
Accelerated tax depreciation		(107,821)	(109,398)
Provision for doubtful debts		401,266	419,738
Re-measurement of employees' retirement benefits		(53,041)	(102,355)
		<u>240,404</u>	<u>207,985</u>
Deferred tax is calculated in full on temporary differences under the liability method			
Opening balance		207,985	188,110
Credited to profit and loss account		(16,895)	45,987
Charged recognized in other comprehensive income		49,314	(26,112)
Closing balance		<u>240,404</u>	<u>207,985</u>

*Amjad Khan*

**NATIONAL ENGINEERING SERVICES PAKISTAN (PRIVATE) LIMITED**

	Note	2015	2014		
----- (Rupees in '000) -----					
17	Contract fee receivable				
	Considered good	7,033,029	6,045,851		
	Considered doubtful	1,215,957	1,093,482		
		<u>8,248,986</u>	<u>7,139,333</u>		
	Less: Provision for doubtful debts	(1,215,957)	(1,093,482)		
		<u>7,033,029</u>	<u>6,045,851</u>		
17.1	Due from subsidiaries				
	Nespak and Partners LLC, Muscat, Oman	947,993	693,338		
	Muhammad Hisham Aitah-Nespak, Riyadh, Saudi Arabia	395	34,993		
	National Engineering Services Pakistan Limited, UK	2,745	-		
	National Engineering Services Pakistan Limited, Doha, Qatar	272,613	208,371		
		<u>1,223,746</u>	<u>936,702</u>		
	Due from associates				
	Turkpak International (Private) Limited	1,838	762		
	Technology and Resource Development (Private) Limited	4,318	3,701		
	NESPAK Foundation	8,876	11,713		
	Federal Government and departments	4,007,861	3,700,343		
	Provincial governments and departments	2,036,839	1,671,766		
		<u>6,059,732</u>	<u>5,388,285</u>		
17.2	Provision for doubtful debts				
		General	Specific	2015	2014
----- (Rupees in '000) -----					
	Opening balance	136,450	957,032	1,093,482	1,110,788
	Charge for the year	28,586	93,889	122,475	161,145
		<u>165,036</u>	<u>1,050,921</u>	<u>1,215,957</u>	<u>1,271,933</u>
	Less: Written off during the year	-	-	-	(178,451)
	Closing balance	<u>165,036</u>	<u>1,050,921</u>	<u>1,215,957</u>	<u>1,093,482</u>
17.3	Ageing analysis of contract fee receivable				
	The ageing analysis of contract fee receivable from related party is as follows:				
	Up to 6 months			3,361,811	2,633,056
	More than 6 months less than 1 year			625,996	1,057,382
	More than 1 year			3,295,671	2,634,549
				<u>7,283,478</u>	<u>6,324,987</u>
18	Advances, deposits and prepayments				
	Current maturity of long term loans - considered good	15		900	1,500
	Advances to employees - considered good			17,343	15,005
	Advances to suppliers and contractors - considered good			24,468	1,150
	Retention and earnest money			191,379	166,438
	Prepayments			6,033	4,485
	Margins on bank guarantees			23,371	70,436
	Receivable from Turkpak International (Private) Limited			199	199
	Due from Nespak Gratuity Fund Trust	18.1		252,723	332,355
	Due from Nespak Foundation - a related party			4,825	-
	Due from Nespak Provident Fund Trust			34,814	25,079
	Due from Staff welfare fund trusts			31,312	12,943
	Lease key money			-	628
				<u>587,367</u>	<u>630,218</u>
18.1	The amounts recognized in the balance sheet are as follows:				
	Present value of defined benefit obligation	18.1.1		1,306,238	1,072,954
	Fair value of plan assets	18.1.2		(1,558,961)	(1,405,309)
				<u>(252,723)</u>	<u>(332,355)</u>

