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NATIONAL ENGINEERING SERVICES PAKISTAN (PRIVATE) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIONAL ENGINEERING SERVICES PAKISTAN (PRIVATE) LIMITED

Report on the audit of the financial statements

Opinion

We have audited the annexed financial statements of **National Engineering Services Pakistan (Private) Limited**, which comprise the statement of financial position as at **30 June 2018**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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 2018 and of the profit, the total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 24.1 (g) and (h) to the financial statements, which describes the uncertainties related to the future outcome of litigations between the Company, Punjab Revenue Authority and Sindh Revenue Board; regarding applicability of Sales tax on the services provided by the Company, under respective provincial sales tax on services laws.
Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the Director's Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mr. Sajjad Hussain Gill.

EY

Chartered Accountants
Lahore
Date: 11 December 2020

NATIONAL ENGINEERING SERVICES PAKISTAN (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018	2017
		------ (Rupees in '000) ------	
ASSETS			(Restated)
NON-CURRENT ASSETS			
Property and equipment	7	**1,017,164**	1,143,126
Intangible assets	8	**6,249**	7,180
Investment property	9	**110,240**	15,000
Investment in subsidiaries	10	**2,977**	2,977
Investment in associates	11	**53,860**	56,374
Long term loans and advances	12	**33,167**	34,112
Long term security deposits		**57,115**	33,940
Deferred tax asset - net	13	**632,874**	503,761
		1,913,646	1,796,470
CURRENT ASSETS			
Stationery stores		**12,540**	7,239
Contract fee receivable	14	**9,766,365**	9,163,031
Loans and advances	15	**273,068**	209,970
Deposits and short term prepayments	16	**281,995**	240,466
Interest accrued		**16,132**	7,612
Other receivables	17	**2,079,318**	1,564,248
Short term investments	18	**813,563**	1,042,752
Cash and bank balances	19	**991,074**	1,515,175
		14,234,055	13,750,493
		16,147,701	15,546,963
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
500,000 (2017: 500,000) ordinary shares of Rs. 10 each		**5,000**	5,000
Issued, subscribed and paid up share capital	20	**5,000**	5,000
Revenue reserves			
- General reserve		**11,314,799**	10,414,213
- Unappropriated profit		**(20,273)**	687,596
		11,299,526	11,106,809
NON-CURRENT LIABILITIES			
Employees retirement and other benefits	21	**766,616**	993,493
Liabilities against assets subject to finance lease	22	**-**	54
CURRENT LIABILITIES			
Trade and other payables	23	**3,446,353**	2,987,437
Liabilities against assets subject to finance lease	22	**54**	610
Dividend payable		**50,000**	-
Provision for taxation		**585,152**	458,560
		4,081,559	3,446,607
		16,147,701	15,546,963
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes from 1 to 40 form an integral part of these financial statements.

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Chief Executive **Director**

NATIONAL ENGINEERING SERVICES PAKISTAN (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		------ (Rupees in '000) ------	
Services fee	25	**8,315,798**	8,563,195
Operating costs	26	**(8,033,922)**	(7,455,287)
Operating profit		**281,876**	1,107,908
Finance cost	27	**(4,833)**	(6,171)
		277,043	1,101,737
Other income	28	**588,986**	240,753
Other expenses	29	**-**	(3,411)
Share of (loss) / profit from associates - net	11	**(2,514)**	1,500
		586,472	238,842
Profit before taxation		**863,515**	1,340,579
Taxation	30	**(619,682)**	(389,993)
Profit for the year		**243,833**	950,586

The annexed notes from 1 to 40 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 30 JUNE 2018

	Note	2018	2017
		------ (Rupees in '000) ------	
Profit for the year		**243,833**	950,586
Items that will not be reclassified to statement of profit or loss			
Re-measurement loss on employees retirement and other benefits	21.3.3	**(1,595)**	(346,530)
Tax effect of loss on employees retirement benefits		**479**	103,959
Other comprehensive loss for the year		**(1,116)**	(242,571)
Total comprehensive income for the year		**242,717**	708,015

The annexed notes from 1 to 40 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 30 JUNE 2018

	Share capital	Revenue reserves		
	Issued, subscribed and paid up share capital	General reserve	Unappropriated profit	Total
	----------------------------- (Rupees in '000)			----------------------
Balance as at 01 July 2016	1,500	9,144,151	1,353,143	10,498,794
Final dividend for the year ended 30 June 2016 at Rs. 667 per share	-	-	(100,000)	(100,000)
Bonus shares issued	3,500	(3,500)	-	-
Transfer to general reserve	-	1,273,562	(1,273,562)	-
Profit for the year	-	-	950,586	950,586
Other comprehensive loss for the year	-	-	(242,571)	(242,571)
Total comprehensive income	-	-	708,015	708,015
Balance as at 30 June 2017	5,000	10,414,213	687,596	11,106,809
Final dividend for the year ended 30 June 2017 at Rs. 334 per share	**-**	**-**	**(50,000)**	**(50,000)**
Transfer to general reserve	**-**	**900,586**	**(900,586)**	**-**
Profit for the year	**-**	**-**	**243,833**	**243,833**
Other comprehensive loss for the year	**-**	**-**	**(1,116)**	**(1,116)**
Total comprehensive income	**-**	**-**	**242,717**	**242,717**
Balance as at 30 June 2018	**5,000**	**11,314,799**	**(20,273)**	**11,299,526**

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive

Director

NATIONAL ENGINEERING SERVICES PAKISTAN (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		------ (Rupees in '000) ------	
Cash flows from operating activities			
Net cash generated from operating activities	31	**488,858**	288,854
Income taxes paid		**(621,724)**	(497,572)
Employee benefits paid		**(607,376)**	(132,242)
Decrease / (Increase) in long term loans and advances		**945**	(32,953)
(Increase) / decrease in long term security deposits		**(23,175)**	12,923
Net cash flows used in operating activities		**(762,472)**	(360,990)
Cash flows from investing activities			
Purchase of property and equipment - net		**(73,616)**	(46,732)
Purchase of intangible assets		**(5,909)**	(4,723)
Proceeds from disposal of property and equipment		**14,720**	10,534
Short term investments - net		**104,800**	313,200
Interest income		**75,019**	78,593
Net cash flows generated from investing activities		**115,014**	350,872
Cash flows from financing activities			
Lease rentals paid		**(610)**	(707)
Dividend paid		**-**	(200,000)
Finance cost paid		**(4,833)**	(6,171)
Net cash flows used in financing activities		**(5,443)**	(206,878)
Net decrease in cash and cash equivalents		**(652,901)**	(216,996)
Cash and cash equivalents at the beginning of the year		**2,329,575**	2,546,571
Cash and cash equivalents at the end of the year	32	**1,676,674**	2,329,575

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive

Director

1 THE COMPANY AND ITS OPERATIONS

National Engineering Services Pakistan (Private) Limited (the Company) was incorporated in 1973 under the Companies Act, 1913 (now the Companies Act, 2017). The Company is wholly controlled and owned by the Ministry of Energy (Power Division), 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.

1.1 Geographical Location

The geographical locations and addresses of major Business units of the Company are as follows:

Business unit	**Geographical location and address**
Registered office	1-C, Block N, Model Town Extension, Lahore
Regional offices	
Islamabad	Nespak House, Sector G-5/2, Islamabad
Karachi	13th Floor, NICL Building, Abbasi Shaheed Road, Sharah-e-Faisal Karachi
Peshawar	House no. 24, Sector B-2, Phase-V, Hayatabad, Peshawar
Quetta	18-19/B, Street no. 2, Phase-III, Shahbaz Town, Quetta cantt.
Foreign offices:	
Kabul, Afghanistan	House no. 250, Street no. 16, Wazir Akbar Khan, Kabul, Afghanistan
Riyadh, KSA	Office No 2 , First Floor Ibrahim Mohammad AL Moosa Commercial Complex, Abdul Aziz Bin Masaad Bin Jalwi Road, (Dabbab Road) P.O Box 50344, Riyadh 11523 Kingdom of Saudi Arabia.

2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS OCCURRED DURING THE YEAR

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to the financial statements.

3 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

4 BASIS OF PREPARATION

4.1 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 6.5 and investments held for trading at fair value.

These are separate financial statements of the Company. The Company is not consolidating its subsidiaries as the Securities and Exchange Commission of Pakistan (SECP) has granted exemption through the letter dated 24 November 2005 with reference number RD-237(I) 2005-3237 to the Company from consolidation and investment in subsidiaries is recorded at cost net of impairment if any.

4.2 Standards, Interpretations and Amendments to Published Approved Accounting Standards

Amendments to approved accounting standards and interpretations which became effective during the year ended 30 June 2018 are as follow:

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

The Company has adopted the following amendments which became effective for the current year.

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

IAS 12: Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendment)

The adoption of the above amendments to accounting standards did not have any material effect on the financial statements.

4.2.2 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective

The following 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:

Standards or interpretations	Annual effective date (periods beginning on or after)
IFRS 2: Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendment)	01 January 2018
IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	01 January 2018
IFRS 9: Financial Instruments	01 July 2018
IFRS 9: Prepayment Features with Negative Compensation - (Amendment)	01 January 2019
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 15: Revenue from Contracts with Customers	01 July 2018
IFRS 16: Leases	01 January 2019
IAS 19: Plan Amendment, Curtailment or Settlement (Amendment)	01 January 2019
IAS 28: Long-term Interests in Associates and Joint Ventures (Amendment)	01 January 2019
IAS 40: Investment Property: Transfers of Investment Property (Amendment)	01 January 2018
IFRIC 22: Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23: Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application, except for IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers. The Company is currently evaluating the impact of the said standard.

