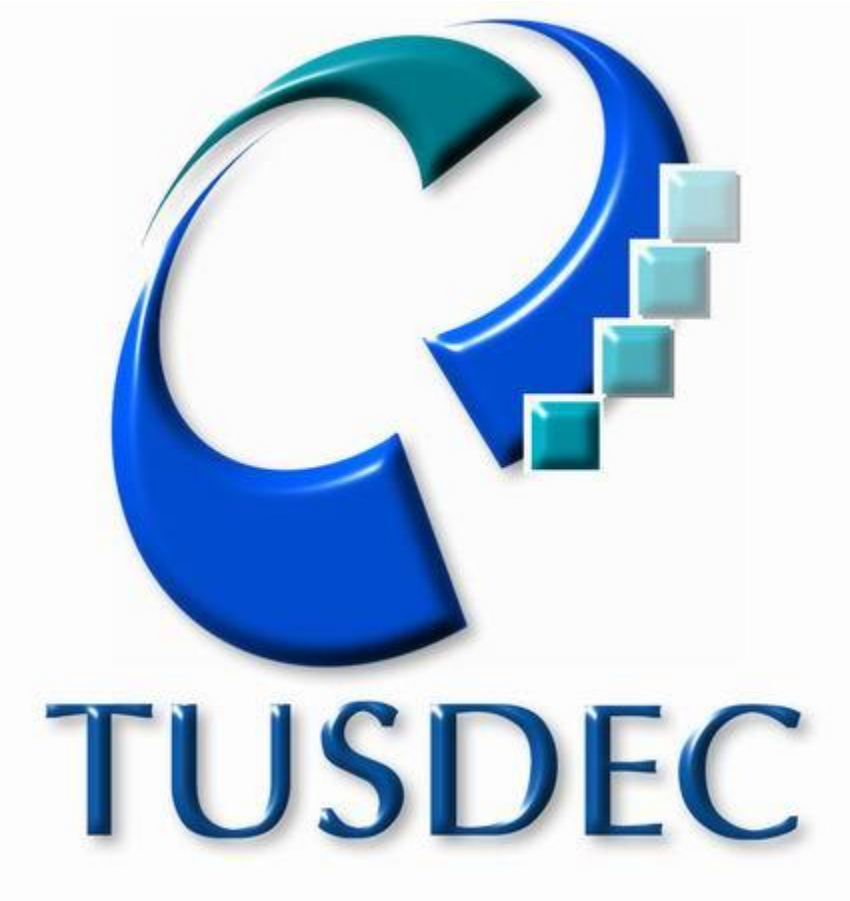
Annual Report for the Year ended 2018



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. Niaz Muhammad Khan
Director

Mr. Sher Ayub Khan
Director

Representative, Ministry of Finance
Director

Board Audit Committee

Mr. Iftikhar Ahmed Jogezai
Chairman

Mr. Niaz Muhammad Khan
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. Niaz Muhammad Khan
Director

Mr. Iftikhar Ahmed Jogezai
Director

Mr. Sher Ayub Khan
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. Niaz Muhammad Khan
Director

Rana Nasir Mehmood
Director

Mr. Muhammad Alamgir Chaudhry
Chief Executive Officer

Auditors

Javed Hasnain Rashid
Chartered Accountants

Registered/Head Office

State Cement Corporation Building, Kot Lakhpat,
Lahore

TUSDEC 6066

DIRECTORS' REPORT TO THE SHAREHOLDERS

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Technology Upgradation and Skill Development Company
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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, 2018.

1. TUSDEC OVERVIEW

The establishment of TUSDEC came about as an implementation of Engineering Vision. The company was incorporated in 2005 as a Not-for-profit, guarantee limited company, a subsidiary of PIDC (Pakistan Industrial Development Corporation Pvt. Ltd.). The Objective of the company is to promote and establish Technology Up-gradation Centers and Skill Development Centers by establishing / providing common facility, design, support and maintenance, testing, certification, incubation, applied research, dissemination centers and / or any other institution deemed necessary for up-gradation / assimilation /streamlining / acquiring technology, however the Company shall not itself set-up or otherwise engage in industrial or commercial activities or in any manner function as a trade organization. TUSDEC is established to up-grade and transfer technology in industrial sector(s) relating but not limited to agro processing, chemicals, plastic, glass, metal, ceramics, auto motives, consumer durables and mining for introducing latest machinery therein so that production capability can be brought at par with international standards.

Since its inception, TUSDEC has absolutely fulfilled all of its strategic commitment aligned to the vision of building prosperous Pakistan. Over the years ,TUSDEC has implemented numerous projects of Federal and Provincial Government, International Donors and also collaborated with local NGOs and CSR(Corporate Social Responsibility) Wings to implement large-scale development initiatives in diverse areas like TDM(Tools Dies and Moulds), Digital Product Design & Engineering, Ceramics, Cement and Garments industrial clusters. Cognizant to the dichotomy of manpower abundance and prevalent economics crises trickling down in the form of raging impoverishment in the country, TUSDEC is emphasizing on vocational skill development of vulnerable communities. The company is also pursuing many TVET (Technical, Vocational Education & Training) initiatives focusing at the capacity building of marginalized women thereby enabling them to mitigate the socioeconomic adversaries.

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

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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.

Since its very outset, TUSDEC is continued to record its efforts and accomplishment across the country. From the grand-scale interventions of technological upgradation, basic and advanced technical skills dissemination to the vocational training and capacity building of the modest communities, TUSDEC has followed through a myriad of project amounting to PkR 4 Billion. Each initiative has testified the company's contribution in hauling up the progression of national economy.

Public Sector Development Programme (PSDP) is the most important fiscal policy tool to achieve socio economic targets as envisaged in the Vision 2025 by channelizing scarce public resources to projects having complementary and crowding in impact on economic activities. Ultimate goal of the spending under PSDP is to further strengthen physical and social infrastructure to put our country on sustainable and high growth trajectory.

The year under review was the 13th operational year of your Company in which **three** projects, namely NIDA (Lahore, Quetta & Sialkot) completed Eleven years of successful operations. **Two** NIDA Centers (Karachi & Peshawar) have completed Ten years of operations. **SkillTech Karachi** has completed 9th year of its operational activities. A detailed report on the achievements of your Company during the year is given as under.

2. NIDA (Advanced CAD/CAM) Centers Rs. 321.12 Million (Operational)

NIDA Centres are providing basic to advanced courses applicable in various industry segments -mechanical, electrical, civil, plant, process, garment, fashion, jewellery etc., 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, 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 11 years of operations; Peshawar & Karachi have started their 11th 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

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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 **1,949** trainings and **18,015** CAD/CAM skilled workforces have been provided to the economy. Revenue up to June, 2018 is approximately Rs. **131 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 **2,205** 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 11th year of Operations			Completed 10th year of Operations		TOTAL
	Lahore	Quetta	Sialkot	Karachi	Peshawar	
Courses Conducted	392	220	435	228	674	1,949
Student Passed Out	2,949	3,064	3,582	3,175	5,245	18,015
Reverse Engineering/Designing Services	2,205	-	-	-	-	2,205

3. Skilltech International Karachi– PIDC Funded Project Rs.22.5 Million (*Ongoing*)

TUSDEC established SkillTech International Karachi in 2009 through funding from PIDC. The centre started its operations in April 2010. The centre aims at equipping the youth with

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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 **2695** students in more than 60 different courses/trades. The centre has trained **238** students in the year 2017-18. Project funding was completed in current financial year and requested to PIDC for merger of project with TUSDEC.

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

TUSDEC implemented a project 'Skills for Job 2016 scheme' funded by Punjab Skills Development Fund (PSDF). The project was implemented through TUSDEC-NIDA Lahore & SkillTech International Karachi platform. Students were selected from the district of Punjab. Three batches of three months concluded in NIDA Lahore resulting in revenue generation of Rs. 0.84 Million and trained 33 Students out of which 10 students were trained in 2017-18 and generated Rs. 0.29 Million. In Skilltech Intl. Khi, 35 students were trained in electrical and electronics level-II (City & Guilds) in two batches resulting in revenue generation of Rs. 2.08 Million. The project has improved the livelihood prospects of the trainees through international qualifications and better job prospects at the national and international sphere. Project completed during the financial year.

5. Punjab Skill Development Programme 2017 & Skills for Services 2018 – PSDF Funded Project *Rs. 2.75 Million* (Ongoing)

TUSDEC is implementing a project "Punjab Skill Development Program 2017" & Skills for Services 2018 funded by PSDF for training of students in Graphic Design (Print Media) trade.