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**NATIONAL ENGINEERING SERVICES PAKISTAN (PRIVATE) LIMITED**

		<u>2015</u>	<u>2014</u>
		----- (Rupees in '000) -----	
18.1.1	Changes in the present value of defined benefit obligations:		
	Balance at beginning of the year	1,072,954	1,048,988
	Current service cost	84,077	64,203
	Interest expense	122,020	103,589
	Benefits paid	(102,868)	(106,039)
	Unpaid benefits	(9,372)	(18,815)
	Actuarial loss / (gains)	139,427	(18,972)
		<u>1,306,238</u>	<u>1,072,954</u>
18.1.2	Changes in the fair value of plan assets		
	Balance at beginning of the year	1,405,309	1,235,254
	Contributions made by the Company during the year	107,546	106,039
	Interest Income	168,355	128,714
	Benefits paid during the year	(102,868)	(106,039)
	Unpaid benefits	(9,372)	(18,815)
	Return on plan assets excluding interest income (actuarial (loss) / gain)	(10,009)	60,156
		<u>1,558,961</u>	<u>1,405,309</u>
18.1.3	Charge for the year:		
	Profit and Loss:		
	Current service cost	84,077	64,203
	Net interest Income	(46,335)	(25,125)
		<u>37,742</u>	<u>39,078</u>
	Other comprehensive income		
	(Gain) / loss from changes in demographic assumptions	-	(9,832)
	Financial Assumptions	139,179	-
	Experience adjustments	248	(9,140)
		<u>139,427</u>	<u>(18,972)</u>
	Return on plan assets, excluding amounts included in interest income	10,009	(60,156)
		<u>149,436</u>	<u>(79,128)</u>
		<u>187,178</u>	<u>(40,050)</u>
		<u>2015</u>	<u>2014</u>
	Significant actuarial assumptions at the date of the statement of financial position:		
	Discount rate	9.50%	12.00%
	Future salary	9.50%	12.00%
	Average duration of the obligation	7 years	7 years
	Expected mortality rate	SLIC (2001-05)	SLIC (2001-05)
	Expected withdrawal rate	Based on experience	Based on experience
	Sensitivity Analysis as at June 30, 2015		
		<u>Discount Rate</u>	<u>Salary increase</u>
		<u>+1% and (-1%)</u>	<u>+1% and (-1%)</u>
	PVDBO (Rs.)	1,218,419	1,407,284
		1,406,302	1,217,664
19	Short term investments	<u>Note</u>	<u>2015</u>
			<u>2014</u>
			----- (Rupees in '000) -----
	Held for trading	19.1	84,457
	Held to maturity at cost	19.2	90,956
			<u>1,167,043</u>
			<u>640,357</u>
			<u>1,251,500</u>
			<u>731,313</u>
19.1	Units of mutual funds		
	UBL Govt. Securities Fund	81,545	88,225
	MCB - Arif Habib Savings and Investment Limited	1,557	1,458
	NAFA Govt. Securities fund	1,355	1,273
		<u>84,457</u>	<u>90,956</u>
19.2	Held to maturity at cost		
	- Local currency	19.2.1	530,000
	- Foreign currency	19.2.2	30,000
			<u>637,043</u>
			<u>640,357</u>
			<u>1,167,043</u>

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**NATIONAL ENGINEERING SERVICES PAKISTAN (PRIVATE) LIMITED**

19.2.1 Local currency	Rate of return	Period of deposit	2015	2014
			----- (Rupees in '000) -----	
Bank Al Habib limited	9.00%	1 year	30,000	30,000
Allied Bank Limited	6.90%	1 month	100,000	-
Allied Bank Limited	6.90%	1 month	100,000	-
Allied Bank Limited	6.90%	1 month	150,000	-
Bank Alfalah limited	6.90%	1 month	150,000	-
			<u>530,000</u>	<u>30,000</u>

This includes local currency accounts under lien with commercial banks amounting to Rs 30,000 thousand (2014: Rs 30,000 thousand).

	2015	2014
	----- (Rupees in '000) -----	
19.2.2 Foreign currency	637,043	610,357

Rate of profit on foreign investments range from 1.50% to 3.10% per annum (2014: 1.30% to 3.85% per annum) with a deposit period of 1 to 4 months (2014: 1 to 4 months)

19.3 The fair value of these investments is determined using their respective redemption net assets value.

19.4 The short term investments do not include any investment in related parties (2014: Nil).

20	Cash and bank balances	Note	2015	2014
			----- (Rupees in '000) -----	
	At banks			
	- In current accounts			
	Local currency		5,345	31,833
	Foreign currency		13,404	24,244
			18,749	56,077
	- In PLS saving accounts			
	Local currency	20.1	811,546	778,960
	Foreign currency	20.2	223,529	257,316
			<u>1,035,075</u>	<u>1,036,276</u>
			1,053,824	1,092,353
	Cash in hand			
	Local currency		5	3
	Foreign currency		4,141	4,763
			4,146	4,766
			<u>1,057,970</u>	<u>1,097,119</u>

20.1 Rate of profit on saving and deposit local currency accounts range from 4.50% to 7.25% per annum (2014: 5% to 9% per annum).

