Annual Report for the Year ended 2017

COMPANY INFORMATION

Board of Directors

Independent Directors

Rana Nasir Mehmood
Chairman

Mr. Iftikhar Ahmed Jogezai
Director

Mr. Nooruddin F. Daud
(Tamgh-i-Imtiaz-Civil)
Director

Dr. Muhammad Aslam
Director

Prof. Dr. Younus Javed
Director

Executive Directors

Mr. Muhammad Alamgir Chaudhry
Chief Executive Officer

Non-Executive Directors

Mr. Zarar Haider
Director

Mr. Fuad Hashim Rabbani
Director

Representative, Ministry of Finance
Director

Board Audit Committee

Mr. Iftikhar Ahmed Jogezai
Chairman

Mr. Zarar Haider
Director

Representative, Ministry of Finance
Director

Dr. Muhammad Aslam
Director

Mr. Nooruddin F. Daud
(Tamgh-i-Imtiaz-Civil)
Director

Board Human Resource Committee

Mr. Nooruddin F. Daud
(Tamgh-i-Imtiaz-Civil)
Chairman

Mr. Zarar Haider
Director

Mr. Iftikhar Ahmed Jogezai
Director

Mr. Fuad Hashim Rabbani
Director

Mr. Muhammad Alamgir Chaudhry
Chief Executive Officer

Board Procurement Committee

Mr. Nooruddin F. Daud
(Tamgh-i-Imtiaz-Civil)
Chairman

Representative, Ministry of Finance
Director

Dr. Muhammad Aslam
Director

Mr. Muhammad Alamgir Chaudhry
Chief Executive Officer

Board Nomination Committee

Mr. Zarar Haider
Director

Rana Nasir Mehmood
Director

Mr. Muhammad Alamgir Chaudhry
Chief Executive Officer

Auditors

E Y Ford Rhodes
Chartered Accountants

Registered/Head Office

State Cement Corporation Building, Kot Lakhpat,
Lahore

TUSDEC

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of **Technology Upgradation and Skill Development Company** (Your Company) is pleased to present the Annual Report along with the audited financial statements for the year ended June 30, 2017.

OVERVIEW

The countries surfing in the global limelight have adopted knowledge management as an element to build and uphold their competitive advantages. Accomplishment of knowledge directs the achievement of national aspirations and builds on national integrity. TUSDEC has synchronized its visionary streams with the enlightened goals of Government of Pakistan aimed at building a National Skill Base. In collaboration with Federal and Provincial Governments, various international donors and local nonprofit organizations, TUSDEC has been striving to shift the TVET mechanism of Pakistan from a supply driven to a training system that is compelled by the industry's demand for skill in the curricula, training methodologies and foremost the areas of training. From training the managers, machine workers and acute product design engineers to employable skills disbursement for vulnerable groups, TUSDEC has successfully carried through each strand of industrial support. Interpolating the service profile, the company has broadened the ambit of its operations by implementing TVET reform projects of the Delegation of European Union in KP, FATA Sindh and AJK.

The Public Sector Development Program (PSDP) is the main instrument for providing budgetary resources for development projects and programs. PSDP helps to achieve the macroeconomic and development objectives and targets set by the government. For the year 2016-17, National Economic Council (NEC) has approved an overall size of PSDP at Rs 2,113 billion, including Provincial ADPs at Rs. 1,112 billion. The size of Federal PSDP for 2017-18 is set at Rs 1,001 billion including foreign assistance of Rs 162 billion. The projects under CPEC are also assigned due priority for timely completion so as to deliver benefits to the general public and make Pakistan a regional hub of trade and development. The strategy was consolidation of the PSDP to keep the throw-forward of projects within a manageable limit. Thus the emphasis has been on completion of projects. Around 90% of the funds are earmarked for on-going projects.

The year under review was the 12th operational year of your Company in which **three** projects, namely NIDA (Lahore, Quetta & Sialkot) completed Nine years of successful operations. **Two** NIDA Centers (Karachi & Peshawar) have completed eight years of operations. **SkillTech Karachi** has completed 7th year of its operational activities.

A detailed report on the achievements of your Company during the year is given as under.

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Establishment of NIDA (Advanced CAD/CAM) Centers Rs. 321.12 Million

NIDA Centres are providing basic to advanced design techniques applicable in various industry segments -mechanical, electrical, civil, plant, process, garment, fashion, jewellery and the array reach infinity incorporating the academic aspects together with social interaction during the training. NIDA training facilities are flexible and technologically advanced learning environment is provided that are safe, healthy, comfortable, aesthetically pleasing and accessible. NIDA centres have state of art lab rooms, contemporary building, licensed software and office equipment that are essential for a modern training centre. NIDA (Eight (8) Advanced CAD/CAM training centers), the project was initially approved for 3 years as per PC-I to establish five (5) CAD/CAM centers in Lahore, Karachi, Sialkot, Peshawar and Quetta under management of TUSDEC in the first phase. NIDA Centres at Lahore, Quetta and Sialkot have successfully completed their 10 years of operations; Peshawar & Karachi have started their 10th Year of operations.

These centres were planned to teach 'Design' rather than commercial software training and impart skills of critical importance to help Pakistan's industry move to the other side of the digital divide. CAD/CAM Centres also design and develop courses on internationally renowned design software's to make full use of existing "proven" technologies and offers reasonably priced, justifiable, supportable costs to its clients/students. CAD/CAM technologies, not only reduce the time to design & produce quality, but also enhance the capacities of Pakistani skilled manpower & increase their competitiveness. In pursuit of this objective the CAD/CAM Centres have conducted **1,751** trainings and **16,520** CAD/CAM skilled workforces have been provided to the economy. Revenue up to June, 2017 is approximately Rs. **121 Million**.

NIDA Lahore is also offering the Reverse Engineering Services to the local industry by providing 3D scanning, part designing and 3D modelling services. NIDA Lahore has so far carried out **1639** jobs for the industry.

During the reporting year, Contracts were also signed with National Vocational and Technical Training Commission (NAVTTC) & Punjab Skills Development Fund (PSDF).

Students certified by CAD/CAM Centres are working in different sectors of Industry and providing valuable services to the industry of Pakistan. Many of them are working aboard and sending precious foreign remittance to Pakistan.

After completion of funding from the Government, PC IV of the Project was submitted to the Planning Commission and the Project has been merged with TUSDEC after obtaining approval from the relevant forums. A brief table of operational results of five NIDA Centres is as under:

PARTICULARS	Completed 10th year of Operations			Completed 9th year of Operations		TOTAL
	Lahor	Quetta	Sialkot	Karachi	Peshawar	
Courses Conducted	352	209	414	204	572	1,751
Student Passed Out	2,660	2,899	3,497	2,792	4,672	16,520
Reverse Engineering/Designing Services	1,639	-	-	-	-	1,639

Prime Minister Youth Skills Development Programme ***Rs. 1.67 Million***

Implementing Body: NIDA Peshawar

Funded by: National Vocational Technical Training Commission (NAVTTC)

NIDA-Peshawar successfully won and completed a six-month comprehensive training project of worth Rs. 1.67 million where 46 candidates were trained and passed out in two different trades to enhance their skills in i.e. Graphic Designing (Print Media), Programmable Logic Controller (PLC).

The above-mentioned trades were offered for the first time in the Khyber Pakhtunkhwa under the said program and among 67 institutes NIDA-Peshawar was the only institute who won and completed the said training.

The programme has been initiated by Government to enhance employment opportunities, alleviate poverty and to provide skilled workforce to large, medium & small-scale industry and to meet the international labour market needs. The program was executed by National Vocational & Technical Training Commission (NAVTTC), Government of Pakistan.

Let's Girls Learn pathway to Success ***Rs. 0.751 Million***

Prcject Duration: 03-Months

Funded By: USAID

Implementing Agency: World Learning and Peace, education and Development

Foundation (PEAD) for Peshawar.

NIDA Peshawar Successfully won and completed a training project of 03 Months sponsored by USAID in collaboration with Peace, education and Development Foundation (PEAD). Around 47 Adolescent girls were enrolled and certified in two different trades i.e. "Graphic Designing & Web Designing & Development"

Skilltech International Karachi– PIDC Funded Project **Rs.22.5 Million**

TUSDEC established SkillTech International Karachi as its constituent unit in 2009 through funding from PIDC. The centre started its operations in April 2010. The centre aims at equipping the youth with international level technical skills to enable them compete in national and international job markets. The centre provides various short technical courses in specified engineering fields and also provides vocational and management trainings. The centre also prepares students for various exams of City & Guilds UK in Pakistan.

The centre has provided trainings to the corporate sector and students from engineering universities as well. The list includes some of the prestigious organizations like SUPARCO, Pakistan Air Force, Pakistan Navy, Maritime Technologies Islamabad, Pakistan Refinery, Amreli Steel, lucky Cement, Thal engineering etc., The students from different universities like NED University of Engineering & Technology, Sir Syed University of Engineering & Technology, NUST, Bahria university, DAWOOD college of Engineering, Indus University and Mehran University of Engineering also attended the courses. Many students from technical institutes have also attended our trainings to enhance their skills so they can compete in local and as well as international market.

SkillTech International Karachi has also secured Punjab Skills Development Fund (PSDF) project to train workforce in Electrical, Electronics and Industrial trades in City & Guilds UK certified curriculum. SkillTech International Karachi has also executed TVET programs given by BBSYDP & NAVTTC.

Due to a fast and cut-throat competition in the Karachi market, the centre is implementing multi throng marketing strategies and offering trainings in high tech and basic TVET courses. Since its inception SkillTech has trained around 2400 students in more than 28 different courses/trades. The centre has trained 332 students in the year 2016-17.

Benazir Bhutto Shaheed Youth Development Program ***Rs. 2.25 Million***

The Project aimed at training unemployed youth of Sindh for acquiring productive skills in IT, Electronics, Electrical etc for gainful employment. BBSYDP executed the project in collaboration with TUSDEC-Skilltech International Karachi. This 4 months training Project

aimed to provide Skills development training in job oriented trades to the underserved communities and unemployed youth of Sindh so they can get employment after training. Through this project TUSDEC-Skilltech awarded 155 certificates to the successful students with 30% job placement.

Skills for Job 2016 – PSDF Funded Project ***Rs. 5.4 Million***

TUSDEC is implementing a project 'Skills for Job 2016 scheme' funded by Punjab Skills Development Fund (PSDF). The project is being implemented through TUSDEC-NIDA Lahore & SkillTech International Karachi platform. Students will be selected from the district of Punjab. Two batches of three months have been concluded in NIDA Lahore and have trained 26 Students. In Skilltech Intl. Khi, students will be trained in electrical and electronics level-II (City guilds) in two batch. One batch has been concluded and 16 students have been trained. The project will improve the livelihood prospects of the trainees through international qualifications and better job prospects at the national and international sphere.

Cement Research and Development Institute (CR&DI)

After up-gradation and revitalization of the CR&DI laboratory and building, the laboratory started functioning under TUSDEC management and control in January 2006. Since then, **6,288** samples have been tested and generated revenue of **Rs 37.9615** Million. Minor renovation activities have been carried out and separate physical lab is established to maintain temperature.