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Under the agreement, TUSDEC will train 75 students in Print Media field in 3 batches of 6 months duration. The project is being implemented at SkillTech Karachi.

6. ***Industrial Technology Benchmarking Project (Feb 2018 – March 2019)***
Rs. 36.34 Million (Ongoing Project)

PC-II of Industrial Technology Benchmarking approved by DDWP of MoIP worth Rs 36.34 Million. Initiative involves Technology Benchmarking of 2 priority/selected sectors viz a viz regional/global competitors in order to identify the technology gaps in these potential sectors to create a basis for technology acquisition in Pakistan.

The proposed study will facilitate in addressing the need of technology advancement for the Surgical and Cutlery sectors. These sectors will be supported in entering high value markets through engagement of experts for identification of demand based & value-added products and subsequently develop workable proposals / PC-1s for catering medium to long term requirement of these potential sectors for technology up-gradation: Lending programs to support industries, establishment of CFCs & Incubation centers, technical consultancy and Joint Ventures etc.

Necessary staff and experts having international exposure in Surgical (electro-medical and implants related products) and Cutlery (Mass scale production and continuous polishing of tableware) have been hired through competitive bidding process for a period of 6 to 9 months.

The experts will engage local industry through meetings, Focus Group Discussions (FGDs) and Interviews to form a working group of stakeholders from both sectors 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. The consultants along with working group will finalize the list of high value products from each of these sectors.

Based on the findings / recommendations of the working group and associated experts, PC-1s will be developed to assist the potential sectors for entering the high value market.

7. **Self-Reliant and Sustainability of TUSDEC: (Dec-2017 – Dec 2019)**
120.32 Million (Ongoing)

Proposal/Business Plan of worth Rs. 120.32 million for making TUSDEC self-reliant & sustainable was considered and approved in 118th meeting of B.O.D of PIDC held on 14th October, 2017 at Lahore. Funds of Rs. 120.32 Million (For the Year 2017-18 & 2018-19) were allocated as equity participation in order to make the company self-sustainable.

TUSDEC is successfully implementing the objective under this plan and submitting the

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quarterly plan of achievements to PIDC. TUSDEC received Rs. 24.83 Million during the year under review against the plan.

8. Cement Research and Development Institute (CR&DI) (Operational)

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, **7,331** samples have been tested and generated revenue of **Rs 44.9709** 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 is pending due to approval of PC-1. TUSDEC is coordinating with PIDC for approval of PC-1.

During the financial year ended June 30, 2018 CR&DI received **1043 samples**, conducted tests and earned revenue of **Rs 7.01 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 Thirteen years have been depicted

13-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	2017-18
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	7.01
Samples	92	245	298	392	405	360	594	541	742	785	843	991	1043

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9. Gujranwala Tools Dies and Molds Centre (GTDMC) ***(Merged into TUSDEC) 1006.15 Million*** **(Operational)**

PC-1 of GTDMC was approved in 2006 at the cost of Rs. 878 million and re-appropriated in 2009 at cost of Rs. 1006 million. In 2008 the project was converted into Company under section 42 of the repealed Companies Ordinance, 1984.

Gujranwala Tools, Dies and Moulds Centre (GTDMC) is modern engineering centre which provide training, consultancy, design, machining and manufacturing services to the local industry.

GTDMC was established by TUSDEC. However, it was detached from TUSDEC and become subsidiary of MoIP. Recently, the merger of PIDC's subsidiaries was considered in a meeting under the chairmanship of Minister for Industries & in presence of Secretary MoIP on 25 May 2017. Secretary MoIP proposed the merger of CDTC & GTDMC into TUSDEC in the first phase. The Honourable Minister consented the proposal.

Subsequently, after compliance of the legal requirements of SECP and formal approval from MoIP, GTDMC was merged into TUSDEC on 18 July 2017 to create synergy and ensure good governance.

Since inception GTDMC added value addition amounting to Rs. 2,175 million through its services to the local industry. After merger, TUSDEC is working to revive and sustain the operations of GTDMC. Detail for the year 2017-18 is as under:

Type of Job	No. of Jobs (2017-18)
Mold and die making	83
3D scanning	138
Heat Treatment	56
Trainees	431

10. Ceramics Development & Training Complex (CDTC) ***(Merged into TUSDEC) 361.64 Million*** **(Operational)**

Ceramics Development and Training Complex, (CDTC) is a non-profit common facility centre under section 42 of the Companies Ordinance, 1984.

The fundamental aim of CDTC is to upgrade the ceramics industry specifically the sanitary ware sector with integrated engineering solutions, contemporary machinery, latest technology, Laboratory for testing facilities of ceramics raw materials and process control.

CDTC was established by TUSDEC; however, it was detached from TUSDEC and become subsidiary of MoIP. Recently, the merger of PIDC's subsidiaries was considered in a meeting under the chairmanship of Minister Industries & in presence of Secretary MoIP on 25 May

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2017. Secretary MoIP proposed the merger of CDTC & GTDMC into TUSDEC in the first phase. The Honourable Minister consented the proposal.

Subsequently, after compliance of the legal requirements of SECP and formal approval from MoIP, CDTC was merged into TUSDEC on 18 July 2017 to create synergy and ensure good governance.

Since inception CDTC added value addition amounting to Rs. 389 million through its services to the local industry. After merger, TUSDEC is working to revive and sustain the operations of CDTC. Detail for the year 2017-18 is as under

Type of Job	No. of Jobs (2017-18)
Shuttle Kiln	233
CNC Pattern making	14
Consultancy	19
Laboratory services	1248
Training of Trainees (OJT & NAVTCC)	80

11. 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.

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For FY 2017-18, Rs. 50.527 Million were allocated for HESC, Rs. 42.614 Million for LEUC and Rs. 97.115 Million for PLEC. However, Rs. 34.019 Million were released for HESC, Rs.17.919 Million for LEUC and Rs. 92.642 Million for PLEC. Remaining amount of allocations was surrendered due to heavy allocation of funds under the head of operating cost and was requested to MoIP for re-appropriation of surrender amount under the head of machinery & equipment. Less release of funds is causing delay in implementation of Projects.

Hyderabad Engineering Support Centre (HESC) Construction phase completed. Twenty nine machines and miscellaneous equipment are under operations after installation and commissioning at Centre. 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. Sixteen staff members have been hired for operations of the Centre. The project has been inaugurated on 28th April, 2017 by Federal Minister for Industries and Production, Govt. of Pakistan. HESC provided trainings to **32 trainees**, performed **20** industrial jobs and **60 trainees** are under trainings in various trades.

The construction of building of Light Engineering Upgradation Centre for SMEs in Balochistan (LEUC) has been completed. Utilities are placed including transformer connection 165kVA. Eight hundred forty three machines, miscellaneous equipment & tools have been procured and placed at Centre. Installation and commissioning of procured machines & equipment is completed and ready for operations at Centre. Training on seventeen machines and equipment is under progress. Office equipment, Furniture & fixtures and IT equipment have been procured. Eleven staff members have been hired to run the operations of the Project. LEUC performed **59** testing jobs and **75 trainees** are under training in different trades as awarded by NAVTTC.

Peshawar Light Engineering Centre (PLEC) construction phase completed. Fifteen 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, furniture & fixtures have been placed at site. Thirteen staff members have been hired to start the partial operations of Centre with available machinery. PLEC provided trainings to **110 trainees** in various trades, performed **121** laser marking jobs, **12** industrial jobs and **100 trainees** are under training in various trades as awarded by NAVTTC.

12. Proposed Initiatives:

i. PC-1 for Industrial Designing & Automation Centers (IDAC)

Rs 1,280.42 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%

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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.

Following are the social economic benefits that will arise in case designing software, 3D scanning machines, 3D Prototyping machines and automation laboratory are added in TUSDEC portfolio.

- 8060 trainees will be trained in 3 years
- 831 trainings will be conducted in both automation and designing software
- 1730 industrial jobs will be conducted in 3 years
- Socioeconomic condition of society will improve due to the increase in the productivity of skilled professionals. Expected average increase of Rs. 10,000 per trainee per month leading to the distribution of Rs. 725.4 Million in account of value addition in 3 years.

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- Rs 88.5 Million will be saved in terms of imports substitution due to locally available services of reverse engineering, automation and 3D prototyping in 3 years span

- These centers are expected to save Rs 60.4 Million in improved industry processes due to skilled workforce in 3 years span.

Allocation amounting to Rs. 100 million has been made in the Public Sector Development Program (PSDP) for FY 2018-19.

ii. PC-1 FOR VALUE ADDITION IN CONSTRUCTION INDUSTRY THROUGH CR&DI UPGRADATION Rs 119.46 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 2014-15. 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 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.