20.2 Rate of profit on saving and deposit foreign currency accounts range from 1.90% to 1.30% per annum (2014: 1.50% to 2.05% per annum).

	2015	2014
	----- (Rupees in '000) -----	
21	Consultancy services fee	
	Services rendered in Pakistan	6,314,811
	Services rendered outside Pakistan	597,382
		<u>6,912,193</u>
		<u>5,518,465</u>
		<u>735,235</u>
		<u>6,253,700</u>

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22	Note	2015	2014
		----- (Rupees in '000) -----	
Operating cost			
Salaries, wages and benefits		3,502,810	3,110,116
Office maintenance and utilities		273,070	257,753
Traveling and conveyance		122,732	100,825
Printing and stationery		45,888	42,724
Vehicle running expenses		440,821	451,983
Sub-consultancy expenses		801,153	613,989
Survey and investigation		57,343	56,817
Advertisement and business promotion		18,609	14,182
Legal charges		1,887	1,566
Audit fee		800	800
Donation	22.1	1,010	984
Depreciation on owned assets	10.1.1	81,119	89,087
Depreciation on leased assets	10.1.2	503	628
Amortization of intangible assets	11	3,478	1,445
Provision for doubtful debts	17	122,475	161,145
Exchange loss		-	11,600
Miscellaneous expenses		18,198	16,542
		<u>5,491,896</u>	<u>4,932,186</u>
22.1	None of the directors and their spouses had interest in the donees.		
22.2	Number of employees	2015	2014
	Total number of employees as at June 30	2,596	2,587
	Average number of employees during the year	2,592	2,693
22.3	Disclosures relating to Provident Fund	2015	2014
		----- (Rupees in '000) -----	
	Size of the fund	2,742,657	2,683,069
	Cost of investments made	2,164,306	1,857,933
	Percentage of investments made	78.91%	69.25%
	Fair value of investments	2,447,510	2,191,381
	<b>Breakup of investments</b>		
	Government securities	2,164,306	1,857,933
		2015	2014
		% age of size of the fund	
	<b>Breakup of investments</b>		
	Government securities	78.91%	69.25%
<p>The figures for 2015 is based on the un-audited financial statements of the Provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Ordinance and the rules formulated for this purpose.</p>			
23	Finance cost	2015	2014
		----- (Rupees in '000) -----	
	Bank charges and commission	7,596	3,779
	Mark up on finance lease arrangement	263	286
		<u>7,859</u>	<u>4,065</u>
24	Other income		
	<b>Income from financial assets</b>		
	Return on bank deposits	77,621	45,641
	Re-measurement gain on investment held for trading	10,883	7,160
	Gain on redemption of units in mutual fund	2,618	59
	<b>Income from non financial assets</b>		
	Profit on sale of fixed assets	-	259
	Dividend	71,932	-
	Fair value gain on investment property	-	1,500
	Interest on long term loans to employees	75	129
	Exchange gain	65,889	-
	Rental income	48,156	45,862
	Others	4,111	1,944
		<u>281,285</u>	<u>102,554</u>

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	2015	2014
	----- (Rupees in '000) -----	
25 Other expenses		
Loss on sale of fixed assets	142	-
26 Provision for taxation		
Local tax		
- Current year	494,088	293,169
- Prior year	-	-
	494,088	293,169
Foreign tax		
- Current year	18,534	6,850
- Prior year	-	-
	18,534	6,850
	512,622	300,019
Deferred tax	16,895	(45,987)
	529,517	254,032
26.1 Tax charge reconciliation		

Numerical reconciliation between the average effective tax rate and the applicable tax rate.