Furthermore, through SRO 985(I)2019 dated 02 September 2019, in respect of companies holding financial assets due from the Government of Pakistan, the requirements contained in "IFRS 9 (Financial Instruments) with respect to application of Expected Credit Losses Method" shall not be applicable till 30 June 2021, provided that such companies follow the relevant requirements of IAS 39 - Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

Further, 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:

Standards	IASB effective date (Annual periods beginning on or after)
IFRS 1: First time adoption of International Financial Reporting Standards	01 July 2009
IFRS 14: Regulatory Deferral Accounts	01 January 2016
IFRS 17: Insurance Contracts	01 January 2021

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

4.3 Change in accounting policy related to investment property

During the year, the Company has changed its accounting policy in respect of its investment properties from fair value model to cost model which includes land and building in Gujranwala and Islamabad. The management is of the view that this change in accounting policy will result in a more consistent view of the financial affairs and financial performance of the Company. The management has applied the change retrospectively and has assessed the impact of change in accounting policy. However, there is no impact of the change in accounting policy but the corresponding figures have been restated.

4.4 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is also the Company's functional currency.

4.5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to use 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 the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Taxation (Note 13 & 30)

In making the estimate for income tax payable, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. The Company consult its tax advisors and takes into account factors including industry practice and recent judgments by tax authorities and/or courts of law.

Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

b) Useful life and residual values of property and equipment (Note 7)

Estimates with respect to useful lives, residual values and pattern of flow of economic benefits are based on the analysis of the management of the Company based on historical pattern of use, economic utility, technological advancement, expected re-sale values and expected usual wear and tear.

c) Employee benefits (Note 21)

The cost of defined benefit retirement plan (gratuity), accumulated long absences and long term association benefit are 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.

d) Provision for doubtful debts (Note 14)

The Company reviews its trade and other receivables at each reporting date to assess whether provision should be recorded in statement of profit or loss 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 assumptions about a number of factors including credit history of counter party and age analysis. Actual cash flows may differ resulting in subsequent changes to the provisions. Bad debts are written off as and when identified.

e) Provisions

Provisions are recognized in the statement of financial position when the Company has legal or constructive obligation as a result of past events, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

f) Contingent liabilities

Contingent liability is disclosed when:

- there is possible obligation that arises from past events and whose existence will be confirmed only by occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is 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.

5 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, 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 needs 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 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. Further, as per the correspondence with BESOS and Ministry of Finance, the scheme is being revamped and disbursement of dividend to the employees by EET are kept in abeyance.

6 SIGNIFICANT ACCOUNTING POLICIES

6.1 Property and equipment

Owned

Property and equipment except freehold land, which is stated at cost, are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to the statement of profit or loss 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 7 and leasehold land on 33 year lease period.

Depreciation on additions is charged from the month in which the asset is put to use while no depreciation is charged for 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 the statement of profit or loss as and when incurred. Major renewals and improvements are capitalized. The gain 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. Such assets are subject to impairment testing at each reporting date.

Leased assets are depreciated over the useful life of the asset at the rates stated in Note 7 on the reducing balance method. 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.

6.2 Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. Amortization is charged to statement of profit and loss on straight line basis to operating costs 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.

6.3 Investment property

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

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 statement of profit or loss in the period of derecognition. The Company has changed its accounting policy in respect of its investment properties as disclosed in Note 4.3 to these financial statements.

6.4 Investments

6.4.1 Investment in subsidiaries

Investments in subsidiaries are stated at cost less impairment, if any.

6.4.2 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

6.4.3 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 statement of profit or loss. 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 classified as held to maturity represent investments with fixed maturity in respect of which the 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.

Available for sale

Available-for-sale financial assets are non-derivatives that are either designated investments in this category or not classified in any of the other categories. They are included in non-current assets unless these mature or the management intends to dispose off the investments within twelve months from the reporting date.

6.5 Employees retirement and other benefits

a) The Company operates a funded gratuity scheme that requires contributions to be made to separately administrated fund. 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. Benefits are disclosed in Note 21.

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 60 days.

c) The Company operates a recognized provident fund for all permanent employees. Monthly contributions are made both by the Company and employees at 10% of basic plus technical pay.

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 upon the valuation performed by the independent actuary.

6.6 Foreign currencies

Transactions in foreign currencies are accounted for in Pak Rupees, which is the functional currency of the Company, at the rates prevailing on the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange prevailing at the reporting date. Non-monetary assets are not retranslated and are kept at the original transaction amount.

6.7 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:

a) revenue from engineering services when services are rendered, over the contractual period or as and when services are rendered to customers;

- i) Lump sum contracts:
  Revenue is recognized when the percentage of work/ milestones are completed.
- ii) Cost plus contracts:
  Revenue is recognized on time proportionate basis.
- iii) Percentage of billing contracts:
  Revenue is recognized based upon the percentage of contractor's invoice.

b) dividend income is recognized when the right to receive the payment is established;

c) income from bank deposits is recognized using effective interest rate method; and

d) rental income is recognized on accrual basis.

6.8 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 obligation can be made.

6.9 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 statement of financial position when the obligation is extinguished, discharged, cancelled or expired.

Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the statement of profit or loss 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) Trade and other 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 statement of cash flows, cash and cash equivalents comprise of cash in hand, bank balances and short term investments maturing within three months.

d) Trade and other payables

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

6.10 Dividends and appropriations to reserves

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

6.11 Taxation

Current

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credit available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessments made / finalized during the year.

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 reporting date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to equity in which case it is included in equity.

6.12 Related party transactions

Parties are said to be related if they are able to influence the operating and financial decisions of the Company and vice versa. Related party transactions are stated in Note 34.

6.13 General reserve

This reserve is created by the Board to be utilized for the following purposes:

- For meeting contingencies;
- For equalizing dividends;
- For any other reason as and when decided by the Board of Directors.

7 PROPERTY AND EQUIPMENT

2018

Particulars	Cost				Depreciation				Net Book Value as at 30 June 2018	Depreciation rate %
	As at 01 July 2017	Additions / (disposal)	Transfers to investment property	As at 30 June 2018	Accumulated as at 01 July 2017	Charge for the year / (disposal)	Transfers to investment property	Accumulated as at 30 June 2018		
	(Rupees in '000)									
Owned:										
Freehold land	340,040	-	-	340,040	-	-	-	-	340,040	-
Buildings on freehold land	576,883	-	-	576,883	177,001	19,966	-	196,967	379,916	5
Furniture and fixture	160,077	3,755	-	162,988	86,216	7,634	-	93,529	69,459	10
		(844)				(321)				
Office and electrical equipment	350,022	4,708	-	353,277	238,732	22,692	-	260,660	92,617	20
		(1,453)				(764)				
Computers	194,603	24,412	-	218,834	165,427	15,694	-	181,038	37,796	35
		(181)				(83)				
Telephone installation	18,729	456	-	19,185	16,414	525	-	16,939	2,246	20
Drawing and survey equipment	65,866	14,903	-	73,018	47,511	6,198	-	46,086	26,932	25
		(7,751)				(7,623)				
Vehicles	199,167	25,382	-	198,557	134,460	16,521	-	133,144	65,413	20
		(25,992)				(17,837)				
	1,905,387	73,616	-	1,942,782	865,761	89,230	-	928,363	1,014,419	
		(36,221)				(26,628)				
Leased:										
Leasehold land (Note 7.1)	8,083	-	-	8,083	6,123	245	-	6,368	1,715	3.03
Building on leasehold land (Note 9.2)	135,780	-	(135,780)	-	35,527	5,013	(40,540)	-	-	5
Vehicles	3,142	-	-	3,142	1,855	257	-	2,112	1,030	20
	147,005	-	(135,780)	11,225	43,505	5,515	(40,540)	8,480	2,745	
Total	2,052,392	37,395	(135,780)	1,954,007	909,266	68,117	(40,540)	936,843	1,017,164	

2017

Particulars	Cost				Depreciation				Net Book Value as at 30 June 2017	Depreciation rate %
	As at 01 July 2016	Additions / (disposal)	Transfers/ Adjustments	As at 30 June 2017	Accumulated as at 01 July 2016	Charge for the year / (disposal)	Transfers/ Adjustments	Accumulated as at 30 June 2017		
	(Rupees in '000)									
Owned:										
Freehold land	340,040	-	-	340,040	-	-	-	-	340,040	-
Buildings on freehold land	712,663	-	-	712,663	186,234	26,294	-	212,528	500,135	5
Furniture and fixture	158,391	1,863	-	160,077	78,156	8,155	-	86,216	73,861	10
		(177)				(95)				
Office and electrical equipment	338,621	12,300	-	350,022	212,714	26,628	-	238,732	111,290	20
		(899)				(610)				
Computers	184,218	12,675	-	194,603	153,998	13,387	-	165,427	29,176	35
		(2,290)				(1,958)				
Telephone installation	18,497	232	-	18,729	15,822	592	-	16,414	2,315	20
Drawing and survey equipment	57,918	7,948	-	65,866	41,696	5,815	-	47,511	18,355	25
Vehicles	201,714	15,151	-	199,167	129,584	19,341	-	134,460	64,707	20
		(17,698)				(14,465)				
	2,012,062	50,169	-	2,041,167	818,204	100,212	-	901,288	1,139,879	
		(21,064)				(17,128)				
Leased:										
Leasehold land	8,083	-	-	8,083	5,878	245	-	6,123	1,960	3.03
Vehicles	3,142	-	-	3,142	1,533	322	-	1,855	1,287	20
	11,225	-	-	11,225	7,411	567	-	7,978	3,247	
Total	2,023,287	29,105	-	2,052,392	825,615	83,651	-	909,266	1,143,126	