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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.

iii. PC-1 FOR UP-GRADATION OF CFC SERVICES FOR CERAMICS AND SANITARY WARE SECTOR AT CDTC, GUJRANWALA — Rs. 64.65 MILLION

Ceramics Development and Training Complex (CDTC) is a part of Common Facility Centre (CFC) Program of Government of Pakistan's SME Sector Development Program (SDP). Ceramics Development and Training Complex (CDTC) is established by Technology up gradation and skill Development Company (TUSDEC) to facilitate the major sanitary ware and ceramics manufacturing cluster densely present in Gujranwala and its surrounding districts.

The fundamental aim of CDTC is to upgrade the ceramics industry specifically the sanitary ware sector with integrated engineering solutions, contemporary machinery, latest technology, Laboratory for testing facilities of raw materials and process control, production and manufacturing support in the form of a common facility center.

The sanitary ware industry is continuously facing problems in production mainly because of poor workmanship of skilled workforce especially in the area of Ceramics Body Casting. Furthermore, non-availability of dedicated skilled workers for Ceramics Body Casting is one of the major reasons for decline in the production of sanitary ware industry.

Due to the above problem, the industry is unable to capitalize on its strengths without a major intervention. Inefficient production technology is a vicious circle, which increases the cost of production due to losses and reduces profitability. Few years ago Pakistan was exporting the sanitary wares to Middle East whereas now there is huge import of the sanitary wares.

In order to mitigate the current poor production technology of the sanitary ware sector, it has become inevitable to demonstrate the latest production technology of High Pressure Casting at CDTC. It will introduce the cluster to modern manufacturing techniques which is less labor intensive and gives very high quality of production as compared to the traditional hand made products. The new technology of High Pressure Casting of sanitary ware products shall enable the industry to reduce production losses and also facilitate production of better quality products at lower cost. This would contribute towards making the local products globally competitive. PIDC is requested for **64.65 million.**

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iv. 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. After the project implementation

- Average Production will rise up to 220 dozen pieces per day.
- Value Addition in the end product by 30%
- Efficiency of finishing will reach by 200%

The project was also cleared by DDWP for consideration of the CDWP.

v. 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

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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.

After the project implementation

- 640 trainees will be trained in footwear sector per year
- 75% increase is expected in footwear labor salaries

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.

vi. 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.

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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. This PC-I is in line with the government Vision 2025 and will be put-up in Ministry soon.

vii. 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 billion1. 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. This PC-I is in line with the government Vision 2025 and will be put-up in Ministry soon.

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13. OPERATING RESULTS

Your Company has a net Deficit of Rs. 170.87 million for the year 2017-18 as compared to net deficit of Rs. 33.48 million in 2016-17.

The key financial figures have been tabulated as follows

	Year Ended June 30, 2018	Year Ended June 30, 2017
	Rupees	
(Deficit)/ Surplus) before Tax	(170,866,345)	(33,479,605)
Taxation		
Current Year	-	-
Surplus(Deficit) after Tax	**(170,866,345)***	**(33,479,605)**

EARNING PER SHARE

Basic (Loss)/ earning per share come at Rs (7.55) - Year 2017: Rs. (2.23)

***Reason for Deficit**

During the year under review Ministry of Industries and Production (MoIP) amalgamated two Common Facility Centres (CFC's) namely Gujranwala Tools, Dies and Moulds Centre (GTDMC) and Ceramics Development and Training Complex (CDTC) into TUSDEC. Deficit for the year under review include the major impact of depreciation on fixed assets of CFC's amalgamated into TUSDEC.

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.

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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 218 of the Companies Act 2017(previously Companies Ordinance, 1984) and the rules formulated for this purpose.

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

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

15. PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2018 is annexed to the Annual Report.

HOLDING COMPANY

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

16. 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

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concern

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

17. AUDITORS

The present auditors M/s Javed Husnain Rashid & Co, Chartered Accountants retire and being eligible, offer themselves for re-appointment.

18. 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. Niaz Muhammad Khan
- Representative of Ministry of Finance
- Dr. Mohammad Aslam Khan
- Mr. Nooruddin F Daud (Tamgha-i-Imtiaz-Civil)

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TUSDEC

SIX YEAR FINANCIAL DATA					(Rupees in Millions)	
	2018	2017	2016	2015	2014	2013
Assets						
Non-current assets	383.57	24.55	34.91	44.81	54.21	7.76
Current assets	771.92	581.45	536.17	468.36	376.17	254.46
Equity and liabilities						
Share capital and reserves						
Share capital	226.25	150	150	150	150	150
Share Deposit Money	12.58	-	-	-	-	-
Merger Reserve	504.87	-	-	-	-	-
Accumulated deficit	(277.25)	(134.73)	(103.71)	(69.57)	(38.86)	(135.30)
	466.45	15.27	46.29	80.43	111.14	14.70
Non-current liabilities	659	578.27	481.19	410.79	294.23	77.67
Current liabilities	30.04	12.31	43.54	21.95	25.01	169.89
Revenue	91.51	250.04	231.97	177.01	98.31	21.9
Operating expenditure	262.38	283.52	268.18	208.31	61.37	38.75
(Deficit)/Surplus	(170.87)	(33.48)	(36.21)	(31.30)	36.94	(16.85)

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: 29 September 2018

Director

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M/S TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY

AUDITED FINANCIAL STATEMENTS

FOR YEAR ENDED JUNE 30, 2018

JAVED HASNAIN RASHID
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Opinion

We have audited the annexed financial statements of **TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY,** which comprise the Statement of Financial Position as at **June 30, 2018** and the Statement of Income and Expenditure, Statement of comprehensive income, the Statement of Changes in equity, the Statement of Cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion and to the best of our information and according to the explanations given to us , the statement of financial position, statement of Income and Expenditure, Statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the State of Company's affairs as at June 30, 2018 and of the loss, the changes in equity and its cash flow for the year then ended.

Basis of Opinion

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risk of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and Regulatory Requirements

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

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

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

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

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

The Financial Statements of the Company for the year ended June 30, 2017 were audited by another firm of chartered accountants who expressed an unmodified opinion dated October 23, 2017.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Rashid Khan, FCA.

Javed Hasnain Rashid

JAVED HASNAIN RASHID
CHARTERED ACCOUNTANTS
LAHORE

DATE: 19/10/2018

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
(A Company registered under section 42 of the repealed Companies Ordinance, 1984)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5.	377,888,160	22,166,001
Intangibles	6	1,793,525	1,577,474
Long term investments	7	-	60
Long term deposits	8	3,889,650	805,438
		383,571,335	24,548,973
Current assets			
Projects assets	9	633,586,671	537,397,256
Trade debts	10	13,504,842	4,586,314
Stores and spares		13,441,297	-
Short term advances	11	3,239,615	249,065
Short term advances deposits and prepayments	12	4,911,365	4,757,606
Interest accrued		256,506	-
Other receivables		406,550	9,790
Short term investments	13	45,000,000	-
Tax refunds due from the government	14	20,134,815	9,188,410
Cash and bank balances	15	37,436,996	25,266,160
		771,918,657	581,454,601
TOTAL ASSETS		1,155,489,992	606,003,574
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
135,000,000 (2017: 15,000,000) ordinary shares of Rs. 10/- each	16	1,350,000,000	150,000,000
Issued, subscribed and paid-up capital	17	226,250,000	150,000,000
Share deposit money	18	12,580,000	-
Merger reserve	19	504,865,626	-
Accumulated deficit		(277,246,745)	(134,725,572)
Total Equity		466,448,881	15,274,428
Surplus on revaluation of property and equipment	20	5,778,146	8,873,634
Project development fund	21	-	25,249,684
Non-current liability			
Deferred grant	22	653,219,681	544,293,338
Current liabilities			
Trade and other payables	23	24,905,733	8,061,688
Project liabilities	24	5,137,551	4,250,802
		30,043,284	12,312,490
TOTAL EQUITY AND LIABILITIES		1,155,489,992	606,003,574
Contingencies and commitments	25	-	-

The annexed notes from 1 to 41 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 INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 Rupees	2017 Rupees
Income			
Income from services	26	67,068,314	27,919,686
Amortization of grant related to income	27	16,914,605	217,751,134
		83,982,919	245,670,820
Cost of services			
Operating cost	28	112,911,743	-
Projects expenses	29	15,326,127	198,584,326
		128,237,870	198,584,326
		(44,254,951)	47,086,494
Expenditures			
Administrative and general expenses	30	132,866,100	84,932,284
Selling expenses	31	1,270,999	-
		134,137,099	84,932,284
		(178,392,050)	(37,845,790)
Other income	32	7,525,705	4,366,185
Deficit before taxation		(170,866,345)	(33,479,605)
Taxation	33	-	-
Deficit for the year		(170,866,345)	(33,479,605)