Renovation of existing facility and the transformation to modern laboratory under Phase-2 & Phase-3 is pending due to approval of PC-1 and release of project funds from PIDC.

During the financial year ended June 30, 2017 CR&DI received **991 samples**, conducted tests and earned revenue of **Rs.6.1453 M**.

CR&DI is successfully conducting test on American Cement Standards, European Cement Standards, Sri Lanka Cement Standards, Indian Cement Standards, Pakistan's latest Standards for common & Masonry Cements for testing and has also initialized compressive Strength of Concrete & Fire Bricks Crushing Strength & Chemical Analysis of Silica fumes, Fly Ash and Slag, Cylinder testing, Concrete Expansion testing and Testing of Dolomite.

CR&DI credibility has been acknowledged by

34 - Consultants
90 - Construction Firms
29 - Cement Factories.

A comparison of CR&DI activities over the last Eleven years have been depicted

11-Years Performance

Year	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue (In Millions)	0.53	1.46	1.97	2.56	2.57	2.26	3.62	3.1	4.37	4.14	5.26	6.1453
Samples	92	245	298	392	405	360	594	541	742	785	843	991

Supporting TVET Sector in KP and FATA- European Union ***€ 3.90 Million***

TUSDEC was awarded the project by the Delegation of European Union to Pakistan in August, 2012 to support TVET sector in Khyber Pakhtunkhwa and FATA which was completed successfully by TUSDEC on 28 February, 2017. It was designed to enhance technical and vocational training in support of economic development and employment opportunities in the targeted areas. The Project's objective was to improve the involvement of the private sector in technical and vocational trainings in KP and FATA by promoting demand and making the supply of courses more demand oriented. The project majorly focused on the identification of demand driven trades, selection of trainees from target groups, enrollment in selected institutes (service providers), delivery of quality trainings, certification from apex examination bodies, capacity building of institutes, delivery of post training services to the successful candidates and finally placement of trainees in formal/informal sector. The project managed to develop a productive relationship amongst various stakeholders especially between employers & training service providers. Training needs of the geographical area were identified, analyzed and prioritized. These training needs were fulfilled through contracted arrangements with a range of government/private training institutions / establishments. On Job Training models were introduced for improvement of TVET sector and the benefit of industry and the local community.

A Provincial Facilitation Unit (PFU) was established at Peshawar to implement the project. The PFU created and maintained linkages with the private sector to facilitate demands and placement for technical trainings. Best resources from the TVET sector were hired to strengthen the facilitation unit. One of the major activity of the project was baseline assessment which was carried out at the start of the project to assess and determine the need of industry in terms of requisite job skills, trades in demand, gap analysis in training and demand of industry, analyze training quality of public and private TVET institutes and identify opportunities for TVET graduates. The assessment was mainly based on the secondary research. However, a tailored field assessment survey was also conducted to extend and validate the findings of the secondary research. PFU adopted the competitive bidding process and selected the best Training Service Providers (TSPs). A total of 155 Training Service Providers/Institutes were selected throughout the project period in 5 different phases to train a total of 13,767 youth. The trainings were offered in 65 demand driven trades. In order to mobilize the deserving candidates, services of Community Based Organization (CBOs) were hired. The TSPs were also encouraged to participate in the process for capacity building. To involve the private sector in TVET system of KP and FATA, a number of initiatives were planned and implemented throughout the project. Formation of TVET Stakeholder Groups (TSGs) with participation of local chambers, industry, formal/informal employers and training service providers ensured the participation of private sector that remained neglected in the past. Throughout the project tenure, PFU arranged consultation meetings with stakeholders with significant participation from the private sector. Meetings held with the purpose to identify demand driven trades, progress review of the trainings, seeking support from the employers in post training services to the beneficiaries and brainstorming to share and identify challenges, solutions, demands and improvements for the TVET sector.

Project team actively worked to identify the potential employers, industries and small businesses (formal/informal). It developed sustained linkages with them for placements and involvement in the TVET sector. Efforts were carried out to promote On the Job Training model. TSPs were encouraged to identify potential employers and place students for practical exposure with the support of PFU. Employer Gathering Events, Job Fairs and Certificate Distribution Ceremonies were arranged to aggressively pursue the placement objectives. More than 75% people out of the 12,000 were supported in getting either employed or start their own initiatives under this project. A total of 15.74% out of these are females.

The project team identified Micro Finance Institutes (MFIs) and signed MoUs with 6 MFIs to link the graduates to promote entrepreneurship. Special Career guidance sessions were also arranged for the students. The project focused on the capacity building of the Training Service Providers. PFU assisted the hired Service Providers for quality delivery of education. NAVTTC/TTB approved curricula were shared for implementation. Detailed lesson plans were also part of the assistance given to the Institutes. Know about Business

(KAB) and career counselling sessions were arranged for the selected partner Institutes to train their trainers who ultimately transferred this knowledge to the students. PFU also assessed different partner institutes for accreditation with NAVTTC and supported them to apply for the accreditation with NAVTTC. Special assistance to selected training institutes was also given by providing latest equipment to strengthen them in the market oriented trades. Five institutes (7 labs) were upgraded. An effective monitoring and feedback mechanism was in place to ensure quality delivery of trainings and achievement of project objectives. The core activities were augmented by arranging and participating in events giving visibility to the project and European Union. Events mainly included job fairs, certificate distribution ceremonies, skill competitions, employee gathering events, product development workshops, exhibitions and inauguration ceremonies. Such activities were regularly updated on print, electronic and social media. Through this project, TUSDEC equipped people not only with vocational skills, but with a broad range of knowledge, skills and attitudes. The project emphasized on the involvement of the private sector in technical and vocational education and promoted linkages among TVET graduates, employers and relevant stakeholders by promoting demand and making supply of courses more demand oriented.

FATA Transition and Recovery Program –FTRP (UNDP) ***Rs. 27.12 Million***

TUSDEC joined hands with UNDP for implementing project titled "FATA Recovery Programme" in the war-torn area of BARA, Khyber Agency FATA to support rehabilitation process. TUSDEC imparted skills to 625/- youth of BARA, Khyber Agency FATA through funding from UNDP.

The project objective was to train **625** (300 female & 325 male) youth through 2 months & 3 months vocational skills training program, which eventually improved the livelihoods of BARA residents. The project was commenced in the month of May, 2016 and concluded in December, 2016. The breakup of 625 trainees, trade wise is mention below

- 200 trainees in Hand Embroidery
- 100 trainees in Jewelry
- 95 trainees in Building Electrician
- 90 trainees in Solar Technician
- 90 trainees in Home Appliance repair
- 50 trainees in Plumbing

The project outcome equipped the natives with demand oriented vocational skills; eventually becoming earning hands to their families. It did not only result in economic recovery of the area but also helped the youth to streamline their energies in productive work.

- 625 youth registered in trainings
- 625 trainees benefited with Rs 3000 Stipend per month
- 625 trainees benefited with trade wise tool kits
- 2 to 3 Life skills sessions conducted
- Certificates to successful trainees
- Career Counseling session conducted
- Potential employers identified for linking with trainees

Research study for Women's Empowerment through Craft, Entrepreneurship and Technology (Duration: 03 Months) Rs. 0.4615 Million

The British Council partnered with TUSDEC on the research study of Women's Empowerment through Craft, Entrepreneurship and Technology. Project commenced in January, 2017 & was concluded in June, 2017. Through this research TUSDEC was meant to identify potential partners in Pakistan, including organizations already operating in the above-mentioned fields and potential sources of funding for future programmes. TUSDEC also identified the need and opportunity for the British Council to develop projects in craft sector. TUSDEC pinpointed the gaps in the sector such as design innovation support, enhanced international connections and business support.

Objectives:

- To provide craft and entrepreneurship landscape broadly and in relation to female communities
- To understand the skills gaps and labor shortage affecting the crafts sector, including any differences or similarities across countries
- To identify key players in relation to the skills gaps and shortages; outline market demand for their products
- To identify potential partners and possible co-investors for future Programme development
- To assess the role of technology and digital in the work of the key players – consider whether there are any key players using technology, specifically mobile and digital technology to advance their work.

Amalgamation of CDTC and GTDMC into TUSDEC

TUSDEC has a mandate to support Pakistan Industry (Across the industrial sectors) to upgrade their technologies and skills of the workforce to the level where their products/services may compete both in the local and international market. As mandated, TUSDEC implemented two PSDP projects namely Gujranwala Tool, Dies & Molds Centre

(GTDMC) and Ceramics Development and Training Complex (CDTC). These projects were detached from TUSDEC after incorporation of GTDMC and CDTC as under section 42 companies and were operating as independent companies having their own Board of Directors. These companies were subsidiaries of Ministry of Industries and Production/Government of Pakistan as MoIP has the majority shareholding in these companies and empower to appoint/nominate the Board of Directors of these companies. MoIP assigned the task to CEO PIDC for developing proposal and give presentation to MoIP for possible amalgamation of companies. CEO PIDC gave a presentation on 25 May 2017 to the Honorable Minister for Industries and Production and suggested amalgamation of some companies including amalgamation of GTDMC and CDTC into TUSDEC. After deliberations, Honorable Minister for Industries and Production approved the amalgamation/merger of CDTC and GTDMC into TUSDEC in the first phase. In pursuance of MoIP approval, GTDMC and CDTC Board of Directors in their meetings held on 18 July 2017 in Committee Room of MoIP had approved the amalgamation of GTDMC and CDTC into TUSDEC along-with scheme of amalgamation.

Engineering Support Centres **Rs. 772.72 Million**

- ***Peshawar Light Engineering Centre (PLEC)*** ***Rs 265.14 Million***
- ***Light Engineering Upgradation Centre for SMEs in Balochistan (LEUC)*** ***Rs 250.57 Million***
- ***Hyderabad Engineering Support Centre (HESC)*** ***Rs 257.01 Million***

Engineering Support Centres (ESCs) were planned to be set up in Peshawar, Hub/Lesbela and Hyderabad with a project cost as shown above sponsored by Asian Development Bank (ADB) funding through Government of Pakistan.

Engineering Support Centers (ESCs) shall provide the following services;

- Design, development and manufacturing of tools, products and rapid prototyping
- Technical Services in conventional and CNC Machining, Heat Treatment, CAD/CAM and CAE solutions, Precision Grinding and Inspection
- Technical literature, books, journals, software, research on tools and technical assistance

Advanced technical & operations management training courses for manufacturing & production oriented industries will be offered. Advisory services for improvement of products, processes, quality and productivity will be provided by the established ESCs.

For FY 2016-17, Rs.80 Million each were allocated for LEUC, HESC and PLEC. However, Rs. 80 Million each were released for LEUC and HESC and Rs. 44 Million for PLEC. Rs. 36 Million for PLEC were not released in financial year 2016-17. Less release of funds is causing delay in implementation of Projects.

The construction of building of Light Engineering Upgradation Centre for SMEs in Balochistan (LEUC) has been completed. Utilities are placed including transformer connection 165kVA. Twenty three machines & equipment have been procured and placed. Ten machines have been installed and commissioned and remaining are under process of commissioning. Office equipment, Furniture & fixtures and IT equipment have been procured. Seven staff members have been hired and remaining are under hiring process. Office setups are ready for operations.