7.1 This relates to leasehold land of the Company located at Sector G - 5/2, Islamabad for use as office premises.

K

7.2 Details of property and equipment disposed off during the year:

Description	Cost	Accumulated depreciation	Book Value	Sales proceeds	Gain	Method of disposal	Purchaser / Party
	(Rupees in '000')						
Items with individual net book amount exceeding Rs. 500 thousand each							Employees of the Company
Toyota Corolla GLI LEG-14-1652	**1,846**	**1,026**	**820**	**820**	**-**	Company Policy	Mr. Aamir Ashraf - Former V.P/Head-P&M
Toyota Corolla GLI LEJ-15-1582	**1,771**	**607**	**1,164**	**1,164**	**-**	Company Policy	Mr. Asif Javaid Awan - Former G.M/head Coordination
Toyota Corolla GLI LEJ-12-1452	**1,690**	**1,109**	**581**	**581**	**-**	Company Policy	Mr. Sohail Kibria - Former V.P/Head (F&P)-GT&GE
Toyota Corolla GLI LEJ-12-1414	**1,690**	**1,163**	**527**	**527**	**-**	Company Policy	Mr. Muhammad Zubair G.M/Head-EPHE
Toyota Corolla GLI LEJ-13-3142	**1,690**	**1,180**	**510**	**1,600**	**1,090**	Insurance claimed	National Insurance Company Limited
Toyota Corolla GLI LEJ-16-1050	**1,786**	**476**	**1,310**	**1,786**	**476**	Transferred to customer	Pakistan Railways
Suzuki Cultus LEJ-15-2208	**1,039**	**319**	**720**	**1,039**	**319**	Transferred to customer	Pakistan Railways
30 June 2018	**11,512**	**5,880**	**5,632**	**7,517**	**1,885**		
30 June 2017 (Note 7.4)	-	-	-	-	-		

7.3 The deprecation expense for the year has been charged to operating costs.

7.4 During the year ended 30 June 2017, none of the disposed off assets' net book value was exceeding Rs. 500 thousand.

8 INTANGIBLE ASSETS

	Note	2018	2017
		------ (Rupees in '000) ------	
Computer software - Net carrying value basis:			
Opening net book value (NBV)		**7,180**	5,378
Additions (at cost)		**5,909**	4,723
Amortization	26	**(6,840)**	(2,921)
Closing net book value (NBV) at year end		**6,249**	7,180
Computer software - Gross carrying value basis:			
Cost		**28,260**	22,679
Accumulated amortization		**(22,011)**	(15,499)
Net book value (NBV) at year end		**6,249**	7,180
Amortization rate (% per annum)		**33.33**	33.33

8.1 The cost of fully amortized intangible assets which are still in use amounted to Rs. 17,394 thousand (30 June 2017: Rs. 7,982 thousand).

8.2 The amortization expense for the year has been charged to operating costs.

9 INVESTMENT PROPERTY

	Note	2018	2017
		------ (Rupees in '000) ------	
			(Restated)
Land	9.1	**15,000**	15,000
Building on leasehold land	9.2	**95,240**	-
		110,240	15,000

9.1 As per valuation report issued by Independent Valuator - Hamid Mukhtar & Co. (Private) Limited dated 31 December 2017, fair value of investment property in Gujranwala is equivalent to its cost. The area of land is 6 kanals, located at Block - E, G. Mangolia Park Housing Scheme, G.T Road, Gujranwala.

9.2 Building on leasehold land

	2018	2017
	------ (Rupees in '000) ------	
Net carrying value basis:		
Opening net book value (NBV)	-	-
Transfers from property and equipment (at cost)	**100,253**	-
Depreciation	**(5,013)**	-
Closing net book value (NBV) at year end	**95,240**	-
Gross carrying value basis:		
Cost	**135,780**	-
Accumulated depreciation	**(40,540)**	-
Net book value (NBV) at year end	**95,240**	-
Depreciation rate (% per annum)	**5**	-

9.2.1 As per valuation report issued by Independent Valuator - Hamid Mukhtar & Co. (Private) Limited dated 31 December 2017, fair value of investment property in Islamabad is equivalent to its cost. The covered area of building is 28,571 sft, located at Sector G - 5/2, Islamabad.

9.3 As more fully explained in Note 4.3 to these financial statements, the Company has changed its accounting policy in respect of investment properties from fair value model to cost model. However, there is no impact of the change in accounting policy but the corresponding figures have been restated.

F.

10 INVESTMENT IN SUBSIDIARIES

	2018	2017
	------ (Rupees in '000) ------	
Subsidiary undertakings - unquoted (at cost)		
Nespak and Partners LLC, Muscat, Oman 13,000 (2017: 13,000) ordinary shares of Omani Riyal 1 each Equity held: 65% (2017: 65%)	**2,821**	2,821
Less: Accumulated impairment loss	**(2,821)**	(2,821)
	-	-
Mohammad Hisham Aitah - Nespak, Riyadh, Kingdom of Saudi Arabia 49 (2017: 49) ordinary shares of Saudi Riyal 2,000 each Equity held: 49% (2017: 49%)	**2,960**	2,960
National Engineering Services Pakistan Limited - Doha, Qatar 98,000 (2017: 98,000) ordinary shares of Qatari Riyal 1,000 each Equity held: 49% (2017: 49%)	**4,560**	4,560
Less: Accumulated impairment loss	**(4,560)**	(4,560)
	-	-
National Engineering Services Pakistan Limited - UK 100 (2017: 100) ordinary shares of GBP 1 each Equity held: 100% (2017:100%)	**17**	17
	2,977	2,977

10.1 As disclosed in Note 4.1 to these financial statements, the Company is not consolidating these subsidiaries as the Securities and Exchange Commission of Pakistan (SECP) has granted exemption to the Company from consolidation and investment in these subsidiaries is recorded at cost net of accumulated impairment loss.

10.2 Investment in subsidiaries includes the amount paid on behalf of the business partners of the foreign subsidiaries as follows:

Subsidiary	Business Partner	Rupees in thousand
Nespak and Partners LLC, Muscat, Oman	Dar-al-Handasah	1,085
Mohammad Hisham Aitah - Nespak, Riyadh, Kingdom of Saudi Arabia	Muhammad Hisham Aitah	1,632
National Engineering Services Pakistan Limited - Doha, Qatar	Abdulla Zayed M A Al-Khayarin	2,326

11 INVESTMENT IN ASSOCIATES - unquoted (equity method)

	Note	2018	2017
		------ (Rupees in '000) ------	
Corporation House (Private) Limited (CHPL)			
200,000 (2017: 200,000) ordinary shares of Rs. 10 each - cost		**2,000**	2,000
Opening share of accumulated profits		**10,377**	10,007
Share of net profit for the year	11.4	**414**	370
	11.1	**12,791**	12,377
Engineering Consulting Associates (Nigeria) Limited			
6,000 (2017: 6,000) ordinary shares of Naira 1 each - cost		**91**	91
Less: Accumulated impairment loss		**(91)**	(91)
		-	-
Turkpak International (Private) Limited (TIPL)			
60,000 (2017: 60,000) ordinary shares of Rs. 100 each - cost		**6,000**	6,000
Opening share of accumulated profits		**37,997**	38,867
Share of net (loss) / profit for the year	11.4	**(2,928)**	1,130
Dividend received during the year		**-**	(2,000)
	11.2	**41,069**	43,997
Technology and Resource Development (Private) Limited			
4,000 (2017: 4,000) ordinary shares of Rs. 100 each - cost	11.3	**400**	400
Less: Accumulated impairment loss		**(400)**	(400)
		-	-
		53,860	56,374

11.1 CHPL is incorporated to acquire land and construct building in Pakistan and have its registered office at 1st Floor Alfalah Building (Tail Wing), Shahrah-e-Quaid-e-Azam, Lahore. The Company's interest in CHPL is accounted for using the equity method in financial statements. Share of profit for current year is based on the audited financial statements.

11.2 TIPL is engaged in providing engineering consultancy services and have its registered office at IEEEP Building,17-C-1, Civic Centre Faisal Town, Lahore. The Company's interest in TIPL is accounted for using the equity method in financial statements. Share of loss for current year is based on the audited financial statements.

11.3 One share is held in the name of Mr. Amjad. A. Khan, former Managing Director of the Company.

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

Name	Percentage of interest held	Assets	Liabilities	Revenue	(Loss) / profit*
		------------------------- (Rupees in '000)			-------------------------
30 June 2018					
Corporation House (Private) Limited	**25%**	**13,060**	**269**	**751**	**414**
Turkpak International (Private) Limited	**50%**	**63,921**	**22,852**	**28,057**	**(2,928)**
		76,981	**23,121**	**28,808**	**(2,514)**
30 June 2017					
Corporation House (Private) Limited	25%	12,643	266	679	370
Turkpak International (Private) Limited	50%	57,675	13,678	49,094	1,130
		70,318	13,944	49,773	1,500

* Share of (loss) / profit from associates is net of taxation.

12 LONG TERM LOANS AND ADVANCES

	Note	2018	2017
		------ (Rupees in '000)	------
Considered good:			
Employee loans - secured	12.1	**5,649**	7,467
Less : Current maturity	15	**(873)**	(2,000)
		4,776	5,467
Advance due from Pakistan Hydro Consultant - unsecured		**75**	75
Advances to suppliers - unsecured	12.2	**28,316**	28,570
		33,167	34,112

12.1 Loans to employees represent house building and motorcycle loans provided to employees in accordance with the Company policy. These loans are secured against the employees provident fund balances and are adjustable against salaries. Loans for motorcycle and house building carry interest at the rate of 4% per annum (2017: 4% per annum) and 4.46% per annum (2017: 10% per annum), respectively.