JHR

The annexed notes from 1 to 41 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 2018

	2018 Rupees	2017 Rupees
Deficit for the year	**(170,866,345)**	(33,479,605)
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	**2,032,988**	2,464,839
Transfer from project development fund	**25,249,684**	-
Surplus realized on disposal of vehicles	**1,062,500**	-
Total other comprehensive income	**28,345,172**	2,464,839
Total comprehensive income for the year	**(142,521,173)**	(31,014,766)

JHR

The annexed notes from 1 to 41 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 CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit before taxation		(170,866,345)	(33,479,605)
Adjustment for non cash items:			
Gain on disposal of property, plant and equipment		(2,532,500)	(34,690)
Interest income		(3,836,552)	(3,569,515)
Depreciation on property, plant and equipment	5	113,300,921	10,399,065
Amortization on intangibles	6	520,949	472,324
Amortization of deferred grant	27	(16,914,605)	(217,751,134)
Trade debts written-off		7,605,912	418,000
		98,144,125	(210,065,950)
Cash used before working capital changes		(72,722,220)	(243,545,555)
Changes in working capital			
Decrease / (increase) in trade debts		(8,918,528)	(5,600)
Decrease / (increase) in stores and spares		(13,441,297)	-
Decrease in other receivables		(396,760)	45,707
Increase in short term advances		(2,990,550)	301,668
(Increase) / decrease in short term prepayments		(153,759)	(3,326,442)
Increase in projects assets		(96,189,415)	(160,016,900)
Increase / (decrease) in projects liabilities		886,749	(33,149,515)
Increase in trade and other payables		16,844,045	1,789,121
		(104,359,515)	(194,361,961)
Cash used in operations		(177,081,735)	(437,907,516)
Interest income received		3,580,046	3,698,729
Taxes paid		(10,946,405)	(344,175)
		(7,366,359)	3,354,554
Net cash used in operating activities		(184,448,094)	(434,552,962)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(3,581,190)	(58,275)
Additions in intangibles	6	-	(858,487)
Advances against capital expenditures		(737,000)	-
Additions in long term deposits		(3,084,212)	399,000
Proceeds from sale of property, plant and equipment		3,595,000	43,800
Net cash used in investing activities		(3,807,402)	(473,962)
CASH FLOWS FROM FINANCING ACTIVITIES			
Impact through merger (GTDMC & CDTC)		30,755,384	-
Increase in share capital		76,250,000	-
Share deposit mony		12,580,000	-
Grant received	22	125,840,948	317,517,303
Net cash used in financing activities		245,426,332	317,517,303
Net decrease in cash and cash equivalents		57,170,836	(117,509,621)
Cash and cash equivalents at the beginning of the year		25,266,160	142,775,781
Cash and cash equivalents at the end of the year		82,436,996	25,266,160

The annexed notes from 1 to 41 form an integral part of these financial statements.

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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 2018

	Issued subscribed and paid-up capital	Accumulated (deficit) / surplus	Total
	---------- Rupees ----------		
Balance at 01 July 2016	**150,000,000**	**(103,710,806)**	**46,289,194**
Total comprehensive income	-	(31,014,766)	(31,014,766)
Balance at 30 June 2017	**150,000,000**	**(134,725,572)**	**15,274,428**
Total comprehensive income	-	(142,521,173)	(142,521,173)
Share issued to PIDC (Holding Company)	76,250,000	-	76,250,000
Balance at 30 June 2018	**226,250,000**	**(277,246,745)**	**(50,996,745)**

The annexed notes from 1 to 41 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 2018

1. CORPORATE AND GENERAL INFORMATION

1.1 The company 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 repealed 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.

1.2 Summary of significant events and transactions

Significant events and transactions affecting the financial statements are summarised as follows:

- Amalgamation of Gujranwala Tools, Dies and Moulds Centre (GTDMC) and Ceramics Development and Training Complex (CDTC) into Technology Upgradation and skill Development Company at its meeting held on July 18, 2017.

2. STATEMENT OF COMPLIANCE

Financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. Accounting and Reporting standards applicable in Pakistan Comprise of:(a) International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 and (b) Provisions and directives issued under the Companies Act, 2017. Wherever, the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards , the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. BASIS OF PREPARATION

3.1 These financial statements have been prepared under the historical cost convention except for property, plant and equipment which are stated at revalued amounts as mentioned in note 5.

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 following international financial reporting standards (IFRS Standards) as notified under the companies act 2017, and the amendments and the interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and measurement of share based Payment transaction- amendments to IFRS-2 clarify the accounting for certain type of arrangements and are effective for annual periods beginning on or after 01 January 2018. The amendments cover three accounting areas (a) measurement of cash settled share based payments (b) classification of share based payments settled net of tax withholdings and (c) accounting for modification of share based payment from cash settled to equity settled. The new requirements could affect the classification and/or measurements of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meet the definition of investment property and there is evidence in change of use. In Isolation, a change in management's intention for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IAS 28' Investments in associates and Joint Ventures' Effective for annual periods beginning on or after 01 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investment in associates joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of the investment. Furthermore, similar election is available to non investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity's associate or joint venture's interest in subsidiaries. This election is made separately for each investment entity associate or joint venture. These amendments are not likely to have an impact on Company's financial Statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves pay mentor receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. These amendments are not likely to have an impact on Company's financial Statements.
- IFRIC-15, "Revenue from Contracts with customers" (effective from annual periods beginning on or after 01 July 2018) . IFRIC 15 establishes a comprehensive framework in determining whether how much and when revenue is to be recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenues, IAS 11 "Construction Contracts' and IFRIC 13" Customer loyalty Programmes." The amendments are not likely to have a impact on companies financial statements.

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- IFRS-9, "Financial Instruments" and amendments prepayment features with negative compensations(effective fro annual periods beginning on or after 01 July 2018 and 01 January 2019 respectively) . IFRS 9 replaces the existing guidance in IAS 39 financial instrument, recognition and measurement. IFRS 9 includes revised guidance on the classification and measurements of financial instruments , a new expected credit loss model for calculating impairment on financial assets. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

- IFRS -16 Leases (effective for annual period beginning on or after 01 January 2019) replaces existing lease guidance , including IAS 17 leases , IFRIC 4 "determining whether an arrangement contain a lease"SIC-15" Operating lease Incentive" and SIC-27 " Evaluating the substance of Transactions involving the Legal form of Lease". IFRS 16 introduces a single, on- balance sheet lease accounting model for lessees. A lessee recognizes a right of use asset representing its right to use the underlying asset and the lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low value items. Lessor accounting remains similar to the current standards i.e. lessor continue to classify leases as finance or operating lease. These amendments are not likely to have an impact on Company's financial Statements.

- Amendments to IAS 28' Investments in associates and Joint Ventures' - Long term Interest in Associates and Joint Ventures Effective for annual periods beginning on or after 01 January 2019. The amendment will affect Companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long term Interest, LTI) the amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial Statements.

- Amendment to IAS-19, "Employee Benefits- Plan Amendment, Curtailment or settlement"(effective for annual periods beginning on or after 01 January 2019). The amendment clarifies that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period and the effect of asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The amendments are not likely to have an impact on Company's financial Statements.

- Amendment to IFRS-4, "Insurance Contracts"-Applying IFRS-9 "Financial Instruments with IFRS 4 (effective for annual periods beginning on or after 01 July 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standards IFRS 17 "Insurance Contracts". The amendments introduce two alternative options for entities issuing for contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 01 July 2018 onward to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 applied. The amendments are not likely to have an impact on Company's financial Statements.

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- Annual Improvements to IFRS standards 2015-2017 Cycle-the improvements address amendments to following approved accounting standards:

- IFRS-3 "Business Combination" and IFRS 11 "Joint Arrangements" - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of business. A company re-measures its previously held interests in a joint operations when it obtains control of the business. A company does not re-measure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS-12 'Income Taxes"- the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS-23 "Borrowing Cost" -the amendment clarifies that a Company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale"

The above amendments are effective for annual periods beginning on or after 01 January 2019 and are not likely to have any impact on Company's financial statements.

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, plant and equipment (4.3)
- Provisions (4.12)
- Employee benefits (4.10)

4.3 Property, plant and equipment

Property, plant 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, plant 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, plant 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.

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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 statement of income and expenditure account.

4.4 Intangibles

Recognition and measurement

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.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increase the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in statement of profit or loss.