For the establishment of Peshawar Light Engineering Centre (PLEC), construction phase has been completed. Seven Machines and equipment are placed and commissioned at Centre. Procurement of remaining machinery and equipment has been ordered to the successful bidders as per available funds under the current year. Office and IT equipment's, furniture & fixtures have been placed at site. Eight staff members have been hired and remaining are under process of hiring. Two trainings were conducted during the year with available resources.

For the establishment of Hyderabad Engineering Support Centre (HESC) Construction phase has been completed.

Twenty three machines and miscellaneous equipment have been procured and placed at Centre. Commissioning of fifteen machines and equipment has been completed and remaining is under progress. Procurement of remaining machinery and equipment has been ordered to the successful bidders as per available funds. Utilities are placed including electric transformer connection of 400kVA. Office equipment, office furniture and IT equipment have been procured and placed at Centre as well. Eleven staff members have been hired and remaining is under hiring process. Office setups are ready for operations. The project has been inaugurated on 28th April, 2017 by Federal Minister for Industries and Production, Govt. of Pakistan.

Proposed Initiatives:

PC-1 for Upgradation of TUSDEC Designing Centers
Rs 52.7 Million

In 2006, Technology Upgradation and Skill Development Company (TUSDEC) identified the needs of SMEs during the gap analysis, from which one was the designing and

analysing issues in the industrial and service sector. It was found that neither industrial sector is implementing the proper designing techniques nor the service sector is serving any role (in the form of trainings) to the industry. Realizing the importance of digitization in manufacturing TUSDEC established 5 training facilities in Lahore, Karachi, Peshawar and Quetta in 2007 whose purpose was to serve the industrial sector by training, research and reverse engineering.

Through these facilities, TUSDEC has directly supported Pakistan's industrial sector in designing services for the local industry in which 3D scanner at its pilot run has performed 1639 jobs. To overcome the dearth of digitally empowered manpower by training 16,000 plus individuals in 1,000 plus courses. It was also identified through recent research that major industries demand designing/simulation in order to improve their processes. Whereas TUSDEC lacks capacity, size and outreach due to limited resources.

Over the period it has been realized that our industrial sector is using less efficient manufacturing processes and our labour is generating low productivity. According to the statistics Pakistan's technology readiness level is 119 and labour efficiency ranking is 129 in the world. On the other side world contribution in export of medium and hi tech products is 58% where Pakistan's is only 10% where in low tech products world's contribution in export is 18% but Pakistan's technology export in low tech is very high e.g 72%. Also engineering goods share in world trade is around 50% where Pakistan only contributes 1%. These stats show that Pakistan must focus on the medium and high tech technologies to make their contribution countable in the world. One of the ways to achieve this is by revolutionize the industry through induction of updated automation and design processes.

Looking at the TUSDEC's continuing aim of promoting advance manufacturing techniques, we proposes 3D laser scanner facility in TUSDEC Karachi, Sialkot and Peshawar centres to provide designing services. These interventions will guide local industries on how efficient designing can improve their manufacturing process.

The facility will not only act as a dedicated institute to serve in 3D Scanning & Designing Services and Training & HR development. This project will effect as a demonstration to attract stakeholders and encourage technology transfer.

PC-1 for Establishment of Design Assistance Facility (Reverse Engineering Services for Agriculture Machinery/Implements in Southern Punjab**)**
Rs 59.54 Million

Computer Aided Design (CAD), Computer Aided Manufacturing (CAM) and related technologies have played the major role in global industrial development. Modern CAD/CAM techniques help translate and communicate design to manufacturing through digital data. Despite all the industrial and technological development globally, Pakistani industries are relying on older techniques and there was little urge to advance in design and development. In this regard, TUSDEC has carried out an assessment study in which it is analysed that SMEs involved in Agriculture Implements and Ginning machinery in Southern Punjab are facing issues of low quality production, lack of knowledge about designs, materials, quality, standardization, relevant technology and production.
Multan is a major commercial and industrial centre of Southern Punjab. A large number of SMEs in Multan are directly or indirectly related to Agriculture sector. Industries include Textile Spinning, Textile Weaving (Mill Sector), Towel Industry, Vegetable Ghee & Cooking Oil, Wool Scouring and Woollen Textile Spinning /Weaving, Agricultural Implements, Auto Parts, Beverage, Bakery Products, Chemical, Chip/Straw Board, Cold Storage, Cotton Ginning & Pressing, Cotton Waste, Doubling of Yarn, Fruit Juices, Foundry Products, Pesticides & Insecticides, Packages, Poultry Feed, Rice Mills, Sizing of Yarn, Solvent Oil Extraction, Soap & Detergent, Tannery, Textile Processing etc.

Looking at the current deficit in the mechanization of agriculture sector, TUSDEC plans to set up "Design Assistance Facility (DAF)" in Multan, Pakistan. This facility can produce standard drawings and CAD/CAM models and analyse the designs for the selected implements within specified timelines with the help of CMM and Designing software. A dedicated team of design engineers would be engaged for the aforementioned purpose. The proposed facility will serve initially 1,192 samples in 3 years.

The standardized designs and scanning facility will be made available to the private sector manufacturers of the agriculture machines and implements. Where they will be supported in reverse engineering of parts and moulds through computer aided designing, computer aided analysis and scanning through CMM machine.

PC-1 for Technology Upgradation of Cutlery Industry
Rs 258.78 Million

Upon detail analysis of cutlery production process by TUSDEC, it became apparent that reasons in the decline of Cutlery industry is that it has not been exposed to technological development and the benefits of mass production. Most of the firms are manufacturing their products by traditional manual methods. Automation is of great importance as the

sector is facing intense price competition from the foreign manufacturers especially those from China and India. Alongside, practice of economies of scale is also lacking in the industry.

TUSDEC has proposed a project in order to enhance productivity and product quality of cutlery industry, through induction of latest technology in production by establishment of a common facility centre (CFC). The immediate goal is be to establish modern Tableware grinding and polishing units to increase efficiency in finishing process. This will reduce the manufacturers cost of production and improve the quality & standard of their products for acceptability at International level. Total project estimated cost is PKR 280.39 million, in which Government of Pakistan is requested for 258.78 million and PCSUMEA is contributing 21.6 million in terms of Land for the Centre.
The project was also cleared by DDWP for consideration of the CDWP.

PC-1 for the Footwear Cluster Development through CAD/CAM & CNC Machining: ***Rs. 78.7 million***

We possess incredible potential and immense human resources to improve upon our existing industrial clusters in Pakistan. One of the initiatives planned by the present government for economic revival is revival of Industry and Trade. Manufacturing is the third important sector of the economy accounting for about 18% of GDP and 13% of total employment. For the economy to grow and provide more jobs, the growth of the manufacturing sector (which has declined from an average of 7% to less than 3% in the past 5 years) must be restored. This includes but is not limited to our footwear industry.

Pakistan produces top quality footwear products for both casual and formal wear in vast quantities daily. This adds up to an annual production of 120 million pairs of footwear. Some of these are made to export while others find marketability locally. The constant annual rise of 2.25 % in our population indicates a further increase in the demand for footwear. This necessitates production of high quality products that cater to the tastes of a diversified range of consumers. Local shoe manufacturers are performing commendably despite the hurdles they face. Currently, the main trouble is the lack of local availability of individual components (for instance shoe lasts, soles and moulds) that are required in the creation of finished footwear. This is compounded by the absence of a proper training facility for finished footwear products. This means that manufactures have to import all these items; moulds, soles and lasts. In addition to this, when they hire new employees, they have to train them according to their trade and polish their skills before being able to avail their services. The result is overhead expenses which could be prevented were a product development centre (PDC) available for footwear manufacturing in Pakistan.

This is where TUSDEC comes in; we plan to establish a PDC which will provide training,

prototyping and production outsourcing facilities to footwear manufacturers. We carried out a survey and after collectively gaining feedback from 24 stakeholders; we observed that the need for the PDC will benefit all who are invested in this sector; be it small/medium enterprises (SMEs) or the titans of the footwear industry. The proposed facility will be located in Lahore. The centre will be a pioneer in training and shoe, last, mould and sole designing/making services. TUSDEC will oversee the performance of the CFC for the duration of three years. After this time the monitoring will be handed over to the managerial staff of the PDC.

PC-1 has been shortlisted for MoIP's "Value addition in Industrial - Cluster Development Approach" Initiative. The project was also cleared by DDWP for consideration of the CDWP.

PC-1 for Industrial Designing & Automation Centres
Rs 839.4 Million

Over the period it has been realized that our industrial sector is using less efficient manufacturing processes and our labor is generating low productivity. According to the statistics Pakistan's technology readiness level is 119 and labor efficiency ranking is 129 in the world. On the other side world contribution in export of medium and hi tech products is 58% where Pakistan's is only 10% where in low tech products world's contribution in export is 18% but Pakistan's technology export in low tech is very high e.g 72%. Also engineering goods share in world trade is around 50% where Pakistan only contributes 1%. These stats show that Pakistan must focus on the medium and high tech technologies to make their contribution countable in the world. One of the ways to achieve this is by revolutionize the industry through induction of updated automation and design processes.

Role of the automation/ mechanization is realized to compete globally. Automation and mechanization is a process of converting any treating, manufacturing or assembling technique into automated processes and mechanized instruments. It's a use of computerized control system to operate industrial machinery and processes to improving product quality by minimizing the human error, increase productivity by systemizing the processes and reducing cost by minimizing labour. It was also identified that no facility of automation/simulation at national level is present. TUSDEC is proposing for the state of the art industrial designing & automation centres in order to meet industrial demand. To address this automation and design related issues of Pakistani industry, Technology Upgradation and Skill Development Company (TUSDEC) proposes to establish Industrial Designing & Automation Centres (IDAC).

Looking at the TUSDEC's continuing aim of promoting advance manufacturing techniques, we proposes 3D laser scanner facility in TUSDEC Karachi, Sialkot and Peshawar centres

to provide designing services. Also advance industrial automation training in programming, troubleshooting, installation and maintenance of existing or new automation related equipment. These facilities will be made available in all centres e.g Lahore, Karachi, Quetta, Sialkot and Peshawar, to fill the demand of qualified automation/simulation personnel. These interventions will guide local industries on how automation can improve their manufacturing process.

The facility will not only act as a dedicated institute to serve in Automation/ Simulation services, 3D Scanning & Designing Services and Training & HR development. This project will effect as a demonstration to attract stakeholders and encourage technology transfer. The project was also cleared by DDWP for consideration of the CDWP.