	2015	2014
	%	
Applicable tax rate	33.00	34.00
Effect of income claimed as exempt	(6.31)	(18.64)
Foreign tax	1.09	0.48
Impact of deferred tax	1.00	2.00
Super tax	2.43	-
Average effective tax rate charged to accounting profit	31.21	17.84

	Note	2015	2014
		----- (Rupees in '000) -----	
27 Cash generated from operations			
Profit before taxation		1,696,866	1,423,764
<b>Adjustment for non-cash charges and other items :</b>			
Depreciation on property and equipment		81,119	89,087
Depreciation on leased assets		503	628
Net exchange adjustment		(216)	283
Fair value gain on investment property		-	(1,500)
Gain on redemption of units in mutual fund		(2,618)	(59)
Fair value gain on held for trading investment		(10,883)	(7,160)
Amortization of intangible assets		3,478	1,445
Provision for doubtful debts		122,475	161,145
Loss / (gain) on disposal of property and equipment		142	(259)
Share of profit from associates		(3,285)	(3,761)
Employees retirement and other benefits		98,117	78,958
Interest income		(77,621)	(45,641)
Finance cost		7,859	4,065
Working capital changes	27.1	(1,021,861)	(859,942)
		894,075	841,053

27.1 Working capital changes			
Decrease / (increase) in current assets :			
Drawing and stationery stores		771	1,802
Contract fee receivable		(1,109,653)	(914,637)
Advances, deposits and prepayments		(36,781)	(54,921)
Other receivables		(93,836)	(2,372)
		(1,239,499)	(970,128)
Increase in current liabilities :			
Trade and other payables		217,638	110,186
		(1,021,861)	(859,942)

72 685

28 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

	2015	2014
	----- (Rupees in '000) -----	
Short term investment		
Local currency	530,000	30,000
Foreign currency	637,043	610,357
Bank balances in		
Current accounts	18,749	56,077
Deposit accounts	1,035,075	1,036,276
Cash in hand	4,146	4,766
Less: Investment maturing after three months	<u>(83,418)</u>	<u>(47,246)</u>
	<u>2,141,595</u>	<u>1,690,230</u>

29 Remuneration of Chief Executive (Managing Director) and Directors

During the year, the Managing Director of the company, received salary and benefits amounting to Rs. 8,222 thousand (2014: Rs 6,300 thousand) and contribution to his provident fund amounting to Rs. 134 thousand (2014: Rs 139 thousand).

In addition to the above, 13 (2014: 13) directors were paid aggregated fee of Rs. 110 ('000) (2014: Rs. 140 ('000) for attending meetings.

30 Related party transactions

Related parties includes directors, subsidiaries, associates, associated undertakings in which directors have interest, Federal Government, Provincial governments, key management personnel and Post retirement funds.

Transactions with related parties, other than remuneration and benefits to key management personnel are as follows:

	2015	2014
	----- (Rupees in '000) -----	
<b>Subsidiary undertakings</b>		
Nespak and Partners LLC, Muscat, Oman		
- Consultancy services rendered	413,224	397,247
Muhammad Hisham Aitah-Nespak, Riyadh, Saudi Arabia		
- Consultancy services rendered	-	75,338
National Engineering Services Pakistan Limited, Doha, Qatar		
- Consultancy services rendered	7,923	23,591
<b>Associates</b>		
Turkpak International (Private) Limited		
- Consultancy services received	-	102,497
- Consultancy services rendered	1,515	1,025
Technology and Resource Development (Private) Limited		
- Consultancy services received	-	37,933
- Consultancy services rendered	973	704
<b>Other related parties</b>		
Nespak Employees Provident Fund Trust		
- Charge for the year	73,422	72,046
Nespak Employee Gratuity Fund Trust		
- Charge for the year	37,741	39,078
- Contribution paid	107,546	106,039

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	2015	2014
	----- (Rupees in '000) -----	
Nespak Foundation		
- Consultancy services received	909,469	547,151
- Consultancy services rendered	8,663	9,415
Federal Government and departments		
- Consultancy services rendered	2,649,147	2,700,892
Provincial governments and departments		
- Consultancy services rendered	2,963,005	2,133,106
<b>Balances with related parties other than disclosed in other notes, are as follows :</b>		
Nespak and Partners LLC, Muscat, Oman	947,993	693,311
Muhammad Hisham Aitah-Nespak, Riyadh, Saudi Arabia	395	33,889
National Engineering Services Pakistan Limited, Doha, Qatar	272,613	208,371
Turkpak International (Private) Limited - net	(2,859)	(40,667)
Technology and Resource Development (Private) Limited	4,318	3,701
NESPAK Foundation - net	(336,846)	(403,387)
Provident Fund Trust	34,814	25,079
Gratuity Fund	252,723	332,355
Federal Government and departments - net	3,746,307	3,572,777
Provincial governments and departments - net	1,687,315	1,487,198
Nespak Uk Limited	2,745	-