Amortization

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

4.6 Stores and spares

Useable stores, spares and loose tools are valued principally at First In First Out (FIFO) methods, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision is made in the financial statements for slow moving store based on management's best estimate.

4.7 Trade and other receivables

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

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

The allowance for doubtful debts of the Company is based on the aging analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

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4.8 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 Statement of income and expenditure .

4.9 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.

4.10 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.

4.11 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 statement of financial position 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. Provisions are determined by discounting the expected future cash flows at a pre tax discount rate that reflects current market assessment of time value of money and risks specific to the liability. the unwinding of discount is recognised as finance cost. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

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4.13 Cash and cash equivalents

Cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and with banks in current and saving accounts and other short term highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of change in value.

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 statement of income and expenditure.

4.15 Related party transactions

Transactions with related parties are made at arm's length prices except in circumstances where it is in the interest of the Company not to do so. Parties are said to be related if they are able to influence the operating and financial decisions of the company as defined in International Accounting and Reporting Standard 24 "Related Parties".

4.16 Offsetting of financial assets and liabilities

Financial assets and liabilities are set-off and the net amount is reported in the statement of financial position if the Company has legally enforceable right to set-off recognized amounts and the Company intends to settle either on a net basis or realizes the asset and settle the liability simultaneously.

4.17 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.

4.18 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.

4.19 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.

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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 2018

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2018 Rupees	2017 Rupees
Operating fixed assets	5.1	377,562,560	22,166,001
Leased assets	5.2	325,600	-
		377,888,160	22,166,001

5.1 Operating fixed assets

PARTICULARS	2018									
	COST				DEPRECIATION				BOOK VALUE AS ON 30 JUNE 2018	RATE %
	As on 01 July 2017	Additions/ (deletions)	Acquisition through merger	As on 30 June 2018	As on 01 July 2017	Acquisition through merger	For the year	As on 30 June 2018		
	Rupees									
Owned:										
Land	-	-	26,500,001	26,500,001	-	-	-	-	26,500,001	0
Building		-	244,556,037	244,556,037	-	119,527,712	19,695,117	139,222,829	105,333,208	5-10
Building improvements	59,980,039	-		59,980,039	48,809,000	-	1,631,938	50,440,938	9,539,101	10
Office equipment	6,814,451	11,500	13,227,114	20,053,065	3,791,411	8,131,360	1,751,709	13,674,480	6,378,585	10
Plant & machinery	-	8,500	860,746,478	860,754,978		554,614,306	86,075,426	640,689,732	220,065,246	10
Computer equipment	80,324,299	1,206,170	11,960,394	93,490,863	78,428,761	11,672,252	1,330,917	91,431,930	2,058,933	33
Furniture and fixtures	9,870,116	-	9,203,677	19,073,793	6,510,719	6,284,481	1,415,371	14,210,571	4,863,222	10
Vehicles	188,292,118	2,355,020	1,480,919	188,378,057	185,575,131	1,480,919	1,185,243	185,553,793	2,824,264	20
		(3,750,000)	-				(2,687,500)			
Library hooks	250,775	-		250,775	250,775	-	-	250,775	-	20
Total	**345,531,798**	**3,581,190**	**1,167,674,620**	**1,513,037,608**	**323,365,797**	**701,711,030**	**113,085,721**	**1,135,475,048**	**377,562,560**	
		(3,750,000)					**(2,687,500)**			

5.2 Leased asset:

PARTICULARS	2018									
	COST				DEPRECIATION				BOOK VALUE AS ON 30 JUNE 2018	RATE %
	As on 01 July 2017	Additions/ (deletions)	Acquisition through merger	As on 30 June 2018	As on 01 July 2017	Acquisition through merger	For the year	As on 30 June 2018		
	Rupees									
Vehicles	-	-	1,752,000	1,752,000	-	1,211,200	215,200	1,426,400	325,600	20
		-								
Total	-	-	**1,752,000**	**1,752,000**	-	**1,211,200**	**215,200**	**1,426,400**	**325,600**	

Allocation of depreciation:

	2018 Rupees	2017 Rupees
Cost of services	86,075,426	-
Administrative and general expenses	27,225,495	10,399,065
	113,300,921	10,399,065

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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 2018

PARTICULARS	2017									
	COST				DEPRECIATION				BOOK VALUE AS ON 30 JUNE 2016	RATE %
	As on 01 July 2016	Additions/ (deletions)	Acquisition through merger	As on 30 June 2017	As on 01 July 2016	Acquisition through merger	For the year	As on 30 June 2017		
Owned:	Rupees									
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	-	-	80,324,299	72,173,629	-	6,386,182	78,428,761	1,895,538	33
		(140,160)	-	-	-	-	(131,050)	-	-	-
Furniture and fixture	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**		**345,531,798**	**313,097,782**		**10,399,065**	**323,365,797**	**22,166,001**	
		(140,160)			**(131,050)**		**(131,050)**			

5.3 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). The details of revalued amounts are as follows:

	2018 Rupees	2017 Rupees
Had the property and equipment not been revalued, the total carrying amounts at 30 June would have been as follows:		
Building improvements	**116,311**	209,708
Office equipment	**956,209**	956,257
Furniture and fixtures	**5,800**	74,128
	1,078,320	1,240,093

5.4 As on 30 June 2018, management expects that fair value of the fixed assets is not materially different from their net book value.

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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 2018

6. INTANGIBLES

Software	6.1	551,670	1,072,619
Advances against software	6.2	1,241,855	504,855
		1,793,525	1,577,474

6.1 Software

PARTICULARS	2018									
	COST				AMORTIZATION				VALUE AS ON 30 JUNE 2018	RATE %
	As on 01 July 2017	Additions/ (deletions)	Acquisition through merger	As on 30 June 2018	As on 01 July 2017	Acquisition through merger	For the year	As on 30 June 2018		
	Rupees									
Software	1,578,631	-	13,141,170	14,719,801	506,012	13,141,170	520,949	14,168,131	551,670	33
Total 2018	1,578,631	-		14,719,801	506,012		520,949	14,168,131	551,670	

PARTICULARS	2017									
	COST				AMORTIZATION				VALUE AS ON 30 JUNE 2018	RATE %
	As on 01 July 2016	Additions/ (deletions)	Acquisition through merger	As on 30 June 2017	As on 01 July 2016	Acquisition through merger	For the year	As on 30 June 2017		
	Rupees									
Software	1,224,999	353,632	-	1,578,631	33,688	-	472,324	506,012	1,072,619	33
Total 2018	1,224,999	353,632		1,578,631	33,688		472,324	506,012	1,072,619	

JHR

6.2 This representes advances against software.

7. LONG TERM INVESTMENTS	Note	2018 Rupees	2017 Rupees
Investments in associates - at cost:			
Gujranwala Tools, Dies and Moulds Centre (GTDMC)	7.1	-	30
Ceramics Development and Training Complex (CDTC)	7.2	-	30
		-	60

7.1 This represents investment in GTDMC 3 ordinary shares of Rs. 10 each. During the year 2017-18 GTDMC amalgamated into TUSDEC and investment has been eliminated.

7.2 This represents investment in GTDMC 3 ordinary shares of Rs. 10 each. During the year 2017-18 CDTC amalgamated into TUSDEC and investment has been eliminated.

8. LONG TERM DEPOSITS	Note	2018 Rupees	2017 Rupees
These include deposits against:			
Rent		**300,000**	300,000
Security deposit SNGPL		**2,196,524**	-
Office		**381,883**	381,883
Others		**1,011,243**	123,555
		3,889,650	805,438

9. PROJECTS ASSETS			
Projects in progress	9.1	**621,137,836**	436,885,058
Advances to suppliers	9.2	-	94,825,177
Prepayments and other receivables	9.3	**12,448,835**	5,687,021
		633,586,671	537,397,256

9.1 Projects in progress			
Agency for technical cooperation and development (ACTED)	9.1.1	**1,032,254**	1,032,254
European commission (EC)	9.1.1	**11,850,143**	11,850,143
Engineering support centres(ESC)	9.1.1	**599,774,315**	415,521,537
Project monitoring unit(PMU)	9.1.1	**1,350,929**	1,350,929
Skill tech	9.1.1	**7,130,195**	7,130,195
		621,137,836	436,885,058