12.2 These represent advances paid against purchase of vehicles.

13 DEFERRED TAX ASSET - NET

	Note	2018	2017
		------ (Rupees in '000)	------
The deferred tax asset comprises temporary differences arising due to:			
Accelerated tax depreciation		**(70,630)**	(103,615)
Provision for doubtful debts		**592,261**	496,506
Re-measurement of employees' retirement and other benefits		**111,684**	111,205
Others		**(441)**	(335)
		632,874	503,761
Deferred tax is calculated in full on temporary differences under -			
- the liability method			
Opening balance		**503,761**	318,908
Credited to statement of profit or loss		**128,634**	80,894
Charge recognized in other comprehensive income		**479**	103,959
Closing balance		**632,874**	503,761

		Note	2018	2017
14	**CONTRACT FEE RECEIVABLE**		------ (Rupees in '000) ------	
	Unsecured:			
	Considered good		**9,766,365**	9,163,031
	Considered doubtful		**2,042,280**	1,655,019
		14.1	**11,808,645**	10,818,050
	Less: Provision for doubtful debts	14.4	**(2,042,280)**	(1,655,019)
			9,766,365	9,163,031

14.1 This includes amount due from subsidiaries and associates as follows:

	Note	2018	2017
Subsidiaries			
Nespak and Partners LLC, Muscat, Oman		**1,577,412**	1,345,791
Muhammad Hisham Aitah-Nespak, Riyadh, Kingdom of Saudi Arabia		**148,571**	119,767
National Engineering Services Pakistan Limited, UK		**8,145**	6,740
National Engineering Services Pakistan Limited, Doha, Qatar		**453,197**	348,488
	14.3	**2,187,325**	1,820,786
Associates			
Turkpak International (Private) Limited		**407**	1,155
Technology and Resource Development (Private) Limited		**6,729**	5,915
NESPAK Foundation		**9,755**	9,964
Federal Government and departments		**4,672,656**	4,728,446
	14.3	**4,689,547**	4,745,480

14.2 The maximum aggregate amount due at any month end during the year was Rs. 6,876,872 (2017: Rs. 6,566,266). The relevant parties are as follows:

	Note	2018	2017
Subsidiaries			
Nespak and Partners LLC, Muscat, Oman		**1,577,412**	1,345,791
Muhammad Hisham Aitah-Nespak, Riyadh, Kingdom of Saudi Arabia		**148,571**	119,767
National Engineering Services Pakistan Limited, UK		**8,145**	6,740
National Engineering Services Pakistan Limited, Doha, Qatar		**453,197**	348,488
	14.3	**2,187,325**	1,820,786
Associates			
Turkpak International (Private) Limited		**407**	1,155
Technology and Resource Development (Private) Limited		**6,729**	5,915
NESPAK Foundation		**9,755**	9,964
Federal Government and departments		**4,672,656**	4,728,446
	14.3	**4,689,547**	4,745,480

14.3 Ageing analysis of subsidiaries and associates

The ageing analysis of contract fee receivable from subsidiaries and associates is as follows:

Neither past due nor impaired	2018	2017
Up to 6 months	**3,700,023**	3,835,596
More than 6 months less than 1 year	**748,289**	566,482
More than 1 year	**2,428,560**	2,164,188
	6,876,872	6,566,266

		Note	General	Specific	2018	2017
14.4	**Provision for doubtful debts**		------------ (Rupees in '000) ------------			
	Opening balance		**273,922**	**1,381,097**	**1,655,019**	1,405,397
	Charge for the year	26	**63,657**	**323,604**	**387,261**	249,622
	Closing balance		**337,579**	**1,704,701**	**2,042,280**	1,655,019

14.4.1 Provision for doubtful debts includes the provision relating to related party receivables amounting to Rs. 927,025 thousand (2017: Rs. 794,370 thousand).

15

15 LOANS AND ADVANCES

	Note	2018	2017
		------ (Rupees in '000) ------	
Current maturity of long term loans	12	**873**	2,000
Advances to employees - unsecured		**28,820**	24,064
Advances to suppliers - unsecured		**2,098**	538
Due from Nespak Foundation - unsecured	15.1	**41,691**	19,426
Due from Nespak Provident Fund Trust - unsecured	15.2	**22,913**	-
Due from Staff Welfare Fund Trust - unsecured	15.3	**112,482**	108,501
Miscellaneous advances - unsecured		**64,191**	55,441
		273,068	209,970

15.1 This represents amount due from Nespak Foundation, (a related party) on account of miscellaneous advances paid to its employees who are engaged in the engineering contracts of the Company. The maximum aggregate amount due calculated with reference to month end balances during the year was Rs. 41,691 thousand (2017: Rs. 19,426 thousand).

15.2 This represents amount due from Nespak Provident Fund Trust, (a related party) for excess contribution made by the Company that is based upon estimates as compared to actual amount as per credit advices received from different divisions. The maximum aggregate amount due calculated with reference to month end balances during the year was Rs. 22,913 thousand (2017: Rs. nil).

15.3 This represents amount due from Staff Welfare Fund Trust, (a related party) in respect of payment made to employees of Nespak on account of Eidi, scholarships for children of employees and funeral expenses on behalf of Staff Welfare Fund Trust. The maximum aggregate amount due calculated with reference to month end balances during the year was Rs. 112,482 thousand (2017: Rs. 108,501 thousand).

16 DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2018	2017
		------ (Rupees in '000) ------	
Retention and earnest money		**246,352**	202,152
Margins on bank guarantees	16.1	**33,408**	33,679
Prepayments		**2,235**	4,635
		281,995	240,466

16.1 This represents the margin amounting to SR 503,703 (2017: SR 503,703) given to Bank Al-Jazira in Riyadh for issuance of bank guarantee in favor of General Authority of Zakat and Tax, and OMR 73,593 (2017: OMR 73,593) given to Bank Muscat for issuance of bank guarantee in favor of Ministry of Water and Irrigation, Jordan against the consultancy services provided by the Company.

17 OTHER RECEIVABLES

	Note	2018	2017
		------ (Rupees in '000) ------	
Sales tax receivable		**2,075,324**	1,556,194
Receivable from Turkpak International (Private) Limited	17.1	**2,199**	2,199
Miscellaneous receivables	17.2	**1,795**	5,855
		2,079,318	1,564,248

17.1 This represents amount due from Turkpak International (Private) Limited, an associate, in respect of dividend declared by Turkpak International (Private) Limited in prior years that has not yet been received by the Company. The maximum aggregate amount due calculated with reference to month end balances during the year was Rs. 2,199 thousand (2017: Rs. 2,199 thousand).

17.2 These represent advances given to project managers and sub-contractors against the routine expenses at projects.

18 SHORT TERM INVESTMENTS

	Note	2018	2017
		------ (Rupees in '000) ------	
Held for trading - fair value	18.1	**97,963**	93,552
Held to maturity at amortized cost	18.2	**715,600**	949,200
		813,563	1,042,752

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18.1 Held for trading - fair value

	2018	2017
	------ (Rupees in '000) ------	
UBL Government Securities Fund	**94,580**	90,329
MCB - Arif Habib Savings and Investment Limited	**1,808**	1,727
NAFA Government Securities Fund	**1,575**	1,496
	97,963	93,552

18.1.1 The fair value of these investments is determined using their respective redemption net asset values.

18.2 Held to maturity at amortized cost

	Note	2018	2017
		------ (Rupees in '000) ------	
- Local currency	18.2.1	**230,000**	530,000
- Foreign currency	18.2.2	**485,600**	419,200
		715,600	949,200

18.2.1 Local currency

	Rate of return	Period of deposit	2018	2017
			------ (Rupees in '000) ------	
Bank AL Habib Limited*	5.70%	1 year	**30,000**	30,000
Bank Alfalah Limited	6.25%	1 month	**-**	400,000
JS Bank Limited	6.25%	1 month	**200,000**	100,000
			230,000	530,000

* This represents local currency accounts with 10% margin on letter of guarantees in the shape of lien with commercial banks amounting to Rs. 30,000 thousand (2017: Rs. 30,000 thousand).

	2018	2017
	------ (Rupees in '000) ------	
18.2.2 Foreign currency	**485,600**	419,200

Rate of profit on foreign investments ranges from 2.85% to 3.50% per annum (2017: 2.21% to 2.75%) with a deposit period of 6 months (2017: 6 months).

19 CASH AND BANK BALANCES

	Note	2018	2017
		------ (Rupees in '000) ------	
Balances with bank:			
- In current accounts			
Local currency		**61,654**	58,148
Foreign currency		**120,881**	33,179
Less: Impairment	19.3	**(2,490)**	-
		118,391	33,179
		180,045	91,327
- In PLS savings accounts			
Local currency	19.1	**595,733**	1,202,941
Foreign currency	19.2	**210,954**	216,521
		806,687	1,419,462
		986,732	1,510,789
Cash in hand:			
Local currency		**1**	1
Foreign currency		**5,795**	4,385
Less: Impairment	19.3	**(1,454)**	-
		4,341	4,385
		991,074	1,515,175

19.1 Rate of profit on saving and deposit local currency accounts ranges from 3.75% to 7% per annum (2017: 4.90% to 6.52% per annum).

19.2 Rate of profit on saving and deposit foreign currency accounts ranges from 0.10% to 1.5% per annum (2017: 0.19% to 1.5% per annum).

19.3 This represents the impairment charged during the year on cash in hand and bank balance of Iran branch which is non - operational.