PC-1 for Value addition in Construction Industry through CR&DI Upgradation
Rs 74.2 Million

Construction is the second largest industry in Pakistan's economy after agriculture. Approximately 30-35% of employment is directly or indirectly affiliated with the construction industry. This industry plays an important role in developing the economy and reducing unemployment in Pakistan. Quality in the construction industry has been a foremost problem in Pakistan. It has been reflected in certain serious accidents in the past like collapse of high rise building in Islamabad during an earthquake in 2005 and collapse of a highway bridge in Karachi in 2010 which resulted in heavy loss of life and assets. These incidents have raised many questions related to the quality of cement and other allied materials that were used in the construction. Cement has a significant position in the construction industry and used as a binding material in the construction. Pakistan's Cement Industry is showing healthy recovery after waging a long struggle to survive in the past decade. The investment in the sector has jumped $ 38.3 billion at the end of 2014-151. Domestic demand which was 10.98 Million Tons in 2002-03 climbed to 28.2 Million Tons at the end of 2014-15, while export increased from 0.472 to 7.193 Million Tons from 2002-03 to 2014-15. This situation generated confidence about the future prospects of cement industry in the country. The increase in demand of cement in the last decay is due to many reasons like reconstruction of earthquake affected areas, continuous export to Afghanistan, heavy investment in real estate business, construction in public and private sectors and some mega projects. But, increased demand has also raised the issue of raw-materials quality in construction industry as some mega projects of national interest e.g. China-Pakistan Economic Corridor, Diamer Bhasha Dam, Neelum Jhelum Hydropower project are being carried out which cannot tolerate low quality. China-Pakistan Economic Corridor (CPEC) is a mega infrastructure based project involving $46 billion USD of investment, that link Gwadar Port, Pakistan to Kashgar, China with network of highways, railways and pipelines. This project demands lot of infrastructure built up that will

[1] APCMA

automatically boost the local construction and related industries including cement, iron, steel etc. Any compromise on quality in this type mega project may not only result in huge monetary loss but loss of valuable lives too.

This situation provides a base for the dedicated center which may act as hub to offer testing solutions under one roof and act as a standardization body for construction & cement industry. Keeping in view the above scenario, TUSDEC developed a PC-1 for new testing services to construction & cement as per BSS/ASTM/PSS/EN/IS/SLS/ISO to ensure product quality according to national/international standards.
Looking at the current deficit in the testing facilities regarding construction, **TUSDEC proposes to upgrade its existing facility CR&DI (Cement Research and Development**) that is in capacity to provide testing facilities in Cement and Concrete. After Upgradation this facility will also become able to turn its scope to much wider aspect by testing like bitumen asphalt, cement, concrete, strength and mobile testing facility. The proposed institute will test initially 5,548 samples in 5 years.

PC-1 for Upgradation of Logistics Sector-CPEC
Rs. 97.74 Million

For Pakistan to cope up with the upcoming challenges and opportunities that will result from operationalization of China-Pak Economic corridor (CPEC), demonstration of international best practices and establishment of such infrastructure for development of modern warehouse

and freight forwarding facilities and high-end technology is necessary. In this regard, customized financing scheme /lending program need to be developed to mobilize investment in the sector. Alongside, capacity building program for logistics / freight forwarding professionals to fill the potential gap in demand and supply of trained / certified professionals in this field.

The proposed project is designed to facilitate the logistics sector through capacity building of HR and transfer of international best practices and establishment of infrastructure for development of modern warehouse & freight forwarding facilities and high-end technology to meet the changing requirements of the local market.

In this regard, customized financing scheme /lending program is proposed which would be designed in close consultation with experts and consultants, industry stakeholder, financial institutions and relevant government agencies. These programs will facilitate the access of target value-chain components to formal sources of financing available through various financial institutions, donor agencies and government departments.

Alongside, capacity building / training of logistics / freight forwarding professionals will be performed to improve HR standard of existing companies in the freight forwarding sub-sector and fill the potential gap in demand and supply of trained / certified professionals in this field.

PC-1 for Business Development Centre for Fisheries
Rs. 363.4 million

Fisheries as a sub-sector of agriculture, is considered as one of the most important economic activity along the coastline of provinces in Sindh and Baluchistan. Pakistan has a fish and seafood industry holding overall worth $1.2 billion2. Exports alone are worth nearly more than $300 million per annum. Around, more than 0.8 million people rely directly or indirectly on the industry for their livelihood.

The seafood industry is under threat from two sides, one is over-fishing, which may reduce the resource base and hence the yields. The other is poor quality control, which means that the value of the catch is not being maximized and much is going to waste. Poor quality is injurious to Pakistan's competitiveness in the world market, since the standards demanded by the importing countries (notably EU and US) were not being maintained on vessels, at landing sites and auctions and in the processing units. Ironically Pakistan is one of those few countries which have yet to develop the capacity and knowledge to manage the fishery resources sustainability.

In order to revitalize this imperative avenue of production, capacity building methods need to be inculcated to allow effective utilization of the current resources while simultaneously improving upon them. Focused rejuvenation of seafood processing is mandatory in ensuring that our seafood sector becomes proficient enough to compete in the global seafood markets. In order to realize this goal, TUSDEC has proposed a Business Development center for Marine Fisheries to cop up the challenges of quality and value-addition through State of the art Production & Processing facility and technical assistance to the sector. Skills of the existing workforce involved will also be brought up to par through training courses to fulfill the Skilled human resource demands of the sector.

PC-II for Industrial Technology Benchmarking
Rs 36.34 Million

The study will facilitate in addressing the need of technology advancement for priority industrial sectors of Pakistan e.g. engineering, sports goods, Agro Food, ICT, Textile etc. This will facilitate these sectors in entering high value markets through engagement of experts for identification of demand based & value-added products and develop a

[2] Fisheries Sector Report, TRTA III, UNIDO

workable proposal / PC-I for catering medium to long terms requirements of these potential sector for technology up-gradation: Lending programs to support industries, establishment of CFCs & Incubation centers, technical consultancy, Joint Ventures etc.

The international experts (experts having international exposure) along with local industry experts will be engaged during the project.

The experts will mobilize local industry through meetings, discussion and form a working group of stakeholders from each priority sector representing local industry, public sector organizations / departments and academia. The consultant(s) / experts will assess the state of local industry and identify a range of high value products that can be produced by supporting the local sector.

The representatives of the working group will also be given opportunities to observe international market and practices through international exposure visits. The working group will finalize the list of high value products.

Based on the findings / recommendations of the working group and associated experts, PC-Is will be developed having technical facilities and expertise for assisting the potential sectors for entering high value market will be developed. The project was approved by DDWP of MoIP.

South Punjab Initiatives

Thorough consultation was done with private and public sector stakeholders for technology upgradation and skills development requirements in South Punjab. During consultation following organizations were visited

- Nawaz Sharif Agri Univeristy Mutan
- Multan Chamber of Commerce and Industry
- Agricultural Mechanisation Research Institute (AMRI), Multan

Following projects were discussed and agreed upon to work further

- Ginning Factories Upgradation
- Agro Food Processing with particular reference to dates processing and Mangoes dehydration.
- Reverse Engineering Facilities for manufacturing of Agricultural Machines and implements.

TUSDEC

OPERATING RESULTS

Your Company has a net Deficit of Rs. 33.48 million for the year 2016-17 as compared to net deficit of Rs. 36.21 million in 2015-16.

The key financial figures have been tabulated as follows

	Year Ended June 30, 2017	Year Ended June 30, 2016
	Rupees	
(Deficit)/ Surplus) before Tax	(33,479,605)	(36,210,169)
Taxation		
Current Year	-	-
Surplus(Deficit) after Tax	**(33,479,605)**	**(36,210,169)**

EARNING PER SHARE

Basic (Loss)/ earning per share come at Rs (2.23) - Year 2015: Rs. (2.41)

DIVIDEND

Your Company is a non-profit organization and all surplus earned would be employed by your Company to meet its objectives. The Securities and Exchange Commission Pakistan while granting license u/s 42 of the Companies Ordinance, 1984 has also required that no payment would be made to the members; therefore, your Company is not required to declare any dividends.

OUTSTANDING STATUTORY PAYMENTS

There are no outstanding payments due on account of taxes, duties, levies and charges except the current year tax liability and amounts of normal and routine nature.

MEETINGS OF BOARD OF DIRECTORS

During the year, four meetings of the Board of Directors were held. Attendance by each Director at the board meeting is as under:

S.N	Name	Eligibility	Attended
	Non-Executive Directors:		
1	Additional Secretary / Joint Secretary, Ministry of Industries and Production	4	3
2	Secretary / Joint Secretary, Ministry of Finance	4	3
3	Chief Executive Officer, SMEDA	4	4
	Independent Directors:		
4	Mr. Rana Nasir Mehmood	4	4
5	Mr. Iftikhar Ahmad Jogezai	4	4
6	Mr. Nooruddin F. Daud	4	2
7	Dr. Mohammad Aslam	4	-
8	Prof. Dr. Younis Javed	4	1
	Executive Director:		
9	Chief Executive Officer, TUSDEC	4	4

The Directors who could not attend a Board Meeting were granted leave of absence in accordance with the law.

TUSDEC

PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2017 is annexed to the Annual Report.

HOLDING COMPANY

Pakistan Industrial Development Corporation (Private) Limited has 99.99% holding of the company.

FINANCIAL REPORTING FRAMEWORK:

- The financial statements, prepared by the management of the Company present fairly its state of affairs, the result of its operations, its cash flows and its changes in equity.
- Proper books of account of the Company have been maintained
- Appropriate accounting policies have been applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure therefrom has been adequately disclosed
- No material changes and commitments affecting the financial position of your Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Directors' Report
- The system of internal control is sound in design and has been effectively implemented and monitored
- The Board recognizes its responsibility to establish and maintain sound system of internal control, which is regularly reviewed and monitored
- The appointment of chairman and other members of Board and the terms of their appointment along with the remuneration policy adopted are in the best interests of the Public Sector Company as well as in line with the best practices
- The Board has complied with the relevant principles of corporate governance, and has identified the rules that have not been complied with, the period in which such non-compliance continued, and reasons for such non-compliance
- There are no significant doubts about the company's ability to continue as a going concern

- key operating and financial data of last six years has been summarized

AUDITORS

The present auditors M/s Ernst & Young Ford Rhodes, Chartered Accountants retire and being eligible, offer themselves for re-appointment.

AUDIT COMMITTEE

The Audit is comprised of following Non-Executive Directors. The Chairman of the Committee being an Independent Director

- Mr. Iftikhar Ahmed Jogezai
- Mr. Zarar Haider
- Representative of Ministry of Finance
- Dr. Mohammad Aslam Khan
- Mr. Nooruddin F Daud (Tamgha-i-Imtiaz-Civil)

TUSDEC

SIX YEAR FINANCIAL						(Rupees in Millions)
	2017	2016	2015	2014	2013	2012
Assets						
Non-current assets	24.55	34.91	44.81	54.21	7.76	10.6
Current assets	581.45	536.17	468.36	376.17	254.46	237.41
Equity and liabilities						
Share capital and reserves						
Share capital	150	150	150	150	150	150
Accumulated deficit	(134.73)	(103.71)	(69.57)	(38.86)	(135.30)	(118.50)
	15.27	46.29	80.43	111.14	14.70	31.50
Non-current liabilities	578.27	481.19	410.79	294.23	77.67	100.89
Current liabilities	12.31	43.54	21.95	25.01	169.89	115.6
Revenue	250.04	231.97	177.01	98.31	21.9	27.51
Operating expenditure	283.52	268.18	208.31	61.37	38.75	35.85
(Deficit)/Surplus	(33.48)	(36.21)	(31.30)	36.94	(16.85)	(8.34)

ACKNOWLEDGEMENT

The Board of Directors places on record its appreciation of the support of the shareholders, Government agencies and other parties.