31 Financial risk management

31.1 Financial risk factors

The company's activities expose it to various financial risks (including currency risk and interest rate risk) which are not significant. The company's overall risk management practice focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the management of the company. The management provides principles and guidelines for overall risk management, as well as policies covering specific areas. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables that exist due to transactions in foreign currencies. The company's exposure to currency risk is as follows:

	2015	2014
	----- (Rupees in '000) -----	
Trade receivables - USD	534,382	324,008
Foreign currency bank balances - USD	870,929	944,931
Foreign currency cash balances - USD	1,089	3,405
Net exposure - USD	<u>1,406,400</u>	<u>1,272,344</u>
Foreign currency cash balances - GBP	219	-
Net exposure - GBP	<u>219</u>	<u>-</u>
Foreign currency bank balances - EUR	151	-
Foreign currency cash balances - EUR	1,076	-
Net exposure - EUR	<u>1,227</u>	<u>-</u>
Trade receivables - QAR	272,613	208,371
Net exposure - QAR	<u>272,613</u>	<u>208,371</u>
Trade receivables - SAR	32,903	36,040
Net exposure - SAR	<u>32,903</u>	<u>36,040</u>

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NATIONAL ENGINEERING SERVICES PAKISTAN (PRIVATE) LIMITED

	2015	2014
	----- (Rupees in '000) -----	
Foreign currency bank balances - YER	19	42
Net exposure - YER	<u>19</u>	<u>42</u>
Trade receivables - OMR	928,534	693,338
Net exposure - OMR	<u>928,534</u>	<u>693,338</u>
Foreign currency bank balances - IRR	2,872	3,354
Foreign currency cash balances - IRR	1,766	1,358
Net exposure - IRR	<u>4,638</u>	<u>4,712</u>
Trade receivables - BDT	-	5,120
Foreign currency bank balances - BDT	5	11,295
Net exposure - BDT	<u>5</u>	<u>16,415</u>

The following significant exchange rates were applied during the year:

	2015	2014
<b>Rupees per USD</b>		
Average rate	100.03	102.70
Reporting date rate	101.50	98.55
<b>Rupees per GBP</b>		
Average rate	163.87	159.51
Reporting date rate	159.95	167.79
<b>Rupees per EUR</b>		
Average rate	124.02	131.47
Reporting date rate	113.57	134.46
<b>Rupees per QAR</b>		
Average rate	27.47	28.21
Reporting date rate	27.87	27.07
<b>Rupees per SAR</b>		
Average rate	26.67	27.39
Reporting date rate	27.06	26.28
<b>Rupees per YER</b>		
Average rate	0.47	0.48
Reporting date rate	0.47	0.46
<b>Rupees per AED</b>		
Average rate	27.24	27.96
Reporting date rate	27.64	26.83
<b>Rupees per OMR</b>		
Average rate	260.08	267.95
Reporting date rate	263.75	256.41
<b>Rupees per IRR</b>		
Average rate	0.004	0.004
Reporting date rate	0.004	0.004
<b>Rupees per BDT</b>		
Average rate	1.27	1.33
Reporting date rate	1.27	1.27

If the functional currency, at reporting date, had fluctuated by 5% against the USD, QR, SR, YR, AED, IR and BT with all other variables held constant, the impact on profit after taxation for the year would have been Rs. 130,371 thousand (2014: Rs. 111,504 thousand) higher/lower, mainly as a result of exchange gains/losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to equity securities price risk, because of the investments held by the Company in money market mutual funds, and classified on the statement of financial position as available for sale. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio. The other financial assets include held for trading investments of amounting to Rs. 84.46 thousand (2014: Rs. 90.96 thousand) which are subject to price risk. If redemption price on mutual funds, at the year end date, fluctuate by 5% higher / lower with all other variables held constant, total comprehensive income for the year would have been Rs. 4.22 thousand (2014: Rs. 4.55 thousand) higher / lower, mainly as a result of higher / lower redemption price on units of mutual funds.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the balance sheet date, the interest rate profile of the company's interest bearing financial instruments was:

	2015	2014
	----- (Rupees in '000) -----	
<b>Financial assets</b>		
Bank balances - Short Term Investments - Local Currency	530,000	30,000
Bank balances - Short Term Investments - Foreign Currency	637,043	610,357
Bank balances - PLS savings accounts - Local Currency	811,546	778,960
Bank balances - PLS savings accounts - Foreign Currency	223,529	257,316
	<u>2,202,118</u>	<u>1,676,633</u>

**Fair value sensitivity analysis for fixed rate instruments**

The company does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit of the company.