		Note	2018	2017
20	**ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**		------ (Rupees in '000) ------	
	50,000 (2017: 50,000) ordinary shares of Rs. 10 each fully paid in cash		500	500
	450,000 (2017: 100,000) ordinary shares of Rs. 10 each issued as fully paid bonus shares		4,500	4,500
			5,000	5,000

20.1 The Government of Pakistan holds 100% shareholding of the Company.

21 EMPLOYEES RETIREMENT AND OTHER BENEFITS

These are composed of:

	Note	2018	2017
Accumulated compensated absences	21.1	446,768	491,940
Long term association benefit	21.2	152,084	101,244
Due to Nespak Gratuity Fund Trust - related party	21.3	167,764	400,309
		766,616	993,493

21.1 Changes in the present value of defined benefit obligations:

	Note	2018	2017
Present value of defined benefit obligations - opening balance		491,940	490,685
Cost chargeable to statement of profit or loss	21.1.1	49,843	1,255
Actuarial gain chargeable to other comprehensive income		(95,015)	-
Present value of defined benefit obligations - closing balance		446,768	491,940

The Company is recording provision relating to accumulated compensated absences (i.e. earned leaves) on the basis of basic pay and technical pay.

21.1.1 Charge for the year:	2018	2017
	------ (Rupees in '000) ------	
Profit or loss:		
Current service cost	10,488	1,255
Net interest expense	39,355	-
Other comprehensive income	(95,015)	-
	(45,172)	1,255

Significant actuarial assumptions at the reporting date of the statement of financial position:

	2018	2017
Discount rate	8.00%	-
Future salary	7.50%	-
Average duration of the obligation	7 years	-
Expected mortality rate	SLIC (2001-05)	-
Expected withdrawal rate	Industry experience	-

	Discount Rate +1% and (-1%)		Salary increase +1% and (-1%)	
Sensitivity analysis as at 30 June 2018	------------------------- (Rupees in '000)		---------------------------	
Present value of defined benefit obligation	422,450	474,154	474,020	422,128

21.2 Changes in the present value of defined benefit obligations:

	Note	2018	2017
		------ (Rupees in '000) ------	
Present value of defined benefit obligations - opening balance		101,244	85,325
Cost chargeable to statement profit or loss	21.2.1	18,597	44,940
Actuarial loss chargeable to other comprehensive income		42,430	-
Benefits paid during the year		(10,187)	(29,021)
Present value of defined benefit obligations - closing balance		152,084	101,244

21.2.1 Charge for the year	2018	2017
Profit or loss:		
Current service cost	10,905	44,940
Net interest expense	7,692	-
Other comprehensive income	42,430	-
	61,027	44,940

Significant actuarial assumptions at the reporting date of the statement of financial position:	2018	2017
Discount rate	8.00%	-
Future salary	7.50%	-
Average duration of the obligation	4 years	-
Expected mortality rate	SLIC (2001-05)	-
Expected withdrawal rate	Based on experience	-

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Sensitivity analysis as at 30 June 2018	Discount Rate +1% and (-1%)		Salary increase +1% and (-1%)	
	(Rupees in '000)			
Present value of defined benefit obligation	138,092	168,576	168,493	137,911

21.3 The amount recognized in the statement of financial position has been computed as follows:

	Note	2018	2017
		(Rupees in '000)	
Present value of defined benefit obligations	21.3.1	**2,073,580**	2,031,676
Fair value of plan assets	21.3.2	**(1,905,816)**	(1,631,367)
Unpaid benefits		**-**	-
		167,764	400,309

21.3.1 Changes in the present value of defined benefit obligations:

	2018	2017
Balance at beginning of the year	**2,031,676**	1,593,850
Current service cost	**114,764**	129,955
Interest expense	**144,302**	109,605
Benefits paid	**(168,457)**	(118,895)
Unpaid benefits	**(46,833)**	(45,210)
Actuarial (gain) / loss	**(1,872)**	362,371
	2,073,580	2,031,676

21.3.2 Changes in the fair value of plan assets:

	2018	2017
Balance at beginning of the year	**1,631,367**	1,565,645
Contributions made by the Company during the year	**363,539**	101,121
Interest Income	**129,668**	112,865
Benefits paid during the year	**(168,457)**	(118,895)
Unpaid benefits	**(46,833)**	(45,210)
Return on plan assets excluding interest income	**(3,468)**	15,841
	1,905,816	1,631,367

21.3.3 Charge for the year:

	2018	2017
Profit or loss:		
Current service cost	**114,764**	129,955
Net interest expense / (income)	**14,634**	(3,260)
	129,398	126,695
Other comprehensive income:		
Financial assumptions	**(82,034)**	-
Experience adjustments	**80,161**	362,371
Return on plan assets, excluding amounts included in interest income	**3,468**	(15,841)
	1,595	346,530
	130,993	473,225

Significant actuarial assumptions at the reporting date of the statement of financial position:	2018	2017
Discount rate	**8.00%**	7.50%
Future salary	**7.50%**	7.50%
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 30 June 2018	Discount Rate +1% and (-1%)		Salary increase +1% and (-1%)	
	(Rupees in '000)			
Present value of defined benefit obligation	1,916,025	(2,256,737)	2,254,924	(1,914,658)

21.3.4 The components of plan assets are government securities / bonds including special saving certificates and balances with bank.

21.3.5 The expected amount chargeable to statement of profit or loss for next year is Rs. 135,801 thousand.

22 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2018	2017
	(Rupees in '000)	
Present value of minimum lease payments	**54**	664
Less : current portion shown under current liabilities	**(54)**	(610)
	-	54

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

	2018			2017
	(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	54	-	54	610
Later than one year but not later than five years	-	-	-	54
	54	**-**	**54**	664

22.1 Present value of minimum lease payments has been discounted using the 12 month KIBOR + 3%. Rentals are paid in equal monthly installments. Taxes, repairs and insurance costs are borne by the Company.

23 TRADE AND OTHER PAYABLES

	Note	2018	2017
		(Rupees in '000)	
Retention money payable		**4,638**	10,707
Sundry creditors	23.1	**562,574**	644,137
Accrued liabilities		**89,205**	90,299
Advances from customers - unsecured		**476,303**	474,721
Employees' bonus payable		**66,000**	113,400
Due to Nespak Provident Fund Trust - related party		**-**	16,722
Sales tax payable	23.2	**2,216,695**	1,609,981
Other liabilities	23.3	**30,938**	27,470
		3,446,353	2,987,437

23.1 This includes Rs. 494,952 thousand (2017: Rs. 499,805 thousand) due to related parties, the break up of the amount due is as follows:

	2018	2017
Nespak Foundation	**488,415**	499,805
Turkpak International (Private) Limited	**6,537**	-
	494,952	499,805

23.2 This relates to the amount payable to sales tax authorities in provinces of Pakistan, including Punjab Revenue Authority (PRA), Sindh Revenue Board (SRB), Khyber Pakhtunkhwa Revenue Authority (KPRA) and Balochistan Revenue Authority (BRA) on account of consultancy services provided to the customers by the Company.

23.3 Other liabilities include the income tax deduction at source payable, employee income tax payable and insurance payable.

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

Income Tax

(a) The Additional Commissioner Inland Revenue (the "ACIR") passed an order under section 122(5A) of the Income Tax Ordinance, 2001 (the "Ordinance") for tax year 2009, through which alleged tax demand of Rs. 404 million has been created. The Company preferred an appeal before the Commissioner Inland Revenue (Appeals) [the "CIR (A)"], who disposed of appeal while granting relief on certain issues. On the basis of the aforesaid order, the Deputy Commissioner Inland Revenue (the "DCIR") has issued appeal effect order dated 17 September 2015 and recalculated the tax demand amounting to Rs. 15 million. The Company, as well as the department, assailed the order for cross appeals before Appellate Tribunal Inland Revenue ['ATIR'], which are pending adjudications. The management of the Company, based on the opinion of its legal advisor, is confident for favorable outcome and accordingly, no provision has been made in these financial statements.

(b) The ACIR passed order under section 122(5A) of the Ordinance for tax year 2012 and raised demand of Rs. 336 million after making various additions. Being aggrieved with the order, the Company preferred an appeal before the CIR(A) who vide order dated 23 December 2013 disposed of the appeal while granting relief on certain issues. Resultantly, appeal effect was provided, and tax demand reduced to Rs. 50 million. The Company and the tax department filed cross appeals before the ATIR against the order of CIR(A). The ATIR vide its order dated 08 January 2015 upheld addition on the issue of claim of exemption under clause 131 of Part I of Second Schedule to the Ordinance and exemption claimed under clause 126F of Part I of Second Schedule to the Ordinance, and also provided certain conditional reliefs to the Company subject to verification of record by the department. On the basis of order issued by ATIR, the department issued the appeal effect order and created the demand of Rs. 86 million. However, on the issues decided against the Company by ATIR, the Company has filed reference before the Honorable Lahore High Court (LHC) who has remanded the case back to the ATIR on the issue of exemption available under clause 131 of Part I of Second Schedule to the Ordinance and exemption claimed under clause 126F is rejected by the honorable LHC. Being aggrieved, the Company has filed the reference application before the honorable Supreme Court of Pakistan (SC), which is pending adjudication. It is further mentioned here that during the pendency of the case, the tax department has recovered the amount created as a result of appeal effect order issued after the decision of ATIR amounting to Rs. 29 million from the Company's bank account. The management of the Company, based on the opinion of its legal advisor, is confident for favorable outcome and accordingly, no provision has been made in these financial statements.