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9.1.1 Projects in progress

	2018					2017				
	ACTED	EC	ESC	PMU	Skill Tech	ACTED	EC	ESC	PMU	Skill Tech
	Rupees					Rupees				
Opening balance as on 1 July	1,032,254	11,850,143	415,521,537	1,350,929	7,130,195	1,032,254	11,835,643	286,841,935	1,256,929	7,106,195
Additions:										
Capital expenditure										
Building improvements	-	-	-	-	-	-	-	6,123,818	-	-
Office equipment	-	-	693,309	-	-	-	-	2,357,038	-	-
IT Infrastructure	-	-	4,665,659	-	-	-	-	8,218,460	94,000	-
Furnitures & fixtures	-	-	1,363,986	-	-	-	14,500	4,722,786	-	24,000
Machinery and equipment	-	-	146,553,197	-	-	-	-	79,163,573	-	-
Other assets	-	-	5,720,000	-	-	-	-	-	-	-
	-	-	158,996,151	-	-	-	14,500	100,585,675	94,000	24,000
Operational expenditure										
Employees cost	-	-	12,663,311	-	-	-	-	13,154,243	-	-
TUSDEC / PMU service fee	-	-	-	-	-	-	-	6,093,700	-	-
Vehicle running and maintenance cost	-	-	-	-	-	-	-	200	-	-
Electricity, fuel and power	-	-	1,182,195	-	-	-	-	607,492	-	-
Consumables	-	-	285,637	-	-	-	-	516,883	-	-
Advertisement	-	-	1,736,297	-	-	-	-	1,082,724	-	-
Other expenses	-	-	9,389,187	-	-	-	-	6,638,685	-	-
	-	-	25,256,627	-	-	-	-	28,093,927	-	-
Closing as on 30 June 2018	1,032,254	11,850,143	599,774,315	1,350,929	7,130,195	1,032,254	11,850,143	415,521,537	1,350,929	7,130,195

JHR

		Note	2018 Rupees	2017 Rupees
9.2	**Advances to suppliers**			
	ESC:			
	KTD (Private) limited		-	3,523,923
	K.M. enterprises		-	22,481,204
	Torjans		-	5,720,000
	Waseer impex		-	57,042,924
	Greaves pakistan (Pvt.) Ltd.		-	2,258,100
	All in One		-	27,063
	Electrical Engineering Services		-	3,771,963
		9.2.1	-	94,825,177
			-	94,825,177

9.2.1 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**		
	EC:		
	Other receivables	-	478,453
	NAVTTC:		
	Other receivables	12,957	12,952
	UNDP:		
	Other receivables	410	-
	PMU:		
	Prepayments	-	89,863
	Other receivables	363,654	1,005,823
		363,654	1,095,686
	ESC:		
	Prepayments	4,516,990	1,215,524
	Other receivables	6,427,329	2,546,317
		10,944,319	3,761,841
	Skill tech:		
	Prepayments	39,334	53,925
	Other receivables	1,088,161	284,166
		1,127,495	338,091
		12,448,835	5,687,023

10.	**TRADE DEBTS**			
	Unsecured - considered good			
	Related party			
	Pakistan Industrial Development Corporation (PIDC)	10.1	4,164,514	4,425,314
	Trade receivables-others		9,340,328	161,000
			13,504,842	4,586,314

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 and it is past due for more than 3 years.

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11. SHORT TERM ADVANCES-*considered good*

Advances to employees		
against expenses	**95,654**	61,115
against salary	**267,486**	187,950
Advances to suppliers	**2,876,475**	-
	3,239,615	249,065

12. SHORT TERM ADVANCES, DEPOSITS AND PREPAYMENTS

Trade deposits - bid security	**1,867,374**	3,174,472
Prepaid rent	**145,200**	132,000
Prepaid insurance	**2,161,771**	1,432,586
Sales tax/excise duty	**715,958**	18,548
Others	**21,062**	-
	4,911,365	4,757,606

13. SHORT TERM INVESTMENTS

Soneri Bank Limited	**10,000,000**	-
Faysal Bank Limited	**35,000,000**	-
	45,000,000	-

13.1 These represent Term Deposit 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 5.75% to 6.90% (2017: 5.75% to 6.90%) per annum.

14. TAX REFUNDS DUE FROM THE GOVERNMENT

Tax refunds due from the government	**14.1**	**20,134,815**	9,188,410
		20,134,815	**9,188,410**

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

15. CASH AND BANK BALANCES

Cash in hand		**388,156**	227,254
Cash at banks			
- Current Accounts		-	1,051,848
- Deposit Accounts	**(15.1&15.2)**	**37,048,840**	23,987,058
		37,436,996	25,266,160

15.1 The deposits in saving accounts carry mark-up at the rate ranging from 3.75% to 6.05% (2017: 3.75% to 6.3 %) per annum.

15.2 This includes an amount of Rs. 1,200,000 (2017: Rs. 1,200,000) on which bank has lien against guarantees issued on behalf of the Company.

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16. AUTHORIZED SHARE CAPITAL

135,000,000 (2017: 15,000,000) ordinary shares of Rs. 10 each		**150,000,000**	150,000,000
Add:-			
(a)-GTDMC - 90,000,000 ordinary shares of Rs. 10 each	**16.1**	**900,000,000**	-
(b) - CDTC - 30,000,000 ordinary shares of Rs. 10 each	**16.2**	**300,000,000**	-
Closing Balance		**1,350,000,000**	150,000,000

16.1 This represents the amount of authorized share capital of Gujranwala Tools, Dies and Moulds Centre (GTDMC) being merged with TUSDEC under amalgamation policy as set out in note no. 19.

16.2 This represents the amount of authorized share capital of Ceramic Development and Training Complex (CDTC) being merged with TUSDEC under amalgamation policy as set out in note no. 19.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

15,000,000 (2017: 15,000,000) ordinary shares of Rs. 10 each	**150,000,000**	150,000,000
Add:-		
Issued 7,625,000 (2017: Nill) ordinary shares of Rs. 10 each	**76,250,000**	-
Less:-		
Share Transfer.	-	-
Closing Balance	**226,250,000**	150,000,000

18. SHARE DEPOSIT MONEY

Share Deposit Money	**18.1**	**12,580,000**	-
		12,580,000	-

18.1 This represents the amount received from Pakistan Industrial Development Corporation (PIDC) against issuance of 1,258,000 ordinary shares of Rs. 10 each. Subsequently shares have been issued against this amount on 11th July, 2018.

19. Merger reserve-Business combination

Two companies namely Gujranwala Tools Dies and Moulds Centre (GTDMC) and Ceramics Development and Training Complex(CDTC) has been amalgamated in to Technology Upgradation and Skill Development Company (TUDEC) with effect from 18th July, 2017. Ministry of Industry and Production (MOIP) approved the amalgamation of aforementioned companies vide its decision dated 25th May, 2017. Subsequent to the approval of MOIP the BOD of respective companies approved the scheme of amalgamation as required under section 284 of the Companies Act, 2017. Securties and exchange commision of pakistan (SECP) has acknowledged the scheme of amalgamation and BOD resolution vide its letter no. ARL/0082377/9050 dated 2nd November, 2017. As per terms of the Scheme of amalgamation, Pooling Interest method is to be used for amalgamation i-e All the assets (properties, rights, titles, interest, investments, receivables and others) and all liabilities (duties, obligations and undertakings) of the transferee companies (GTDMC & CDTC) are transferred to transferor company(TUSDEC) at carrying amount at effective date of amalgamation scheme.

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The fair value and carrying amounts of the assets and liabilities acquired are as follows:

(a) - GUJRANWALA TOOLS, DIES AND MOULDS CENTRE - *Net Assets*

	Carrying Amounts as at July 17, 2017	Fair value and other Adjustments	Fair value as at July 17 , 2017
Assets			
Property, plant and equipment- operating	319,587,553	-	319,587,553
Capital work in progress	2,075,273	-	2,075,273
Long term deposits	852,688	-	852,688
Stores, spare parts and loose tools	16,365,510	-	16,365,510
Stock in trade	793,875	-	793,875
Trade debts and other receivables	5,196,175	-	5,196,175
Loans, advances and prepayments	3,463,876	-	3,463,876
Advance tax	5,144,505	-	5,144,505
Cash and bank balances	7,160,984	-	7,160,984
	360,640,439	-	360,640,439
Liabilities			
Liability against assets subject to finance lease	1,356,348	-	1,356,348
Trade and other payables	27,378,111	-	27,378,111
Current portion of long term liabilities	333,652	-	333,652
	29,068,111	-	29,068,111
	331,572,328	-	**331,572,328**

(b) - CERAMICS DEVELOPMENT AND TRAINING COMPLEX- *Net Assets*

	Carrying Amounts as at July 17, 2017	Fair value and other Adjustments	Fair value as at July 17 , 2017
Assets			
Property, plant and equipment	146,916,835	-	146,916,835
Long term security deposits	2,196,524	-	2,196,524
Stores and spares	1,451,017	-	1,451,017
Trade debts	1,129,660	-	1,129,660
Receivables	180,204	-	180,204
Prepayments	349,109	-	349,109
Short term investments	13,000,000	-	13,000,000
Tax refunds due from the Government	3,015,544	-	3,015,544
Cash and bank balances	5,719,222	-	5,719,222
	173,958,115	-	173,958,115
Liabilities			
Accrued and other liabilities	664,758	-	664,758.00
	664,758	-	664,758
	173,293,357	-	**173,293,357**

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Fair value of Net Assets			
-Gujranwala Tools, Dies And Moulds Center		331,572,328	-
-Ceramics Development And Training Complex		173,293,358	-
		504,865,686	-
Elimination of Investment	7	60	-
		504,865,626	-

20. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Balance at 01 July	8,873,634	11,338,473
Incremental depreciation charged during the year	(2,032,988)	(2,464,839)
Realised on disposal of vehicles	(1,062,500)	-
Closing balance	5,778,146	8,873,634

	Note	2018 Rupees	2017 Rupees
21. PROJECT DEVELOPMENT FUND			
Opening balance	21.1	25,249,684	25,249,684
Transfer to equity	21.2	(25,249,684)	-
Closing balance		-	25,249,684

21.1 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.