	2015	2014
	----- (Rupees in '000) -----	
<b>Financial liabilities</b>		
Liabilities against assets subject to finance lease - Long term	1,728	2,790
Liabilities against assets subject to finance lease - Short term	490	434
Total exposure	<u>1,728</u>	<u>2,790</u>

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit / (loss) before tax. The analysis excludes the impact of movement in market variables on the carrying values of employees retirement obligation, provision and on non-financial assets and liabilities of the Company. Further, interest rate sensitivity does not have an asymmetric impact on the Company's results. Impact of interest variables is as follows:

	Increase/ decrease Basis points	Effect on profit before tax
	----- (Rupees in '000) -----	
<b>2015</b>		
Pak Rupees	+100	10,333
Pak Rupees	-100	(10,333)
<b>2014</b>		
Pak Rupees	+100	10,335
Pak Rupees	-100	(10,335)

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from deposits with banks, trade debts, investments, loans and advances and other receivables.



(i) Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company is mainly exposed to credit risk on trade debts, loans and advances, other receivables and bank balances aggregating to Rs.9,514,164 thousands (2014: Rs.8,647,774 ). Therefore, the Company seeks to minimize the credit risk exposure through having exposure only to customers considered credit worthy.

	2015	2014
	----- (Rupees in '000) -----	
Long term investments	5,315	5,298
Loans and advances	6,559	6,446
Long term security deposits	32,475	33,893
Contract fee receivable	7,033,029	6,045,851
Advances, deposits and prepayments	539,523	609,578
Interest accrued	4,153	5,105
Other receivables	207,007	113,171
Short term investments	1,251,500	731,313
Cash and Bank balances	1,057,970	1,097,119
	<u>10,137,531</u>	<u>8,647,774</u>

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The company major concentration of credit risk lies in receivable from government owned entities.

(ii) Credit quality of major financial assets

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The credit quality of major liquid financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Short term investments Financial institution	Rating			2015	2014
	Short term	Long term	Agency	----- (Rupees in '000) -----	
Allied Bank Limited	A1+	AA+	PACRA	502,250	295,650
Arif Habib Investment	A1+	AAA	PACRA	1,557	1,458
Bank Al-Habib Limited	A1+	AA+	PACRA	30,000	30,000
Bank Al Falah Limited	A1+	AA	PACRA	150,000	-
Bank of Punjab	A1+	AA-	PACRA	406,000	246,375
NAFA Government Securities Fund		Not Available		1,355	1,273
United Bank Limited	JCR-VIS	A-1+	AA+	81,545	88,225
United National Bank- London		Not Available		78,793	68,332
				<u>1,251,500</u>	<u>731,313</u>
Cash at bank Financial institution	Rating			2015	2014
	Short term	Long term	Agency	----- (Rupees in '000) -----	
Allied Bank Limited	A1+	AA+	PACRA	178,677	104,471
Bank Al Falah Limited	A1+	AA	PACRA	283,996	453,794
Bank Al-Habib Limited	A1+	AA+	PACRA	129,378	169,189
Bank Kashavarzi		Not Available		2,825	3,773
Bank of America		Not Available		712	752
Bank of Punjab	A1+	AA-	PACRA	10,918	1,550
Bank Pasargard		Not Available		151	169
Faysal Bank Limited	A1+	AA	PACRA	6,098	11,247
Habib Bank Limited	A-1+	AAA	JCR-VIS	129,341	72,590
JS Bank Limited	A1+	A+	PACRA	2	21,464
MCB Bank Limited	A1+	AAA	PACRA	1,719	6,415
Melli Bank Iran		Not Available		47	52
National Bank of Pakistan	A1+	AAA	PACRA	112,747	67,649
United Bank Limited	A-1+	AA+	JCR-VIS	189,672	173,799
United National Bank- London		Not Available		7,540	5,438
				<u>1,053,823</u>	<u>1,092,352</u>