(c) The ACIR passed an order dated 27 September 2018 under section 122(5A) of the Ordinance for tax year 2013, through which alleged tax demand of Rs. 335 million has been created on the basis that the Company has not offered the foreign remittance for tax purposes along with other matters that include non-deduction of tax on sub-consultancy expenses under section 21(c) of the Ordinance, tax on exchange gain, employee retirement benefits under section 34(3) etc. Being aggrieved, the Company preferred an appeal before CIR(A) who vide his order dated 28 February 2020 allowed the matters except to the extent of tax impact on disallowance of vehicles depreciation amounting to Rs. 0.8 million. The Company filed appeal before the ATIR in this respect which is pending adjudication. The management of the Company, based on the opinion of its legal advisor, is confident for favorable outcome and accordingly, no provision has been made in these financial statements.

(d) The ACIR passed an order dated 22 February 2016 under section 122(5A) of the Ordinance for tax year 2015 on the issue of non-calculation of super tax which was imposed on the persons earning income or Rs. 500 million or above at the rate of 3%, and thereby created the tax demand of Rs. 88 million. Being aggrieved, the Company preferred an appeal before CIR(A), who decided the case vide order dated 10 October 2019 in the favor of department. Being aggrieved, the Company filed an appeal before the ATIR against the order passed by CIR(A), which is pending adjudication. The management of the Company, based on the opinion of its legal advisor, is confident for favorable outcome and accordingly, no provision has been made in these financial statements.

(e) The ACIR issued notices u/s 122(5A) dated 19 April 2019 showing his intention to recover tax on gross receipts including foreign receipts for the tax years 2016 and 2017. The Company submitted a comprehensive reply to the above notices against which orders dated 03 March 2020 and 07 May 2020 were received creating an accumulated demand of Rs. 367 million. The Company filed appeals against the said order before the CIR (A) along with stay application who vide his orders dated 19 May 2020 stayed the demand for 30 days subject to payment of 5% of the demand. The Company filed appeal before the ATIR who vide order dated 4 June 2020 stayed the demand for 45 days from the date of receipt of said order. The management of the Company, based on the opinion of its legal advisor, is confident for favorable outcome and accordingly, no provision has been made in these financial statements.

(f) The ACIR issued notice u/s 122(5A) dated 19 April 2019 showing his intention to recover tax on gross receipts including foreign receipts for the tax year 2018 and created demand of Rs. 536 million. The Company is in the process of finalizing the comprehensive reply for submission in respect of above said notice. The management of the Company, based on the opinion of its legal advisor, is confident for favorable outcome and accordingly, no provision has been made in these financial statements.

Sales Tax

(g) The Additional Commissioner of Punjab Revenue Authority (PRA) issued notice for levy of Punjab Sales Tax on the services of the Company being taxable under the head "technical, scientific and engineering" with effect from 01 July 2013. The Company agitated against the levy before the PRA as well as filed writ petition before the Honourable Lahore High Court (LHC) on the basis that the Company being owned by Federal Government is not liable to pay provincial sales tax prospectively or retrospectively on the contracts executed before the date of levy. However, without deciding the legal grounds, the LHC directed the PRA to serve proper notice to the Company while spelling out the exact amount of demand. The Additional Commissioner PRA issued notice amounting to Rs. 385 million and on the first hearing date issued order against the Company. The Company filed appeal before the Commissioner Appeals on legal and factual grounds; however, the Commissioner Appeals set aside the order on legal ground that proper opportunity was not provided to the Company. The Additional Commissioner issued notice to the Company to join fresh proceedings; however, the Company filed appeal before the Appellate Tribunal against the order of Commissioner Appeals. The Appellate Tribunal dismissed the appeal with the direction to the assessing officer to re-address the objections raised by the appellant and provide opportunities of being heard. Subsequently, the Company provided a breakup of receipts based on which PRA revised the demand from Rs. 385 million to Rs. 88 million along with the default surcharge and penalty. Being aggrieved, the Company filed an appeal before the Commissioner Appeals who vide his order dated 29 January 2018 dismissed the appeal. The Company filed another appeal before the Appellate Tribunal PRA which is pending adjudication. The legal advisor of the Company is confident about the outcome of the case in favor of the Company.

In addition, Sindh Revenue Board (SRB) issued notice for levy of sales tax on the services of the Company from 01 July 2014 onward. The Company has challenged the notice before the Honourable Sindh High Court (SHC) on the grounds that it 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. The SHC has restrained the SRB from passing of final order against the Company and the matter is still pending for adjudication.

After the issuance of above notices, the Company got itself registered in 2015 with PRA and SRB under protest and deposited approximately Rs. 1,096 million till 30 June 2018 (Rs. 642 million till 30 June 2017). However, sales tax has not been charged to all customers as the matter is subjudice and the management, based on the opinion of its legal advisor, is confident of favorable outcome of such cases. Further, total exposure of sales tax has not been calculated as the management 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.

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(h) The Additional Commissioner, Enforcement issued the notice for the Financial Years 2014 to 2017 on the basis that there exists difference between the revenue in the audited financial statements and sales tax returns submitted with PRA. The Company duly submitted the replies, however, the Additional Commissioner, Enforcement passed an assessment order under sections 3, 10, 11, 18 and 35 of Punjab Sales Tax on Services Act, 2012 (the "PSTS Act") and thereby created impugned accumulated demand amounting to Rs. 4,217 million for aforesaid financial years. The management believes that the Company's actual exposure of sales tax in this respect is significantly lower than the amount demanded by the PRA. The Company preferred appeal before the CIR (Appeals), against the aforesaid orders, which is pending adjudication. The management, based on the opinion of its legal advisor, is confident for favorable outcome and accordingly, no provision has been made in these financial statements.

Others

(i) Other than the above cases, a number of legal cases has 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.

24.2 Commitments

24.2.1 Guarantees given by commercial banks and an insurance company on behalf of the Company amount to Rs. 6,230,174 thousand (2017: Rs. 5,054,398 thousand).

24.2.2 Rental commitments

The amount of future payments under operating leases and the period in which these payment will become due are as follows:

	Note	2018	2017
Non Cancellable Lease		------ (Rupees in '000) ------	
Not later than one year		38,356,160	40,241,614
Later than one year but not later than 5 years		59,634,082	66,994,275

25 SERVICES FEE

		2018	2017
Services rendered in Pakistan		**8,982,121**	9,182,071
Services rendered outside Pakistan		**345,683**	414,718
		9,327,804	9,596,789
Less: Sales tax		**(1,012,006)**	(1,033,594)
		8,315,798	8,563,195

26 OPERATING COSTS

	Note	2018	2017
Salaries, wages and other benefits	26.1	**4,849,501**	4,235,984
Sub-consultancy expenses		**1,413,604**	1,615,744
Vehicle running expenses		**563,506**	478,513
Office maintenance and utilities		**361,411**	358,842
Traveling and conveyance		**205,278**	148,767
Provision for doubtful debts	14.4	**387,261**	249,622
Depreciation on owned assets	7	**89,230**	100,457
Printing and stationery		**51,256**	56,271
Survey and investigation		**34,713**	67,325
Advertisement and business promotion		**14,230**	13,520
Amortization of intangible assets	8	**6,840**	2,921
Legal charges		**6,069**	4,350
Donation	26.2	**4,437**	3,405
Auditor's remuneration	26.3	**1,650**	1,100
Depreciation on leased assets	7	**5,515**	322
Impairment		**6,466**	-
Penalties	26.4	**-**	84,005
General Insurance expense		**13,549**	11,064
Uniform expense		**7,524**	6,926
Security expense		**5,844**	7,871
Miscellaneous expenses		**6,038**	8,278
		8,033,922	7,455,287

26.1 This includes expense incurred in respect of provident fund, welfare fund and gratuity amounting to Rs. 153,096 thousand (2017: Rs. 123,765 thousand), Rs. 66,797 thousand (2017: Rs. 58,454 thousand) and Rs. 129,398 thousand (2017: Rs. 126,695 thousand) respectively.

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26.1.1 Disclosures relating to Provident Fund

	2018	2017
	------ (Rupees in '000) ------	
Size of the fund	**3,023,970**	2,983,450
Cost of investments made	**2,370,332**	2,360,715
Fair value of investments	**2,370,332**	2,360,715
Breakup of investments		
Special saving certificates	**2,370,332**	2,360,715
Percentage of investments made	**78.38%**	79.13%
Breakup of investments		
Special saving certificates	**78.38%**	79.13%

The figures for 2018 and 2017 are based on the audited financial statements of the Provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

26.2 None of the Directors and their spouses had interest in the donees.

26.3 Auditor's remuneration

	2018	2017
	------ (Rupees in '000) ------	
Audit fee	**1,300**	800
Review of compliance with Public Sector Companies (Corporate Governance) Rule, 2013	**150**	100
Out of pocket expenses	**200**	200
	1,650	1,100

26.4 This related to the encashment of bank guarantee from Bank Alfalah (Kabul, Afghanistan) against the Bakhshabad Dam Project, Kabul Afghanistan. The Company could not complete the project in time due to security reasons, as no measures of security were taken by the Afghan Government in this regard. Resultantly, bank guarantee was released due to the non-compliance with the contractual clauses of timely completion of the project.

26.5 Number of employees

	2018	2017
Total number of employees as at June 30	**2,817**	2,894
Average number of employees during the year	**2,856**	2,854

27 FINANCE COST

	Note	2018	2017
		------ (Rupees in '000) ------	
Bank charges and commission		**4,796**	5,602
Mark up on finance lease arrangement		**37**	569
		4,833	6,171

28 OTHER INCOME

	Note	2018	2017
Income from financial assets			
Return on bank deposits on PLS saving accounts		**83,539**	83,350
Fair value gain on investment held for trading		**4,411**	3,349
Income from non financial assets			
Gain on disposal of property and equipment		**5,127**	6,598
Dividend income	28.1	**-**	83,850
Interest on long term loans to employees		**200**	252
Exchange gain - net		**432,409**	3,980
Rental income from investment property		**59,286**	53,966
Others		**4,014**	5,408
		588,986	240,753

28.1 This represented the dividend income from Mohammad Hisham Aitah - Nespak, Riyadh, Kingdom of Saudi Arabia, a subsidiary.