The Board would like to express their appreciation for the excellent services and the efforts being rendered by the executives and staff members of your Company.

Chief Executive Officer

Date: 09 October 2017

Director

Technology Upgradation and Skill Development Company
Ministry of Industries and Production
State Cement Corporation Building, Kot Lakhpat, Lahore 54770, Pakistan
Tel: (+92)-42-111-000-143, 35145793-95, Fax: (+92)-42-35121658, www.tusdec.org.pk
A company set up under Section 42 of the Companies Ordinance, 1984 having share capital

EY

Building a better working world

TECHNOLOGY UPGRADTION AND SKILL DEVLOPMENT COMPANY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

EY Ford Rhodes
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY** as at **30 June 2017** and the related income and expenditure account, statement of comprehensive income, cash flow statement and statement of changes in fund together with the notes forming part thereof, for the period then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the changes as stated in note 4.1 with which we concur;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, statement of comprehensive income, cash flow statement and statement of changes in fund together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, given the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of the deficit, its comprehensive loss, cash flows and changes in fund for the year then ended; and

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

Chartered Accountants

Engagement Partner: Naseem Akbar

Lahore: 23 October 2017

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
(A Company registered under section 42 of the repealed Companies Ordinance, 1984)
BALANCE SHEET
AS AT 30 JUNE 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
Non-current assets			
Property and equipment	5	22,166,001	32,515,901
Intangibles	6	1,577,474	1,191,311
Long term investments	7	60	60
Long term deposits	8	805,438	1,204,438
		24,548,973	34,911,710
Current assets			
Projects assets	9	537,397,256	377,380,356
Trade debts	10	4,586,314	4,998,714
Short term advances	11	249,065	550,733
Trade deposits and short term prepayments	12	4,757,606	1,431,164
Interest accrued		-	129,214
Other receivables		9,790	55,497
Short term investments	13	-	97,000,000
Tax refunds due from the Government	14	9,188,410	8,844,235
Cash and bank balances	15	25,266,160	45,775,781
		581,454,601	536,165,694
		606,003,574	571,077,404
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
15,000,000 (2016: 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid-up capital	16	150,000,000	150,000,000
Accumulated deficit		(134,725,572)	(103,710,806)
		15,274,428	46,289,194
Project development fund	17	25,249,684	25,249,684
Surplus on revaluation of property and equipment	18	8,873,634	11,338,473
Non-current liability			
Deferred grant	19	544,293,338	444,527,169
Current liabilities			
Trade and other payables	20	8,061,688	6,272,567
Project liabilities	21	4,250,802	37,400,317
		12,312,490	43,672,884
		606,003,574	571,077,404
Contingencies and commitments	22	-	-

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
(A Company registered under section 42 of the repealed Companies Ordinance, 1984)
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 Rupees	2016 Rupees
Income			
Income from services	23	27,919,686	31,736,396
Amortization of grant	24	217,751,134	192,480,069
		245,670,820	224,216,465
Expenditures			
Administrative and general expenses	25	84,932,284	85,791,476
Projects expenses	26	198,584,326	182,393,289
		283,516,610	268,184,765
		(37,845,790)	(43,968,300)
Other income	27	4,366,185	7,758,131
Deficit before taxation		(33,479,605)	(36,210,169)
Taxation	28	-	-
Deficit for the year		(33,479,605)	(36,210,169)

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
(A Company registered under section 42 of the repealed Companies Ordinance, 1984)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	2017 Rupees	2016 Rupees
Deficit for the year	(33,479,605)	(36,210,169)
Other comprehensive income:		
Items to be reclassified to profit or loss in subsequent periods	-	-
Items not to be reclassified to profit or loss in subsequent periods:		
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation	2,464,839	2,069,927
Total other comprehensive income	2,464,839	2,069,927
Total comprehensive loss for the year	(31,014,766)	(34,140,242)

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
(A Company registered under section 42 of the repealed Companies Ordinance, 1984)
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit before taxation		(33,479,605)	(36,210,169)
Adjustment for non cash items:			
Gain on disposal of property and equipment		(34,690)	(84,589)
Interest income		(3,569,515)	(7,528,359)
Depreciation on property and equipment	5	10,399,065	13,397,095
Amortization on intangibles	6	472,324	33,688
Amortization of deferred grant	24	(217,751,134)	(192,480,069)
Trade debts written-off		418,000	-
Amortization of deferred income		-	(1,607,684)
		(210,065,950)	(188,269,918)
Cash used before working capital changes		(243,545,555)	(224,480,087)
Effect of changes in working capital			
(Increase) / decrease in trade debts		(5,600)	128,800
Decrease in other receivables		45,707	742,545
Decrease / (increase) in short term advances		301,668	(257,944)
(Increase) in trade deposits and short term prepayments		(3,326,442)	(245,615)
(Increase) in projects assets		(160,016,900)	(123,678,718)
(Decrease) / increase in projects liabilities		(33,149,515)	21,451,088
Increase in trade and other payables		1,789,121	1,879,212
		(194,361,961)	(99,980,632)
Cash used in operations		(437,907,516)	(324,460,719)
Interest income received		3,698,729	7,823,710
Taxes paid		(344,175)	(373,826)
		3,354,554	7,449,884
Net cash used in operating activities		(434,552,962)	(317,010,835)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment- capital expenditure	5	(58,275)	(3,320,184)
Additions in intangibles	6	(858,487)	(144,451)
Receipt and (payment) of long term deposits		399,000	(450,000)
Proceeds from sale of property and equipment		43,800	465,221
Net cash used in investing activities		(473,962)	(3,449,414)
CASH FLOWS FROM FINANCING ACTIVITIES			
Funds transferred to project development fund		-	230,343
Grant received		317,517,303	264,646,484
Net cash used in financing activities		317,517,303	264,876,827
Net decrease in cash and cash equivalents		(117,509,621)	(55,583,422)
Cash and cash equivalents at the beginning of the year		142,775,781	198,359,203
Cash and cash equivalents at the end of the year		25,266,160	142,775,781

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
(A Company registered under section 42 of the repealed Companies Ordinance, 1984)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Issued subscribed and paid-up capital	Accumulated (deficit) / surplus	Total
	---------- Rupees ----------		
Balance at 01 July 2015	150,000,000	(69,570,564)	80,429,436
Total comprehensive loss	-	(34,140,242)	(34,140,242)
Balance at 30 June 2016	150,000,000	(103,710,806)	46,289,194
Total comprehensive loss	-	(31,014,766)	(31,014,766)
Balance at 30 June 2017	150,000,000	(134,725,572)	15,274,428

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
(A Company registered under section 42 of the repealed Companies Ordinance, 1984)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. LEGAL STATUS AND ITS OPERATIONS

Technology Upgradation and Skill Development Company (TUSDEC) or ("the Company") is a company, limited by guarantee having share capital, incorporated in January 2005 and licensed under section 42 of the Companies Ordinance, 1984. The principal activity of TUSDEC is to upgrade technology and skills of key and strategic industrial clusters and connect Pakistan to the global value chain. TUSDEC is subsidiary of Pakistan Industrial Development Corporation (Private) Limited (PIDC). The principal office of TUSDEC is located at State Cement Corporation Building, Kot Lakhpat Lahore, Pakistan.

2. STATEMENT OF COMPLIANCE

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated 20 July 2017 communicated that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

Hence, these financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the repealed Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of repealed Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

3. BASIS OF PREPARATION

3.1 These financial statements have been prepared under the historical cost convention except for property and equipment which are stated at revalued amounts as mentioned in note 4.3.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of financial statements of the Company are consistent with previous year except as described in Note 4.1.

4.1 New, amended standards and interpretations which became effective

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

Improvements to Accounting Standards Issued by the IASB

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 Financial Instruments: Disclosures - Servicing contracts

IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 Employee Benefits - Discount rate: regional market issue

IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendments, revisions and improvements to accounting standards and interpretations did not have any effect on the financial statement of the company.

4.2 Use of estimates and judgements

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Property and equipment (4.3)
- Employee Benefits (4.9)
- Provisions (4.12)

4.3 Property and equipment

Property and equipment are stated at revalued amount, being the fair value at the date of their revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation on additions is charged from the month in which the asset is put to use and no depreciation is charged in the month of disposal. Where impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

Depreciation on property and equipment is charged to income and expenditure account by applying straight line method so as to write off the value of the assets over their estimated useful lives at the rates given in note 5.

Surplus on revaluation of property and equipment is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value.

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

Normal repairs and maintenance are charged to income and expenditure account as and when incurred. Major improvements and modifications are capitalized and the assets so replaced, if any, are retired.

Profit or loss on disposal of property and equipment represented by the difference between the sale proceeds and the carrying amount of the asset is included in income and expenditure account.

4.4 Intangibles

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprises purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method is reviewed and adjusted, if appropriate, at each balance sheet date. The rates determined to amortize the intangible assets are disclosed in note 6.

4.5 Capital work-in-progress (CWIP)

Capital work in progress is stated at cost including, where relevant, related financing costs less impairment losses, if any. These costs are transferred to fixed assets as and when assets are available for use.

4.6 Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non - financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

Impairment losses are recognized in income and expenditure account.

4.7 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.8 Investments - Held to maturity

Investments with a fixed maturity that the company has the intent and ability to hold to maturity are classified as held-to-maturity investments. These are initially recognized on trade date at cost and derecognized by the Company on the date it commits to sell them off. At each balance sheet date held-to-maturity investments are stated at amortized cost using the effective interest rate method.

4.9 Employee benefits

Defined contribution plan

The Company operates a recognized provident fund for all its regular employees. Equal monthly contributions are made to the fund both by the Company and the employees at the rate of 6.67% of the salary. Obligation for contributions to defined contribution plan is recognized as an expense in the income and expenditure account as and when incurred.

Compensated absences

The Company provides for accumulating compensated absences up to two years, when the employees render services that increase their entitlement to future compensated absences.

4.10 Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

4.11 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

4.12 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. 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. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

4.13 Income recognition

Income represents the fair value of the consideration received or receivable for services rendered, net of discounts. Income is recognized when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of Income, and the associated cost incurred, or to be incurred, can be measured reliably.

Income from project implementation (service fee) is recognized over the period for which the activities on projects are going on, based upon percentage of completion method.

Income on investment is recognized on accrual basis and profit on saving bank accounts is recognized on receipt basis.

4.14 Foreign currency translation

The financial statements are presented in Pak Rupees, which is the Company's functional currency. Transactions in foreign currency during the year are initially recorded in the functional currency at the rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into functional currency rates of exchange prevailing at the balance sheet date. All resulting differences are taken to the profit and loss account.

4.15 Taxation

Current

No provision for taxation has been charged as the Company is exempt from tax under section 100c of Income Tax Ordinance, 2001 by the relevant tax authorities.

4.16 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, cash at banks on deposit accounts and short term highly liquid instruments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

4.17 Financial instruments

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual right that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income and expenditure account.

4.18 Off setting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on net basis, or to recognize the assets and to settle the liabilities simultaneously.