21.2 The Board of Directors in its 52nd meeting decided to transfer the balance amount of PDF to Comprehensive Income.

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22. 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	Acquisition through merger	Amortization of Grant for the year Note 24	Fund returned/ Surrendered /Transferred	
		Rupees						
30 June 2018								
Grant related to assets	22.1	8,066,604	-		-	1,588,478	-	6,478,126
Grant related to income:								
Engineering support centres	22.2	511,145,466	107,134,076	278,480	-	-	-	618,558,022
Project monitoring unit (PMU)	22.3	4,221,345	-	28,126	-	2,324,367	-	1,925,104
European commission (EC)	22.4	12,910,346		45,049	-	(8,618)	1,434,400	11,529,613
Agency for technical cooperation and development	22.3	1,032,253	-	-	-	-	-	1,032,253
National vocational and technical commission	22.3	925,825	7,330,810	10,050	3,667,096	4,416,222	-	7,517,559
United nation development program	22.4	406,408	-	15,853		4,608	-	417,653
Skill tech	22.2	5,585,091	5,000,000	3,765,808		8,589,548	-	5,761,351
		536,226,734	119,464,886	4,143,366	3,667,096	15,326,127	1,434,400	646,741,555
		544,293,338	119,464,886	4,143,366	3,667,096	16,914,605	1,434,400	653,219,681
30 June 2017								
Grant related to assets	22.1	13,923,779	-		-	5,857,175	-	8,066,604
Grant related to income:								
Engineering support centres	22.2	341,606,717	204,000,000	-	-	-	34,461,251	511,145,466
Project monitoring unit (PMU)	22.3	6,584,437	6,093,703	75,851	-	8,532,646	-	4,221,345
European commission (EC)	22.4	56,825,553	138,050,374	1,195,462	-	173,161,043	10,000,000	12,910,346
Agency for technical cooperation and development	22.3	4,396,946	-	42,876	-	1,066	3,406,503	1,032,253
National vocational and technical commission	22.3	572,693	2,583,636	13,855	-	2,244,359	-	925,825
United nation development program	22.4	12,684,515	10,663,789	265,706	-	23,207,602	-	406,408
Skill tech	22.2	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

22.1 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.

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

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

22.4 It is not certain at the year end date whether these projects will be handed over to the donor or not.

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23. TRADE AND OTHER PAYABLES	Note	2018 Rupees	2017 Rupees
Creditors		2,961,753	2,235,312
Accrued liabilities		7,345,936	1,229,405
Advances from customers		1,538,179	-
Withholding income tax payable		375,239	4,813
Employees benefits payable		1,257,430	981,818
General sales tax		-	210
Other liabilities		347,942	3,543,888
Payable to machinery supplier	23.1	10,679,360	-
Current portion of long term liabilities		333,652	-
Payable to PIDC		66,242	66,242
		24,905,733	8,061,688

23.1 This constitutes an amount of Rs.10,679,360 as a performance bond which is payable to TRUMPF (Germany) after one year from the commissioning of Laser Cutting and Marking machine.

24. PROJECT LIABILITIES	Note	2018 Rupees	2017 Rupees
These represent accrued expenses and/or payables in respect of the following projects:			
EC:			
Payables		324,157	577,178
Accrued expenses		-	-
		324,157	577,178
PMU:			
Payables		79,601	206,741
Accrued expenses		-	272,829
		79,601	479,570
ESC:			
Payables	24.1	3,168,943	2,687,669
Skill tech:			
Payables		475,294	191,855
Accrued expenses		1,089,556	10,212
		1,564,850	202,067
NAVTTC:			
Payables		-	304,320
Accrued expenses		-	-
		-	304,320
		5,137,551	4,250,804

24.1 This includes an amount of Rs. 2,000,253 (2017: Rs. 2,000,253) against the retention money of construction contractors as per the agreement for the ongoing contruction of Peshawer Light Engineering Centre, (Lasbela, Light Engineering Upgradation Centre and Hyderabad Engineering Sports Centre.

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25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

Guarantees issued by a bank on behalf of the Company in favor of the following parties:	Note	2018 Rupees	2017 Rupees
Pakistan State Oil		1,200,000	1,200,000
25.2 Commitments		Nil	Nil

26. INCOME FROM SERVICES

	Note	2018 Rupees	2017 Rupees
Income from:			
trainings	26.1	41,575,496	19,062,781
projects	26.2	2,070,079	661,857
laboratory test and 3D scanning	26.3	11,662,877	8,195,048
Project implementation		-	13,309,633
Toll manufacturing	26.4	11,479,862	-
Consultancy fee		280,000	
		67,068,314	41,229,319
		-	(13,309,633)
		67,068,314	27,919,686

26.1 This represents the amount being recognised in respect of income from training (solar training courses), short courses (CAD/CAM courses, Auto CAD) and other administrative fee against the EC and UNDP projects.

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

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

26.4 This represents the amount being recognized in respect of income from services provided by GTDMC and CDTC.

27. AMORTIZATION OF GRANT

amortization of grant related to asset	27.1	1,588,478	5,857,175
amortization of grant related to income	27.2	15,326,127	211,893,959
		16,914,605	217,751,134

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

27.2 This represents amortization of grant against following projects:

Agency for technical cooperation and development (ACTED)	-	1,066
National Vocational and Technical Commission (NAVTTC)	4,416,222	2,244,359
European commission (EC)	(8,618)	173,161,043
United Nation Development Program (UNDP)	4,608	23,207,602
Skill Tech	8,589,548	4,747,243
Project Monitoring Unit (PMU)	2,324,367	8,532,646
	15,326,127	211,893,959

28. OPERATING COST	Note	2018 Rupees	2017 Rupees
Gas charges		4,532,932	-
Salaries, wages and other benefits		10,293,044	-
Stores and spares consumed		1,180,028	-
Oil and lubricant consumed		238,963	-
Electricity charges		3,706,434	-
Diesel for generator		421,960	-
Repairs and maintenance		902,155	-
Insurance charges		638,370	-
Depreciation	5	86,075,426	-
Training expenses		4,832,961	-
Misc. expenses		89,470	-
		112,911,743	-

29. PROJECT EXPENSES

	2018	2017
ACTED:		
Other expenses	-	1,066
	-	1,066
NAVTTC:		
Employee cost	1,722,200	745,000
Consumables	766,905	149,332
Other expenses	1,927,117	1,350,027
	4,416,222	2,244,359
EC:		
Employee Cost	-	25,041,203
Building rent	-	1,252,152
Vehicle running and maintenance cost	-	2,057,143
Consumables	-	1,198,270
Advertisement	-	6,055,328
Travelling and conveyance	-	4,990,007
Training package/service fee	(9,000)	119,156,990
Community mobilization charges	-	2,009,350
Other expenses	382	11,400,600
	(8,618)	173,161,043
UNDP:		
Employee cost	-	2,783,386
Vehicle running and maintenance cost	-	27,010
Advertisement	4,608	82,357
Travelling and conveyance	-	370,737
Postage and telephone	-	34,626
Other expenses	-	19,909,486
	4,608	23,207,602
PMU:		
Employee cost	1,785,925	6,579,786
Vehicle running and maintenance cost	13,620	51,730
Travelling and conveyance	158,700	605,056
Postage and telephone	41,208	127,228
Other expenses	324,914	1,168,846
	2,324,367	8,532,646