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	Note	2018	2017
29 OTHER EXPENSES		------ (Rupees in '000) ------	
Impairment loss on investments in subsidiaries	10	-	3,411

30 TAXATION

	Note	2018	2017
Local tax:			
- Current year		589,920	474,872
- Prior year		158,396	1,752
		748,316	476,624
Foreign tax:			
- Prior year		-	(5,737)
		748,316	470,887
Deferred tax	30.2	(128,634)	(80,894)
		619,682	389,993

30.1 Tax charge reconciliation

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

	2018	2017
	%	
Applicable tax rate	30.00	31.00
Inadmissible expenses	16.96	-
Admissible expenses	(37.80)	-
Effect of income claimed as exempt	-	(0.02)
Tax charge at different rate	18.31	1.33
Prior year	68.21	-
Effect of minimum tax	-	
Foreign tax	-	(0.43)
Impact of deferred tax	(14.87)	(6.03)
Super tax	-	3.23
Average effective tax rate charged to accounting profit	80.81	29.08

30.2 Deferred tax

	2018	2017
	------ (Rupees in '000) ------	
Relating to origination and reversal of temporary difference	111,842	70,607
Income resulting from change of rate of tax	16,792	10,287
	128,634	80,894

31 NET CASH GENERATED FROM OPERATIONS

	Note	2018	2017
		------ (Rupees in '000) ------	
Profit before taxation		863,515	1,340,579
Adjustment for non-cash charges and non-related items:			
Depreciation on owned property and equipment	7	89,230	100,212
Depreciation on leased assets	7	5,515	567
Fair value gain on held for trading investment		(4,411)	(3,349)
Amortization of intangible assets		6,840	2,921
Impairment loss on investments in subsidiaries		-	3,411
Provision for doubtful debts		387,261	249,622
Gain on disposal of property and equipment		(5,127)	(6,598)
Share of loss / (profit) from associates - net		2,514	(1,500)
Dividend declared from associates		-	2,000
Employees retirement benefits		16,961	48,295
Gratuity expense		129,398	126,695
Return on bank deposits		(83,539)	(83,350)
Finance cost		4,833	6,171
Working capital changes	31.1	(924,132)	(1,496,822)
		488,858	288,854

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	Note	2018	2017
31.1 Working capital changes		------ (Rupees in '000) ------	
(Increase) / decrease in current assets:			
Stationery stores		**(5,301)**	4,260
Contract fee receivable		**(990,595)**	(1,274,167)
Loans and advances		**(63,098)**	(55,871)
Deposits and short term prepayments		**(41,529)**	(38,880)
Other receivables		**(515,070)**	(772,976)
		(1,615,593)	(2,137,634)
Increase in current liabilities:			
Trade and other payables		**691,461**	640,812
		(924,132)	(1,496,822)

32 CASH AND CASH EQUIVALENTS

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

	2018	2017
Short term investment:	------ (Rupees in '000) ------	
Local currency	**230,000**	530,000
Foreign currency	**485,600**	419,200
Bank balances in:		
Current accounts	**180,045**	91,327
Deposit accounts	**806,687**	1,419,462
Cash in hand	**4,342**	4,386
Less: Investment maturing after three months	**(30,000)**	(134,800)
	1,676,674	2,329,575

33 REMUNERATION OF CHIEF EXECUTIVE (MANAGING DIRECTOR), DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2018	2017	2018	2017	2018	2017
	---- (Rupees in '000') ----					
Managerial remuneration	**13,898**	8,482	-	-	**354,096**	196,521
Fee	-	-	**3,901**	745	-	-
Bonus	-	-	-	-	**13,897**	14,547
Reimbursable expenses	**1,360**	837	-	-	**74,329**	48,747
Other benefits	**6**	315	-	-	**548,823**	341,305
	15,264	9,634	**3,901**	745	**991,145**	601,120
Number of persons	**1**	1	**14**	10	**269**	154

33.1 Chief Executive is provided with a Company maintained car in accordance with the policy of the Company.

34 RELATED PARTY TRANSACTIONS

Related parties include Directors, subsidiaries, associates, associated undertakings in which Directors have interest, Federal Government, key management personnel and post retirement funds.

Significant transactions with related parties, other than remuneration and benefits to key management personnel as disclosed in Note 33 to these financial statements, are as follows:

	2018	2017
Subsidiary undertakings	------ (Rupees in '000) ------	
Nespak and Partners LLC, Muscat, Oman		
- Consultancy services rendered	**172,941**	285,958
National Engineering Services Pakistan Limited, Doha, Qatar		
- Consultancy services rendered	**12,728**	6,095
Associates		
Turkpak International (Private) Limited		
- Consultancy services rendered	**1,252**	1,156
- Consultancy services received	**(39,617)**	-
Technology and Resource Development (Private) Limited		
- Consultancy services rendered	**814**	761

Other related parties	2018	2017
	------ (Rupees in '000) ------	
Nespak Employees Provident Fund Trust		
- Charge for the year	**153,096**	123,765
Nespak Employee Gratuity Fund Trust		
- Charge for the year	**129,398**	126,695
- Contribution paid	**363,539**	101,121
Nespak Foundation		
- Consultancy services received	**1,445,316**	1,373,103
- Consultancy services rendered	**(9,885)**	(9,751)
Federal Government and departments		
- Consultancy services rendered	**3,104,780**	3,703,262

34.1 The details of related parties outside Pakistan are as follows:

	Name of related party	Basis of relationship	Registered address	Country of incorporation
1	Nespak and Partners LLC, Muscat, Oman	Subsidiary	Office No 105, 106, First Floor, Moosa Mosque, P.O. Box 3506 Postal Code: 112, Ruwi, Muscat Sultanate of Oman	Oman
2	Mohammad Hisham Aitah - Nespak, Riyadh, Kingdom of Saudi Arabia	Subsidiary	Office No 2 , First Floor Ibrahim Mohammad AL Moosa Commercial Complex, Abdul Aziz Bin Masaad Bin Jalwi Road, (Dabbab Road) P.O Box 50344, Riyadh 11523 Kingdom of Saudi Arabia.	Kingdom of Saudi Arabia
3	National Engineering Services Pakistan Limited - Doha, Qatar	Subsidiary	Al Muthana Complex, Building No. 2 New Salata, Off Salwa Road P.O Box: 32057, Doha, Qatar	Qatar
4	National Engineering Services Pakistan Limited - UK	Subsidiary	Nespak UK Limited, Parkview 183-189 the vale, London, UK W3 7RW	United Kingdom

34.2 A number of entities owned directly/indirectly by the Government of Pakistan (GOP) are the related parties of the Company due to significant influence of the GOP over the Company. Accordingly, the management has applied the exemption available under IAS 24 'Related Party Disclosures' and the transactions with those entities, other than disclosed above, are considered insignificant at the financial statement level to be disclosed.

35 FINANCIAL RISK MANAGEMENT

35.1 Financial risk factors

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risk. The management reviews and agrees policies for managing each of these risks which are summarized below.

(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:

	2018	2017
	------ (Rupees in '000) ------	
Trade receivables - USD	**310,866**	137,406
Foreign currency bank balances - USD	**328,931**	245,263
Foreign currency cash balances - USD	**2,252**	1,110
Net exposure - USD	**642,049**	383,779
Trade receivables - GBP	**8,145**	6,740
Foreign currency cash balances - GBP	**751**	477
Net exposure - GBP	**8,896**	7,217
Foreign currency bank balances - EUR	**-**	143
Foreign currency cash balances - EUR	**1,338**	1,136
Net exposure - EUR	**1,338**	1,279
Trade receivables - QAR	**454,233**	348,488
Net exposure - QAR	**454,233**	348,488
Trade receivables - SAR	**175,901**	145,473
Net exposure - SAR	**175,901**	145,473
Foreign currency bank balances - YER	**18**	16
Net exposure - YER	**18**	16
Trade receivables - OMR	**1,577,412**	1,345,791
Net exposure - OMR	**1,577,412**	1,345,791
Foreign currency bank balances - IRR	**2,365**	2,703
Foreign currency cash balances - IRR	**1,454**	1,662
Net exposure - IRR	**3,819**	4,365
Trade receivables - BDT	**-**	-
Foreign currency bank balances - BDT	**1**	1
Net exposure - BDT	**1**	1
Trade receivables - AED	**1,174**	1,174
Foreign currency bank balances - AED	**395**	1,574
Foreign currency cash balances - AED	**-**	1
Net exposure - AED	**1,569**	2,749

The following significant exchange rates were applied during the year:

	2018	2017
Rupees per USD		
Average rate	113.13	104.68
Reporting date rate	121.40	104.85
Rupees per GBP		
Average rate	147.69	138.18
Reporting date rate	159.14	136.24
Rupees per EUR		
Average rate	130.48	117.86
Reporting date rate	141.33	119.63
Rupees per QAR		
Average rate	30.63	28.32
Reporting date rate	33.33	27.93
Rupees per SAR		
Average rate	30.17	27.91
Reporting date rate	32.37	27.96

	2018	2017
Rupees per YER		
Average rate	0.45	0.45
Reporting date rate	0.49	0.41
Rupees per AED		
Average rate	30.80	28.50
Reporting date rate	33.05	28.55
Rupees per OMR		
Average rate	293.86	272.15
Reporting date rate	315.50	272.21
Rupees per IRR		
Average rate	-	0.000
Reporting date rate	0.002	0.003
Rupees per BDT		
Average rate	1.38	1.32
Reporting date rate	1.45	1.30

If the functional currency, at reporting date, had fluctuated by 5% against the USD, GBP, EUR, QAR, SAR, YER, AED, OMR, IRR and BDT with all other variables held constant, the impact on profit after taxation for the year would have been Rs. 139,378 thousand (2017: Rs. 107,437 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. 97,963 thousand (2017: Rs. 93,552 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 / loss for the year would have been Rs. 4,898 thousand (2017: Rs. 4,678 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 reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	2018	2017
Financial assets	------ (Rupees in '000) ------	
Bank balances - short term investments - local currency	**230,000**	530,000
Bank balances - short term investments - foreign currency	**485,600**	419,200
Bank balances - PLS savings accounts - local currency	**595,733**	1,202,941
Bank balances - PLS savings accounts - foreign currency	**210,954**	216,521
	1,522,287	2,368,662

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 date would not affect profit of the company.