4.19 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:

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 2: Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
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
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	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.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018. 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, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB effective date (Annual periods beginning on or after)
IFRS 9 -Financial Instruments: Classification and Measurement\	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 -Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019
IFRS 17 – Insurance Contracts	01 January 2021

		Note	2017 Rupees	2016 Rupees
5.	PROPERTY AND EQUIPMENT			
	Operating fixed assets	(5.1)	22,166,001	32,515,901

5.1 **Operating fixed assets**

PARTICULARS	2017									
	COST				DEPRECIATION				BOOK VALUE AS ON 30 JUNE 2017	RATE %
	As on 01 July 2016	Additions	(Deletions)	As on 30 June 2017	As on 01 July 2016	For the year	(Adjustment)	As on 30 June 2017		
	Rupees									
Owned:										
Building improvements	59,980,039	-	-	59,980,039	47,177,063	1,631,937	-	48,809,000	11,171,039	10
Office equipment	6,779,676	34,775	-	6,814,451	3,363,765	427,646	-	3,791,411	3,023,040	10
Computer equipment	80,464,459	-	(140,160)	80,324,299	72,173,629	6,386,182	(131,050)	78,428,761	1,895,538	33
Furniture and fixtures	9,846,616	23,500	-	9,870,116	6,015,912	494,807	-	6,510,719	3,359,397	10
Vehicles	188,292,118	-	-	188,292,118	184,116,638	1,458,493	-	185,575,131	2,716,987	20
Library books	250,775	-	-	250,775	250,775	-	-	250,775	-	20
Total	345,613,683	58,275	(140,160)	345,531,798	313,097,782	10,399,065	(131,050)	323,365,797	22,166,001	

PARTICULARS	2016									
	COST				DEPRECIATION				BOOK VALUE AS ON 30 JUNE 2016	RATE %
	As on 01 July 2015	Additions/ (deletions)	(Deletions)	As on 30 June 2016	As on 01 July 2015	For the year	(Adjustment)	As on 30 June 2016		
	Rupees									
Owned:										
Building improvements	59,768,575	211,464	-	59,980,039	45,564,510	1,612,553	-	47,177,063	12,802,976	10
Office equipment	6,265,832	517,444	(3,600)	6,779,676	2,968,392	396,093	(720)	3,363,765	3,415,911	10
Computer equipment	77,912,236	2,744,443	(192,220)	80,464,459	62,894,672	9,418,425	(139,468)	72,173,629	8,290,830	33
Furniture and fixture	9,749,781	96,835	-	9,846,616	5,529,381	486,531	-	6,015,912	3,830,704	10
Vehicles	188,792,118	-	(500,000)	188,292,118	182,808,145	1,483,493	(175,000)	184,116,638	4,175,480	20
Library books	250,775	-	-	250,775	250,775	-	-	250,775	-	20
Total	342,739,317	3,570,186	(695,820)	345,613,683	300,015,875	13,397,095	(315,188)	313,097,782	32,515,901	

5.2 The property and equipment of the Company were revalued on 30 June, 2014 by an independent accredited valuer Empire Enterprises (Pvt.) Ltd- (Valuers, Engineers & Surveyors). The valuation was based on comparable market transactions that consider sales of similar properties that have been transacted in open market. The impact of valuation had been incorporated in financial statements and had resulted in an increase in revaluation surplus of Rs. 14,002,518 over the written down value of Rs. 5,502,647 of these assets as on 30 June 2014 (total revalued amount being Rs. 19,505,166).

Had the property and equipment not been revalued, the total carrying amounts at 30 June would have been as follows:	Note	2017 Rupees	2016 Rupees
Building improvements		209,710	385,227
Office equipment		956,257	1,330,646
Computer equipment		-	81,704
Furniture and fixtures		74,128	107,258
		1,240,095	1,904,835

5.3 As on 30 June 2017, management expects that fair value of the fixed assets is not materially different from their net book value.

6. INTANGIBLES

Softwares	(6.1)	1,072,619	1,191,311
Advance for software	(6.2)	504,855	-
		1,577,474	1,191,311

6.1 Software

PARTICULARS	COST				AMORTIZATION				BOOK VALUE AS ON 30 JUNE	RATE %
	As on 01 July	Additions	(Deletions)	As on 30 June	As on 01 July	For the year	(Adjustment)	As on 30 June		
	2017									
	Rupees									
Total 2017	1,224,999	353,632	-	1,578,631	33,688	472,324	-	506,012	1,072,619	33
	2016									
Total 2016	-	1,224,999	-	1,224,999	-	33,688	-	33,688	1,191,311	

6.2 The amount relates 3D inspection software, which is under the process of implementation.

7. LONG TERM INVESTMENTS	Note	2017 Rupees	2016 Rupees
Investments - at cost:			
Gujranwala Tools, Dies and Moulds Centre (GTDMC)	(7.1)	30	30
Ceramics Development and Training Complex (CDTC)	(7.2)	30	30
		60	60

7.1 This represents 3 (2016:3) ordinary shares of Rs. 10 each in GTDMC. The Company holds 0.003% (2016: 0.003%) ordinary shares in GTDMC.

7.2 This represents 3 (2016:3) ordinary shares of Rs. 10 each in CDTC. The Company holds 0.003% (2016: 0.003%) ordinary shares in CDTC.

8. LONG TERM DEPOSITS	2017 Rupees	2016 Rupees
These include deposits against:		
Rent	300,000	450,000
UNDP Project-Training & Consultancy services	-	300,000
Office	381,883	381,883
Others	123,555	72,555
	805,438	1,204,438

9. PROJECTS ASSETS			
Projects in progress	(9.1)	436,885,058	308,072,956
Advances to suppliers	(9.2)	94,825,177	62,985,184
Prepayments and other receivables	(9.3)	5,687,021	6,322,216
		537,397,256	377,380,356

9.1 Projects in progress			
Agency for Technical Cooperation and Development (ACTED)		1,032,254	1,032,254
European Commission (EC)		11,850,143	11,835,643
Engineering Support Centres(ESC)		415,521,537	286,841,935
Project Monitoring Unit(PMU)		1,350,929	1,256,929
Skill Tech		7,130,195	7,106,195
	(9.1.1)	436,885,058	308,072,956

9.1.1 Projects in progress

	ACTED	EC	ESC	PMU	Skill Tech	Total	ACTED	EC	ESC	PMU	Skill Tech	Total
	2017						2016					
	Rupees						Rupees					
Opening balance as on 1 July	1,032,254	11,835,643	286,841,935	1,256,929	7,106,195	308,072,956	1,032,254	10,329,543	147,265,130	1,207,388	6,882,445	166,716,760
Additions:												
Capital expenditure												
Building improvements	-	-	6,123,818	-	-	6,123,818	-	-	280,848	-	-	280,848
Office equipment	-	-	2,357,038	-	-	2,357,038	-	139,400	138,843	30,596	-	308,839
IT Infrastructure	-	-	8,218,460	94,000	-	8,312,460	-	873,500	2,478,460	-	223,750	3,575,710
Furnitures & Fixtures	-	14,500	4,722,786	-	24,000	4,761,286	-	493,200	2,996,920	18,945	-	3,509,065
Vehicles	-	-	-	-	-	-	-	-		-	-	-
Machinery and equipment	-	-	79,163,573	-	-	79,163,573	-	-	110,207,684	-	-	110,207,684
Other assets	-	-	-	-	-	-	-	-	5,598,960	-	-	5,598,960
	-	14,500	100,585,675	94,000	24,000	100,718,175	-	1,506,100	121,701,715	49,541	223,750	123,481,106
Operational expenditure												
Employees cost	-	-	12,786,335	-	-	12,786,335	-	-	5,314,261	-	-	5,314,261
TUSDEC / PMU service fee	-	-	6,093,700	-	-	6,093,700	-	-	8,000,000	-	-	8,000,000
Electricity, fuel and power	-	-	607,492	-		607,492	-	-	60,052	-	-	60,052
Consumables	-	-	516,883	-	-	516,883	-	-	176,867	-	-	176,867
Advertisement	-	-	1,082,724	-	-	1,082,724	-	-	347,213	-	-	347,213
Travelling and conveyance	-	-	2,992,752	-	-	2,992,752	-	-	1,345,530	-	-	1,345,530
Security Services	-	-	1,186,490	-	-	1,186,490	-	-	945,068	-	-	945,068
Insurance	-	-	1,006,081	-	-	1,006,081	-	-	1,399,729	-	-	1,399,729
Other expenses	-	-	1,821,470	-	-	1,821,470	-	-	286,370	-	-	286,370
	-	-	28,093,927	-	-	28,093,927	-	-	17,875,090	-	-	17,875,090
Closing as on 30 June	1,032,254	11,850,143	415,521,537	1,350,929	7,130,195	436,885,058	1,032,254	11,835,643	286,841,935	1,256,929	7,106,195	308,072,956

9.2 Advances to suppliers	Note	2017 Rupees	2016 Rupees
EC:			
TEVTA-KPK	(9.2.1)	-	6,281,250
ESC:			
KTD (Private) Limited		3,523,923	39,291,026
K.M. Enterprises		22,481,204	16,412,908
Torjans		5,720,000	1,000,000
Waseer Impex		57,042,924	-
Greaves Pakistan (Pvt.) Ltd.		2,258,100	-
All in One		27,063	-
Electrical Engineering Services		3,771,963	-
	(9.2.2)	94,825,177	56,703,934
		94,825,177	62,985,184

9.2.1 This represents the amount paid to Technical Education and Vocational Training Authority (TEVTA) Khyber Pakhtunkhwa (KPK) against the agreement as 50% of total agreement fee to carry out technical and vocational training under the ambit of European Commission (EC) project in FATA region.

9.2.2 These represent the amounts paid to suppliers as advance payment for the import of machinery and equipment as a commercial importer which is backed by bank guarantee.

9.3 PREPAYMENTS AND OTHER RECEIVABALES

	2017	2016
EC:		
Prepayments	-	1,521,941
Other receivables	478,453	1,025,654
	478,453	2,547,595
NAVTTC:		
Other receivables	12,952	11,571
UNDP:		
Other receivables	-	1,888
PMU:		
Prepayments	89,863	74,189
Other receivables	1,005,821	1,140,863
	1,095,684	1,215,052
ESC:		
Prepayments	1,215,524	143,544
Other receivables	2,546,317	1,271,473
	3,761,841	1,415,017
Skill tech:		
Prepayments	53,925	54,333
Other receivables	284,166	1,076,760
	338,091	1,131,093
	5,687,021	6,322,216

10. TRADE DEBTS - Unsecured	Note	2017 Rupees	2016 Rupees
Considered good			
Related party			
Pakistan Industrial Development Corporation (PIDC)	(10.1)	4,425,314	4,164,514
Others - *considered doubtful*			
Descom		-	418,500
Punjab Skill Development Fund		-	271,500
Others		161,000	144,200
		4,586,314	4,998,714

10.1 This represents receivable from PIDC in respect of expenses incurred by the Company on its behalf for Skills Development Centre (SDC) Khaki and Batgram amounting to Rs. 4,164,514 and it is past due for more than 3 years.