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The company's exposure to credit risk and impairment losses related to contract fee receivable is disclosed as follows:

As at June 30, 2015, contract fee receivable amounting to Rs. 7,033,029 thousand (2014: Rs. 6,045,851 thousand) was past due but not impaired. The ageing analysis of contract fee receivable is as follows:

	2015	2014
	----- (Rupees in '000) -----	
Up to 6 months	3,886,504	3,079,856
More than 6 months less than 1 year	626,561	1,052,838
More than 1 year	<u>3,735,921</u>	<u>3,006,639</u>
	<u>8,248,986</u>	<u>7,139,333</u>

As at June 30, 2015, contract fee receivable amounting to Rs. 1,215,957 thousand (2014: Rs 1,093,482 thousand) were impaired and provided for.

**31.2 Fair values of financial assets and liabilities**

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

**31.3 Financial instruments by categories**

	Cash and cash equivalents	Held for trading	Available for sale	Loans and receivables	Total
	----- (Rupees in '000) -----				
<b>2015</b>					
<b>Financial assets as per balance sheet</b>					
Long term investments	-	-	5,315	-	5,315
Loans and advances	-	-	-	6,559	6,559
Long term security deposits	-	-	-	32,475	32,475
Contract fee receivable	-	-	-	7,033,029	7,033,029
Other receivables	-	-	-	207,007	207,007
Advances, deposits and prepayments	-	-	-	286,800	286,800
Interest accrued	-	-	-	4,153	4,153
Short term investments	1,167,043	84,457	-	-	1,251,500
Cash and bank balances	1,057,970	-	-	-	1,057,970
	<u>2,225,013</u>	<u>84,457</u>	<u>5,315</u>	<u>7,570,023</u>	<u>9,884,808</u>
	Cash and cash equivalents	Held for trading	Available for sale	Loans and receivables	Total
	----- (Rupees in '000) -----				
<b>2014</b>					
Long term investments	-	-	5,298	-	5,298
Loans and advances	-	-	-	6,446	6,446
Long term security deposits	-	-	-	33,893	33,893
Contract fee receivable	-	-	-	6,045,851	6,045,851
Other receivables	-	-	-	113,171	113,171
Advances, deposits and prepayments	-	-	-	277,223	277,223
Interest accrued	-	-	-	5,105	5,105
Short term investments	640,357	90,956	-	-	731,313
Cash and bank balances	1,097,119	-	-	-	1,097,119
	<u>1,737,476</u>	<u>90,956</u>	<u>5,298</u>	<u>6,481,689</u>	<u>8,315,419</u>

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Financial liabilities at	
2015	2014
----- (Rupees in '000) -----	

Financial liabilities as per balance sheet

Trade and other payables	945,589	723,772
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31.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, in an orderly transaction between market participants at the measurement date.

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

31.5 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders. The capital structure of the company is equity based with no financing through long term or short term borrowings.

32 Date of authorization for issue

These financial statements were authorized for issue on 27 JUN 2016 by the Board of Directors of the company.

33 Post balance sheet events


The Board of Directors at its meeting held on 27 JUN 2016 has approved a final dividend at Rs. 666.67 per share for the year ended 30 June 2015 (2014: Rs. 30 per share) amounting to Rs. ('000) 100,000 (2014: Rs. ('000) 4,500). The financial statements do not reflect the effect of the above events.

34 General

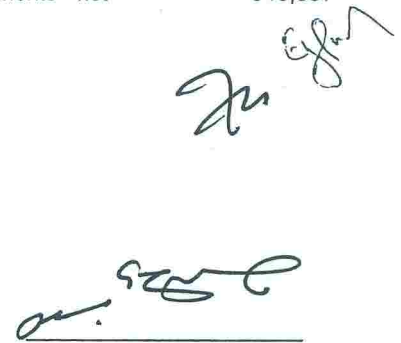
34.1 Figures has been rounded to nearest of thousand rupees.

34.2 Following figures have rearranged for the purpose of better presentation.

From		To		Amount
Note	Account	Note	Account	
12	Capital work in progress	10	Property and equipment	181,785
19	Advances, deposits, prepayments and other receivables	N/A	Other receivables	113,171
19	Advances, deposits, prepayments and other receivables	N/A	Interest accrued	5,105
21	Cash and bank balances	19	Short term investments - net	640,357



Chief Executive



Director