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Skill Tech:		
Employee cost	**4,007,090**	3,832,441
Vehicle running and maintenance cost	**34,892**	33,035
Electricity fuel and power	**224,395**	245,710
Consumables	**250,123**	163,308
Advertisement	**25,980**	23,456
Travelling and conveyance	**142,634**	89,331
Postage and telephone	**89,009**	87,174
Other expenses	**3,815,425**	272,788
	8,589,548	4,747,243
	15,326,127	211,893,959
Other expenses		13,309,633
	15,326,127	198,584,326

30. ADMINISTRATIVE AND GENERAL EXPENSES

		2018 Rupees	2017 Rupees
Salaries and other benefits	**30.1**	**71,720,378**	49,919,333
Depreciation	**5.**	**27,225,495**	10,399,065
Amortization on intangibles	**6**	**520,949**	472,324
Traveling, vehicle running and maintenance		**5,991,303**	4,307,227
Utilities		**3,108,067**	3,676,003
Rent, rate and taxes		**3,475,555**	3,302,010
Repair and maintenance		**1,319,285**	1,393,304
Advertisement and business development		**306,668**	1,379,429
Consumables		**1,632,536**	1,459,457
Janitorial services		**2,013,089**	1,657,071
Postage and telephone		**2,115,055**	1,516,042
Insurance		**1,117,297**	731,898
Security services		**1,509,985**	1,403,984
Printing and stationery		**691,641**	732,964
Legal and professional charges		**1,208,974**	792,820
Miscellaneous expenses		**190,409**	117,009
Auditors' remuneration	**30.2**	**300,000**	361,500
Project expenses		**647,142**	714,672
Balances written-off		**7,605,912**	418,500
Fee and subscription		**166,360**	177,672
		132,866,100	**84,932,284**

30.1 This includes an amount of Rs. 3,810,969 (2017: Rs. 2,440,925) recognized in respect of Provident Fund and Rs. 533,645 (2017: Rs. 1,448,726) in respect of compensated absences.

30.2 Auditor's remuneration

Audit fee	**300,000**	286,500
Statement of compliance - CCG	-	75,000
	300,000	**361,500**

31. SELLING AND DISTRIBUTION EXPENSES

	Note	2018 Rupees	2017 Rupees
Salaries and wages		**1,044,185**	-
Advertisement & promotion		**87,648**	-
Consumables		**139,166**	-
		1,270,999	-

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32. OTHER INCOME

Income from financial assets:		
Saving accounts	**1,681,990**	1,393,794
Term deposits receipts	**2,154,562**	2,175,721
	3,836,552	3,569,515
Income from assets other than financial assets:		
Disposal of property and equipment	**2,532,500**	34,690
Miscellaneous	**1,156,653**	761,980
	3,689,153	796,670
	7,525,705	4,366,185

33. TAXATION

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

34. RELATED PARTY BALANCES AND TRANSACTIONS

34.1 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.

35. FINANCIAL RISK MANAGEMENT

The Company's financial liabilities comprises of trade and other payables. The main purpose of these financial liabilities is to raise finances for Company's operations. The Company's financial assets comprise of long term deposits, trade debts, other receivables, short term investments and cash and bank balances that arrive directly from its operations.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk and interest rate risk). The Company's overall risk management program 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), and Chief Financial Officer (CFO). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, interest rate risk, credit risk and liquidity risk.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Company's activities.

35.1 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:

Balances with banks

The Company held balances of Rs. 36,832,252 with banks as at June 30, 2018 (June 2017: 25,088,906) Management assesse the credit quality of the counter parties as satisfactory. Credit rating information of banks is as follows:

Bank/Financial institution	Rating			2018	2017
	Short term	Long term	Agency	Rupees	Rupees
Askari bank limited	A1+	AA+	PACRA	25,505,527	16,104,366
Bank alfalah limited	A1+	AA+	PACRA	231,110	14,203
Mcb bank limited	A1+	AAA	PACRA	4,034,961	2,056,028
Soneri bank	A1+	AA-	PACRA	1,543,970	5,649,202
Faysal bank limited	A1+	AA-	PACRA	487,248	
National bank of Pakistan	A1+	AAA	PACRA	3,730,782	1,215,107
Habib bank limited	A1+	AAA	JCR-VIS	1,298,654	-
				36,832,252	25,038,906

Trade debts

The Company's exposure to Credit risk is influenced mainly by the individual characteristics of each customer. However management also considers the credit risks of its customer base. Credit risk related to trade debts is managed by established procedures and controls relating to customers credit risk management. The company maintains a provision for doubtful debts that represents its estimate of probable losses is respect of trade debts. 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:	2018 Rupees	2017 Rupees
Past due but not impaired		
Past due 1-30 days	1,850,424	320,800
Past due 31-60 days	937,978	-
Past due 61-90 days	6,320,741	86,000
Over 90 days	4,395,699	4,179,514
	13,504,842	4,586,314

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:

35.2 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, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Company has export running finance facility available from a commercial bank to meet its liquidity requirements, without incurring unacceptable losses or risking damage to the company's reputation.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
30 June 2018	----------(Rupees)----------			
Trade and other payables	24,905,733	24,905,733	24,905,733	-
Project liabilities	5,137,551	5,137,551	5,137,551	-
	30,043,284	30,043,284	30,043,284	-

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	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
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**	-

35.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) 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.

Monitory Items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Company are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the profit and loss account. As there are no foreign currency transactions during the year, the Company is not exposed to currency risk.

(b) 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 interest 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. There are no financial instruments obtained at variable rates so the Company is not exposed to cash flow interest rate risk. Saving accounts and short term investments are carried at fixed rate which expose the Company to fair value interest rate risk.

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

	2018 Rupees	2017 Rupees
Fixed rate instruments		
Financial assets		
Saving bank accounts	**37,048,840**	23,987,058
Short term investments	**45,000,000**	-
	82,048,840	**23,987,058**

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 instruments 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 instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk as its investments in equity securities are recorded at cost and not equity method of accounting.

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35.4 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.

35.5 Financial instruments by categories

	2018		
	Cash and cash equivalents	Loans and advances	Total
Assets as per balance sheet	----------(Rupees)----------		
Long term deposits	-	3,889,650	3,889,650
Trade debts	-	13,504,842	13,504,842
Other receivables	-	406,550	406,550
Short term investments	45,000,000	-	45,000,000
Bank balances	37,048,840	-	37,048,840
	82,048,840	17,801,042	99,849,882

	2018
	Financial Liabilities at amortized cost
Liabilities as per balance sheet	Rupees
Trade and other payables	24,905,733

Financial instruments by categories

	2017		
	Cash and cash equivalents	Loans and advances	Total
Assets as per balance sheet	----------(Rupees)----------		
Long term deposits	-	805,438	805,438
Trade receivables	-	4,586,314	4,586,314
Other receivables	-	9,790	9,790
Short term investments	155,000,000	-	155,000,000
Bank balances	43,215,982	-	43,215,982
	198,215,982	5,401,542	203,617,524

	2017
	Financial Liabilities at amortized cost
Liabilities as per balance sheet	Rupees
Trade and other payables	8,061,688

35.6 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 dividend payments to the shareholders, return on capital to shareholders or issue new shares.

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36. REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

	2018		2017	
	Chief Executive Officer	Directors	Chief Executive Officer	Directors
Managerial remuneration	4,151,232	-	3,388,000	-
Contribution to provident fund	415,331	-	338,970	-
Housing and utilities	2,075,824	-	1,694,000	-
Medical reimbursements	415,123	-	142,915	-
Fuel and Mobile Allowance	438,800		-	
	7,496,310	-	5,563,885	-
Number of persons	1	8	1	8

37. 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 218 of the Companies Act 2017(previously Companies Ordinance, 1984) and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	2018 Rupees (unaudited)	2017 Rupees (unaudited)
Size of the fund		19,997,100	10,699,769
Cost of investment made	37.1	10,000,000	10,000,000
Percentage of investment made		50%	93%
Fair value of investment		10,000,000	10,000,000

37.1 Breakup of investment

	2018		2017	
	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	50%	10,000,000	93%

38. NUMBER OF EMPLOYEES

The number of employees at the year end were as follows:

	2018	2017
- TUSDEC	132	69
- Projects	44	39
	176	108

The average number of employees during the year were as follows:

- TUSDEC	102	54
- Projects	42	77
	144	131

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39. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 29-09-2018 by the Board of Directors of the Company.

40. CORRESPONDING FIGURES

Corresponding figures have been re-arranged or reclassified wherever necessary, for better and fair presentation. However, no significant reclassification / restatement have been made in these financial statements.

41. GENERAL

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

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CHIEF EXECUTIVE OFFICER

DIRECTOR