11. SHORT TERM ADVANCES

Advances to staff - **considered good:**		
against expenses	61,115	11,790
against salary	187,950	538,943
	249,065	550,733

12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Trade deposits- bid security	(12.1)	3,174,472	-
Prepaid rent		132,000	120,000
Prepaid insurance		1,432,586	1,274,764
Others		18,548	36,400
		4,757,606	1,431,164

12.1 This represents bid security deposited for different tenders.

13 SHORT TERM INVESTMENTS

Soneri Bank Limited	-	47,000,000
MCB Bank Limited (formerly known as NIB Bank Limited)	-	25,000,000
Bank Alfalah Limited	-	25,000,000
	-	97,000,000

These represent Term Deposits Receipts (TDRs) which are on roll-over basis, having maturity period of one to three months and carry mark-up at the rate ranging from 5.70% to 6.20% (2016: 5.75% to 6.90%%) per annum.

14. TAX REFUNDS DUE FROM THE GOVERNMENT

This represents income tax withheld by the banks from profits on deposit accounts and Term Deposit Receipts.

15. CASH AND BANK BALANCES

	Note	2017 Rupees	2016 Rupees
Cash in hand		227,254	220,842
Cash at Bank :			
Current Account		1,051,848	-
Deposit accounts	(15.1&15.2)	23,987,058	45,554,939
		25,266,160	45,775,781

15.1 The deposits in saving accounts carry mark-up at the rate ranging from 3.80% to 6.5% (2016: 3.75% to 6.3 %) per annum.

15.2 This includes an amount of Rs. 1,200,000 (2016: Rs. 1,200,000) on which bank has lien against guarantees issued on behalf of the Company.

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

15,000,000 (2016: 15,000,000) ordinary shares of Rs. 10/- each fully paid in cash	150,000,000	150,000,000

17. PROJECT DEVELOPMENT FUND

Opening balance		25,249,684	25,019,341
Interest earned during the year	(17.2)	-	230,343
Closing balance		25,249,684	25,249,684

17.1 This represents Project development fund (PDF) established on 28 August 2008 in pursuance of a resolution passed by the Board. The Board in its 27th meeting held on 30 June 2012 passed a resolution, according to which the Company can only use this fund for the following purposes (a) research and development activities; (b) to finance PC-1 which is not funded by Government; and (c) for operating expenditure of the Company, if required.

17.2 This represents interest earned on term deposit receipts and saving accounts made out of PDF amounting to Rs. Nil (2016: Rs.53,154) and Rs. Nil (2016: Rs. 177,189) respectively.

18. SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENT

Balance at 01 July	11,338,473	13,408,400
Incremental depreciation charged during the year	(2,464,839)	(2,069,927)
Closing balance	8,873,634	11,338,473

19. DEFERRED GRANT

	Note	Opening Balance as at 01 July	Addition		Deletion/Transfer		Closing balance as at 30 June
			Fund Received for the year	Other Income	Amortization of Grant for the year Note 24	Fund returned/ Surrendered/ Transferred	
30 June 2017		---------- Rupees ----------					
Grant related to assets	(19.1)	13,923,779	-	-	5,857,175	-	8,066,604
Grant related to income:							
Engineering Supports Centres	(19.2)	341,606,717	204,000,000	-	-	34,461,251	511,145,466
Project Monitoring Unit (PMU)	(19.3)	6,584,437	6,093,703	75,851	8,532,646	-	4,221,345
European Commission (EC)	(19.4)	56,825,553	138,050,374	1,195,462	173,161,043	10,000,000	12,910,346
Agency for Technical Cooperation and Development	(19.3)	4,396,946	-	42,876	1,066	3,406,503	1,032,253
National Vocational and Technical Commission	(19.3)	572,693	2,583,636	13,855	2,244,359	-	925,825
United Nation Development Program	(19.4)	12,684,515	10,663,789	265,706	23,207,602	-	406,408
Skill Tech	(19.2)	7,932,529	-	2,399,805	4,747,243	-	5,585,091
		430,603,390	361,391,502	3,993,555	211,893,959	47,867,754	536,226,734
		444,527,169	361,391,502	3,993,555	217,751,134	47,867,754	544,293,338
30 June 2016							
Grant related to assets		24,010,559	-	-	10,086,780	-	13,923,779
Grant related to income:							
Engineering Supports Centres	(19.2)	220,953,990	120,652,727	-	-	-	341,606,717
Project Monitoring Unit (PMU)	(19.3)	8,063,937	8,000,000	56,604	9,536,104	-	6,584,437
European Commission (EC)	(19.4)	99,467,144	94,462,659	2,403,224	139,507,474	-	56,825,553
Agency for Technical Cooperation and Development	(19.3)	9,465,432	9,290,325	242,515	14,601,326	-	4,396,946
National Vocational and Technical Commission	(19.3)	2,026,558	2,081,756	52,788	3,588,409	-	572,693
United Nation Development Program	(19.4)	-	18,662,250	100,784	6,078,519	-	12,684,515
Skill Tech	(19.2)	8,373,134	3,014,274	5,626,578	9,081,457	-	7,932,529
		348,350,195	256,163,991	8,482,493	182,393,289	-	430,603,390
		372,360,754	256,163,991	8,482,493	192,480,069	-	444,527,169

19.1 This represents grant against assets of NIDA transferred to TUSDEC as per letter no. 3(15)2006-plg dated 31 December 2013 granted by the Ministry of Industries and Production.

19.2 These projects will be incorporated as independent companies under section 42 of repealed Companies Ordinance 1984.

19.3 The projects will be merged in the Company, when these will be completed.

19.4 It is not certain at the year end date whether ' ;e projects will be handed over to the donor or not.

20. TRADE AND OTHER PAYABLES

	Note	2017 Rupees	2016 Rupees
Creditors		2,235,312	3,715,187
Accrued liabilities		1,229,405	1,011,653
Withholding income tax payable		4,813	7,608
Employee benefits payable		981,818	1,042,259
General Sale Tax (GST)		210	-
Other liabilities	(20.1)	3,543,888	429,618
Payable to PIDC		66,242	66,242
		8,061,688	6,272,567

20.1 This includes amount of Rs. 1,200,000 (2016: Rs. Nil) and Rs. 1,567,082 (2016: Rs Nil) payable to European Commission and KPK Government against the unutilized grant.

21. PROJECT LIABILITIES

These represent accrued expenses and/or payables in respect of the following projects:

ACTED:			
Payables		-	39,988
EC:			
Payables	(21.1)	577,178	32,474,863
Accrued expenses		-	1,292,723
		577,178	33,767,586
PMU:			
Payables		206,741	121,959
Accrued expenses		272,829	-
		479,570	121,959
ESC:			
Payables	(21.2)	2,687,667	3,364,169
Accrued expenses		-	
		2,687,667	3,364,169
Skill tech:			
Payables		191,855	103,215
Accrued expenses		10,212	3,400
		202,067	106,615
NAVTTC:			
Payables		304,320	-
Accrued expenses		-	-
		304,320	-
		4,250,802	37,400,317

21.1 This includes an amount of Rs. Nil (2016: Rs. 29,594,367) for the services being rendered by the Institutes in imparting training and against the retention money of institutes. The release of retention amount is subject to fulfilment of terms and conditions by the Institutes.

21.2 This includes an amount of Rs. 2,000,253 (2016: Rs. 2,812,472) against the retention money of construction contractors as per the agreement for the ongoing construction of Peshawer Light Engineering Centre, (Lasbela, Light Engineering Upgradation Centre and Hyderabad Engineering Supports Centre.

22. CONTINGENCIES AND COMMITMENTS

	2017 Rupees	2016 Rupees
22.1 Contingencies		
Guarantees issued by a bank on behalf of the Company in favour of the Pakistan State Oil	1,200,000	1,200,000
22.2 Commitments		
Commitments in respect of contribution towards European Commission / EC Project.	-	21,064,072

23. INCOME FROM SERVICES

	Note	2017 Rupees	2016 Rupees
Income from:			
trainings	(23.1)	19,062,781	20,479,857
projects	(23.2)	661,857	4,588,947
laboratory test and 3D scanning	(23.3)	8,195,048	6,667,592
projects implementation fee	(23.4)	13,309,633	-
		41,229,319	31,736,396
elimination of inter projects balances		13,309,633	-
		27,919,686	31,736,396

23.1 This represents the amount being recognised in respect of income from training (solar training courses) and short courses (CAD/CAM courses, Auto CAD).

23.2 This represents amount recognized in respect of projects for the overheads shared.

23.3 This represents the amount being recognised in respect of income from laboratory test fee and 2D/3D scanning.

23.4 This represents the amount being recognised in respect of project implemention fee against EC, UNDP and PMU.

24. Amortization of grant

		2017 Rupees	2016 Rupees
Amortization of grant related to assets	(24.1)	5,857,175	10,086,780
Amortization of grant related to income	(24.2 & 24.3)	211,893,959	182,393,289
		217,751,134	192,480,069

24.1 This represents the amortization of deferred grant against the assets of NIDA being merged with the TUSDEC.

24.2 This represents amortization of grant against following projects:

Agency for Technical Cooperation and Development (ACTED)	1,066	14,601,326
National Vocational and Technical Commission (NAVTTC)	2,244,359	3,588,409
European Commission (EC)	173,161,043	139,507,474
United Nation Development Program (UNDP)	23,207,602	6,078,519
Skill Tech	4,747,243	9,081,457
Project Monitoring Unit (PMU)	8,532,646	9,536,104
	211,893,959	182,393,289

24.3 This includes project implementation fee , ranging from 5% to 7% of cost of project, of Rs. 13,309,633 (2016: Rs.12,264,758) for the implementation of various projects.

25. ADMINISTRATIVE AND GENERAL EXPENSES

Salaries and other benefits	(25.1)	49,919,333	48,761,874
Depreciation	(5)	10,399,065	13,397,095
Amortization on intangibles	(6)	472,324	33,688
Traveling, vehicle running and maintenance		4,307,227	3,679,163
Utilities		3,676,003	3,565,043
Rent, rate and taxes		3,302,010	2,838,140
Repair and maintenance		1,393,304	2,563,577
Advertisement and business development		1,379,429	1,173,314
Consumables		1,459,457	1,510,912
Janitorial services		1,657,071	1,689,669
Postage and telephone		1,516,042	1,557,731
Insurance		731,898	716,649
Security services		1,403,984	1,261,686
Printing and stationery		732,964	928,837
Legal and professional charges		792,820	924,982
Miscellaneous expenses		117,009	378,163
Auditors' remuneration		361,500	346,500
Project expenses		714,672	-
Trade debts written-off		418,500	446,915
Fee and subscription		177,672	17,538
		84,932,284	85,791,476

25.1 This includes an amount of Rs. 2,440,925 (2016: Rs. 2,293,745) recognized in respect of Provident Fund and Rs. 1,068,322 (2016: Rs. 1,448,726) in respect of compensated absences.