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:

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	Increase/ (decrease) in Basis points	Effect on profit before tax
	------ (Rupees in '000) ------	
2018		
Pak Rupees	**100**	**8,066**
Pak Rupees	**-100**	**(8,066)**
2017		
Pak Rupees	100	14,188
Pak Rupees	-100	(14,188)

(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 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, short term investments and bank balances aggregating to Rs.14,325,634 thousands (2017: Rs.13,587,218). Therefore, the Company seeks to minimize the credit risk exposure through having exposure only to customers considered credit worthy.

	2018	2017
	------ (Rupees in '000) ------	
Long term security deposits	**57,115**	33,940
Contract fee receivable	**9,766,365**	9,163,031
Deposits	**246,352**	202,152
Interest accrued	**16,132**	7,612
Other receivables	**1,795**	5,855
Short term investments	**813,563**	1,042,752
Bank balances	**986,732**	1,510,789
	11,888,054	11,966,131

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	Rating			2018	2017
Financial institution	**Short term**	**Long term**	**Agency**	------ (Rupees in '000) ------	
Allied Bank Limited	A1+	AA+	PACRA	**364,200**	157,200
Arif Habib Investment	A1+	AA-	PACRA	**1,808**	1,727
Bank AL Habib Limited	A1+	AA+	PACRA	**30,000**	30,000
Bank Alfalah Limited	A1+	AA	PACRA	**121,400**	400,000
Bank of Punjab	A1+	AA-	PACRA	**-**	262,000
JS Bank Limited	A1+	AA-	PACRA	**200,000**	100,000
NAFA Government Securities		Not Available		**1,575**	1,496
United Bank Limited	A-1+	AAA	JCR-VIS	**94,580**	90,329
				813,563	1,042,752

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Cash at bank Financial institution	Rating Short term	Long term	Agency	2018	2017
				------ (Rupees in '000) ------	
Allied Bank Limited	A1+	AA+	PACRA	**109,534**	116,145
Bank Alfalah Limited	A1+	AA+	PACRA	**145,918**	301,616
Bank AL Habib Limited	A1+	AA+	PACRA	**109,673**	109,415
Bank Kashavarzi		Not Available		**-**	2,659
Bank of Punjab	A1+	AA	PACRA	**22,656**	107,529
Bank Pasargard		Not Available		**-**	143
Faysal Bank Limited	A1+	AA	PACRA	**14,741**	34,060
Habib Bank Limited	A-1+	AAA	JCR-VIS	**115,429**	189,479
JS Bank Limited	A1+	AA-	PACRA	**15,781**	50,010
MCB Bank Limited	A1+	AAA	PACRA	**11,597**	16,995
MCB Bank	A1+	AAA	PACRA	**1,055**	3,444
Milli Bank Iran		Not Available		**-**	44
National Bank of Pakistan	A1+	AAA	PACRA	**162,218**	255,488
United Bank Limited	A-1+	AAA	JCR-VIS	**158,451**	197,796
United National Bank-London		Not Available		**115,291**	25,558
Silk Bank Limited	A-2	A-	JCR-VIS	**4,388**	100,408
				986,732	1,510,789

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

As at 30 June 2018, contract fee receivable amounting to Rs. 9,766,365 thousand (2017: Rs. 9,163,031 thousand) was past due but not impaired. The ageing analysis of contract fee receivable is as follows:

	2018	2017
	------ (Rupees in '000) ------	
Up to 6 months	**5,924,984**	5,381,361
More than 6 months less than 1 year	**1,440,286**	1,336,898
More than 1 year	**4,443,375**	4,099,791
	11,808,645	10,818,050

As at 30 June 2018, contract fee receivable amounting to Rs. 2,042,280 thousand (2017: Rs. 1,655,019 thousand) were impaired and provided for.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

Financial liabilities are analyzed below, with regard to their remaining contractual maturities:	Maturity upto one year	Maturity after one year	Total
	2018		
	---------------- (Rupees in '000) -------------		
Trade and other payables	**687,355**	**-**	**687,355**
Liabilities against assets subject to finance lease	**54**	**-**	**54**
Dividend payable	**50,000**	**-**	**50,000**
Total financial liabilities	**737,409**	**-**	**737,409**

	Maturity upto one year	Maturity after one year	Total
	2017		
	---------------- (Rupees in '000) -------------		
Trade and other payables	789,335	-	789,335
Liabilities against assets subject to finance lease	610	54	664
Total financial liabilities	789,945	54	789,999

35.2 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.

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35.3 Financial instruments by categories

	Cash and cash equivalents	Held for trading	Available for sale	Loans and receivables	Total
	(Rupees in '000)				
Financial assets as per statement of financial position					
2018					
Long term security deposits	-	-	-	57,115	57,115
Contract fee receivable	-	-	-	9,766,365	9,766,365
Other receivables	-	-	-	1,795	1,795
Deposits	-	-	-	246,352	246,352
Interest accrued	-	-	-	16,132	16,132
Short term investments	715,600	97,963	-	-	813,563
Cash and bank balances	991,074	-	-	-	991,074
	1,706,674	97,963	-	10,087,759	11,892,396

	Cash and cash equivalents	Held for trading	Available for sale	Loans and receivables	Total
2017	(Rupees in '000)				
Long term security deposits	-	-	-	33,940	33,940
Contract fee receivable	-	-	-	9,163,031	9,163,031
Other receivables	-	-	-	1,562,049	1,562,049
Deposits	-	-	-	202,152	202,152
Interest accrued	-	-	-	7,612	7,612
Short term investments	949,200	93,552	-	-	1,042,752
Cash and bank balances	1,515,175	-	-	-	1,515,175
	2,464,375	93,552	-	10,968,784	13,526,711

	Financial liabilities at amortized cost	
	2018	2017
Financial liabilities as per statement of financial position	(Rupees in '000)	
Trade and other payables	687,355	789,335
Liabilities against assets subject to finance lease	-	54
Dividend payable	50,000	-
	737,355	789,389

36 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.

37 FAIR VALUE MEASUREMENT

Fair value is the amount 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. The carrying values of all financial assets and liabilities reflected in the financial statements are stated at cost as the carrying amounts are a reasonable approximation of fair value. Due to the short-term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current financial assets and liabilities, the fair values are also not significantly different to their carrying amounts.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs, which have a significant effect on the recorded fair value, are observable either, directly or indirectly; and

Level 3: techniques which use inputs that have a significant effect on the recorded fair value, that are not based on observable market data.

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37.1 Fair value of financial assets and financial liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements are stated at cost as the carrying amounts are a reasonable approximation of fair value.

At 30 June, the Company had following financial instruments with respect to their level of fair value modelling:

Fair value is determined on the basis of objective evidence at each reporting date.

	Total	Level 1	Level 2	Level 3
	------------------ (Rupees in '000) ------------------			
2018				
Short term investments - held for trading	**97,963**	**-**	**97,963**	**-**
2017				
Short term investments - held for trading	93,552	-	93,552	-

This relates to investment in mutual funds of three different mutual fund entities i.e. UBL Government Securities Fund of UBL Fund Managers, Pakistan Cash Management Fund of MCB Arif Habib Savings and Investment Limited and NAFA Government Securities Liquid Fund of NBP Fullerton Asset Management Limited.

There were no transfers between Level 1, 2 or 3 during 2018 and 2017.

37.2 Fair value of non-financial assets and non-financial liabilities

The carrying values of all non-financial assets and non-financial liabilities reflected in the financial statements are stated at cost as the carrying amounts are a reasonable approximation of fair value.

38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 19-NOV-2020 by the Board of Directors of the Company.

39 POST BALANCE SHEET EVENTS

39.1 The Board of Directors at its meeting held on 21-Oct-2020 has approved a final dividend at Rs. Nil per share for the year ended 30 June 2018 (2017: Rs. 100 per share) amounting to Rs. ('000) Nil (2017: Rs. ('000) 50,000). The financial statements do not reflect the effect of the above events.

39.2 The outbreak of Novel Coronavirus (COVID-19) continues to progress and evolve. Therefore, it is challenging now, to predict the full extent and duration of its business and economic impact. The outbreak of COVID-19 has had a distressing impact on overall demand in the global economy with notable downgrade in growth forecasts.

The Company's revenues are expected to bear an impact in the given situation. The extent and duration of such impact remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of COVID-19 and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorization of these financial statements.

40 GENERAL

40.1 Figures have been rounded to nearest of thousand rupees, unless otherwise stated.

Chief Executive

Director