26. PROJECTS EXPENSES	Note	2017 Rupees	2016 Rupees
ACTED:			
Employee Cost		-	3,845,362
Vehicle running and maintenance cost		-	856,602
Electricity, fuel and power		-	8,542
Consumables		-	786,081
Advertisement		-	1,760,589
Travelling and conveyance		-	1,658,116
Staff training and exhibitions		-	5,670,933
Other expenses		1,066	15,101
		1,066	14,601,326
NAVTTC:			
Employee Cost		745,000	1,060,000
Consumables		149,332	417,747
Stipend Cost		1,043,600	1,746,000
Other expenses		306,427	364,662
		2,244,359	3,588,409
EC:			
Employee Cost		25,041,203	28,673,878
Building rent		1,252,152	1,745,424
Vehicle running and maintenance cost		2,057,143	2,883,698
Consumables		1,198,270	1,038,017
Advertisement		6,055,328	5,029,413
Travelling and conveyance		4,990,007	5,060,427
Training package/service fee		119,156,990	83,513,753
Community mobilization charges		2,009,350	2,858,590
Project implementation fee		11,342,383	8,297,508
Other expenses		58,217	406,766
		173,161,043	139,507,474
UNDP:			
Employee Cost		2,783,386	1,511,260
Vehicle running and maintenance cost		27,010	7,000
Advertisement		82,357	82,396
Travelling and conveyance		370,737	1,362,644
Postage and telephone		34,626	5,675
Training package/service fee		17,551,645	-
Building rent		1,014,219	-
Other expenses		1,343,622	3,109,544
		23,207,602	6,078,519
PMU:			
Employee Cost		6,579,786	6,581,000
Vehicle running and maintenance cost		51,730	30,000
Travelling and conveyance		605,056	638,018
Postage and telephone		127,228	-
Other expenses		1,168,846	2,287,086
		8,532,646	9,536,104
Skill Tech:			
Employee Cost		3,832,441	4,335,637
Building Rent		-	10,000
Vehicle running and maintenance cost		33,035	62,043
Electricity fuel and power		245,710	124,302
Consumables		163,308	3,028,327
Advertisement		23,456	141,505
Travelling and conveyance		89,331	-
Postage and telephone		87,174	-
Trainees boarding and stipend cost		-	1,129,695
Other expenses		272,788	249,948
		4,747,243	9,081,457
		211,893,959	182,393,289
Elimination of inter projects balances		13,309,633	-
		198,584,326	182,393,289

27. OTHER INCOME

	Note	2017 Rupees	2016 Rupees
Income from financial assets:			
Interest on deposit accounts		1,393,794	1,042,036
Interest on term deposits receipts		2,175,721	6,486,323
		3,569,515	7,528,359
Income from assets other than financial assets:			
Gain on disposal of property and equipment		34,690	84,589
Miscellaneous (Income from Projects)		761,980	145,183
		796,670	229,772
		4,366,185	7,758,131

28. TAXATION

No provision for taxation has been charged as the Company is exempt from tax under section 100c of Income Tax Ordinance, 2001.

29. RELATED PARTY BALANCES AND TRANSACTIONS

29.1 The related parties comprise associated undertakings, directors of the Company, key management personnel and post employment benefit plans. The parent of the entity is Pakistan Industrial Development Corporation (Private) Limited which holds 99.9% capital of the entity. Amounts due from and to related parties are shown under respective notes to the financial statements. Details of transactions during the year are as follows :

Party Name	Nature of transactions	Note	2017 Rupees	2016 Rupees
Pakistan Industrial Development	Training Services		260,800	-
Provident fund	Contribution		3,263,662	2,780,995

30. FINANCIAL RISK MANAGEMENT

30.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

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 and payables that exist due to transactions in foreign currencies.

The Company is not exposed to currency risk arising from currency exposure as Company is not involved in foreign currency transactions.

(ii) Equity price risk

Equity price risk represents the risk that the fair value of equity investments will fluctuate because of changes in levels of indices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity price risk as Company does not hold available for sale and held for trading investments.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market mark up rates.

The Company has no significant long-term interest-bearing financial instruments. The Company's interest rate risk arises from short term investments and bank balances only.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	2017 Rupees	2016 Rupees
Floating rate instruments		
Financial assets		
Saving bank accounts	23,987,058	43,215,982
Short term investments	-	97,000,000
	23,987,058	140,215,982

Fair value sensitivity analysis for fixed rate instruments

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

(c) 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 instrument traded in the market. The Company is not exposed to commodity and equity price risk.

30.2 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. The carrying amount of financial assets represents the maximum credit exposure. The Company's credit risk is attributable to its long term deposits, trade and other receivables, short term investments and bank balances. The maximum exposure to credit risk at the reporting date was as follows:

Outstanding receivables are regularly monitored. The requirement for an impairment is analyzed at each reporting date on an individual basis for major parties.

	2017 Rupees	2016 Rupees
Long term deposits	805,438	1,204,438
Trade debts	4,586,314	4,998,714
Trade deposits- bid security	3,174,472	-
Other receivables	9,790	55,497
Short term investments	-	97,000,000
Bank balances	25,038,906	45,554,939
	33,614,920	148,813,588

Trade debts

Credit risk related to trade debts is managed by established procedures and controls relating to customers credit risk management. Outstanding receivables are regularly monitored.

The maximum credit risk exposure at reporting date is carrying value of financial assets stated above.

The aging of trade debts at the reporting date is:	2017 Rupees	2016 Rupees
Past due but not impaired		
Past due 1–30 days	320,800	181,995
Past due 31–60 days	-	289,200
Past due 61–90 days	86,000	-
Over 90 days	4,179,514	4,527,519
	4,586,314	4,998,714

Based on past experience and policy of the Company, the management believes that an impairment allowance is necessary in respect of trade receivables past due by three year except if those receivables are recovered subsequent to year end and if management has sufficient grounds to believe that the amounts will be recovered.

The credit quality of 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. The table below shows the bank balances and short term investments held with some major counterparties at the balance sheet date:

	Rating			2017	2016
	Short term	Long term	Agency	Rupees	Rupees
Soneri Bank Limited	A1+	AA-	PACRA	5,649,202	20,380,946
National Bank of Pakistan	A1+	AAA	PACRA	1,215,107	2,341
MCB Bank Limited	A1+	AAA	PACRA	2,056,028	6,190,438
Bank Alfalah Limited	A1+	AA	PACRA	14,203	2,936
Askari Bank Limited	A1+	AA+	PACRA	16,104,366	18,978,278
				25,038,906	45,554,939
Mutual funds / Term Deposit Receipts					
Soneri Bank Limited	A1+	AA-	PACRA	-	47,000,000
MCB Bank (formerly: NIB Bank)	A1+	AAA	PACRA	-	25,000,000
Bank Alfalah Limited	A1+	AA+	PACRA	-	25,000,000
				-	97,000,000

30.3 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The following are the contractual maturities of financial liabilities:

	Carrying	Contractual	Less than	Between
30 June 2017	----------(Rupees)----------			
Trade and other payables	8,061,688	8,061,688	8,061,688	-
Project liabilities	4,250,802	4,250,802	4,250,802	-
	12,312,490	12,312,490	12,312,490	

	Carrying	Contractual	Less than	Between
30 June 2016	----------(Rupees)----------			
Trade and other payables	6,272,567	6,272,567	6,272,567	-
Project liabilities	37,400,317	37,400,317	37,400,317	-
	43,672,884	43,672,884	43,672,884	

30.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

For working capital requirements and capital expenditure, the Company primarily relies on short term borrowings and internally generated cash flows.

30.5 Financial instruments by categories

	2017		
	Cash and	Loans and	Total
Assets as per balance sheet	----------(Rupees)----------		
Long term deposits	-	805,438	805,438
Trade debts	-	4,586,314	4,586,314
Trade deposits- bid security		3,174,472	3,174,472
Other receivables	-	9,790	9,790
Bank balances	25,038,906	-	25,038,906
	25,038,906	8,576,014	33,614,920

	2017
	Other Financial Liabilities
Liabilities as per balance sheet	Rupees
Trade and other payables	8,061,688
Project liabilities	4,250,802
	12,312,490

	2016		
	Cash and	Loans and	Total
Assets as per balance sheet	----------(Rupees)----------		
Long term deposits	-	1,204,438	1,204,438
Trade receivables	-	4,998,714	4,998,714
Other receivables	-	55,497	55,497
Accrued interest	-	129,214	129,214
Short term investments	155,000,000	-	155,000,000
Bank balances	43,215,982	-	43,215,982
	198,215,982	6,387,863	204,603,845

	2016
	Other Financial Liabilities
Liabilities as per balance sheet	Rupees
Trade and other payables	6,272,567
Project liabilities	37,400,317
	43,672,884

30.6 Fair values of financial assets and liabilities

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

30.7 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain healthier capital ratios in order to support its business and maximize shareholders value. The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust through new issue of shares.

Total capital includes total equity' amounting to 3,389,596 as shown in the balance sheet. The Company's strategy, which was unchanged from last year, was to maintain optimal capital structure in order to minimize cost of capital.

31. REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

	2017		2016	
	Chief Executive Officer	Directors	Chief Executive Officer	Directors
	---------- Rupees ----------			
Managerial remuneration	1,642,208	-	3,388,000	-
Contribution to provident fund	152,457	-	338,970	-
Housing and utilities	955,031	-	1,694,000	-
Medical reimbursements	163,503	-	142,915	-
	2,913,199	-	5,563,885	-
Number of persons	1	8	1	8

31.1 The Chief Executive Officer of the Company is provided with a free Company's maintained vehicle. No amount has been paid to the directors of the Company except for fee for attending the meetings of Board of Directors (BoD)

32. PROVIDENT FUND

The Company has maintained an employee provident fund and investments out of provident fund have been made in accordance with the provisions of section 227 of the repealed Companies Ordinance, 1984 and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	2017 Rupees (unaudited)	2016 Rupees (audited)
Size of the fund		10,699,769	10,334,187
Cost of investment made	(32.1)	10,000,000	10,000,000
Percentage of investment made		100%	100%
Fair value of investment		10,000,000	10,000,000

32.1 Breakup of investment

	2017		2016	
	Investments (Rupees)	Investment as % of size of the fund	Investments (Rupees)	Investment as % of size of the fund
Bank balance in schedule bank	10,000,000	100%	10,000,000	100%

33. NUMBER OF EMPLOYEES

The number of employees at the year end were as follows:	2017	2016
- TUSDEC	69	79
- Projects	39	75
	108	154

The average number of employees during the year were as follows:		
- TUSDEC	54	32
- Projects	77	103
	131	135

34. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 09 OCT 2017 by the Board of Directors of the Company.

35. CORRESPONDING FIGURES

Corresponding figures have been re-arranged or reclassified wherever necessary, for better and fair presentation. However, no significant reclassification has been made except as follows:

36. NON ADJUSTING SUBSEQUENT EVENTS

The board of director of the Company has approved the amalgamation of Gujranwala Tools, Dies and Moulds Centre (GTDMC) and Ceramics Development and Training Complex (CDTC) into Technology Upgradation and Skill Development at its meeting held on 28 July 2017.
The above event has no significant impact on current year financial statement of the Company.

37. GENERAL

Figures in these financial statements have been rounded off to the nearest rupee, unless otherwise stated.

CHIEF EXECUTIVE OFFICER

DIRECTOR