

**Auditors' Report
of**

**ENGINEERING CONSULTANCY
SERVICES PUNJAB (PRIVATE) LIMITED**

**for the year ended
June 30, 2012**

ENGINEERING CONSULTANCY SERVICES PUNJAB (PRIVATE) LIMITED

AUDITORS' REPORT TO THE MEMBERS

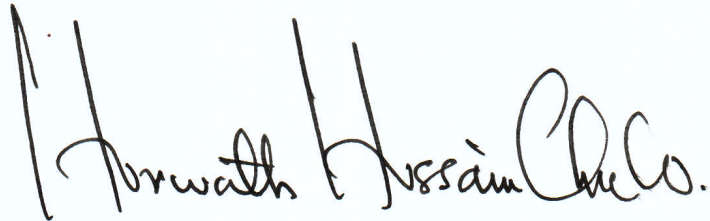
We have audited the annexed balance sheet of **ENGINEERING CONSULTANCY SERVICES PUNJAB (PRIVATE) LIMITED** as at June 30, 2012 and the related profit and loss account, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the period from December 28, 2011 to June 30, 2012 and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984.
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the period was for the purpose of the Company's business; and
 - (iii) the business conducted and the expenditure incurred during the period were in accordance with the objects of the Company;

- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2012 and of the profit, its cash flows and changes in equity for the period then ended; and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.



Lahore
Dated 09 OCT 2013

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

(Engagement Partner: Muhammad Nasir Muneer)

**ENGINEERING CONSULTANCY SERVICES
PUNJAB (PRIVATE) LIMITED**

BALANCE SHEET AS AT JUNE 30, 2012

	Note	2012 Rupees
ASSETS		
Non Current Assets		
Operating fixed assets	4	3,123,570
Intangible asset	5	893,783
Security deposit		<u>2,605,020</u>
		6,622,373
Current Assets		
Accounts receivable	6	<u>28,111,645</u>
Advances, prepayments and other receivables	7	8,012,815
Cash and bank balances	8	<u>22,018,445</u>
		58,142,905
Total Assets		<u><u>64,765,278</u></u>
EQUITY AND LIABILITIES		
Equity		
Share Capital and Reserves		
Authorized capital 50,000 ordinary shares of Rs. 100 each		<u><u>5,000,000</u></u>
Issued, subscribed and paid up capital 2 ordinary shares of Rs. 100 each		<u>200</u>
Net profit for the period ended June 30, 2012		<u>3,790,949</u>
		3,791,149
Non Current Liabilities		
Loan from the Government of Punjab	9	46,000,000
Current Liabilities		
Creditor, accrued and other liabilities	10	<u>14,038,684</u>
Provision for taxation		<u>935,445</u>
		14,974,129
Contingencies and Commitments	11	-
Total Equity and Liabilities		<u><u>64,765,278</u></u>

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

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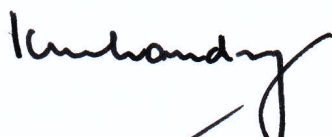
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**ENGINEERING CONSULTANCY SERVICES
PUNJAB (PRIVATE) LIMITED**

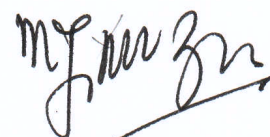
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD FROM DECEMBER 28, 2011 TO JUNE 30, 2012

	Note	From December 28, 2011 to June 30, 2012 Rupees
Professional services		40,693,009
Cost of professional services	12	<u>(17,777,841)</u>
Gross Profit		22,915,168
Operating expenses:		
- Administrative expenses	13	<u>(17,301,125)</u>
Operating Profit		5,614,043
Other operating expenses	14	<u>(887,649)</u>
Profit before Taxation		4,726,394
Taxation		(935,445)
Net Profit for the Period		<u><u>3,790,949</u></u>

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



Managing Director / Chief Executive Officer



Director

**ENGINEERING CONSULTANCY SERVICES
PUNJAB (PRIVATE) LIMITED**

**CASH FLOW STATEMENT
FOR THE PERIOD FROM DECEMBER 28, 2011 TO JUNE 30, 2012**

	From December 28, 2011 to June 30, 2012
	Rupees
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before taxation	4,726,394
Adjustments:	
- Depreciation	155,345
- Amortization	81,253
	236,598
Operating Profit before Working Capital Changes	4,962,992
(Increase) / decrease in current assets:	
- Trade debts	(28,111,645)
- Advances, prepayments and other receivables	(7,436,978)
Increase / (decrease) in current liabilities:	
- Trade and other payables	14,038,684
	(21,509,939)
Cash used in operations	(16,546,947)
Income tax paid	(575,837)
Net Cash used in Operating Activities	(17,122,784)
CASH FLOW FROM INVESTING ACTIVITIES	
Operating fixed assets purchased	(3,278,915)
Intangible asset purchased	(975,036)
Long term deposit	(2,605,020)
Net Cash used in Investing Activities	(6,858,971)
CASH FLOW FROM FINANCING ACTIVITIES	
Shares issued during the period	200
Loan received from the Government of Punjab	46,000,000
Net Cash generated from Financing Activities	46,000,200
Cash and Cash Equivalents at the End of the Period	22,018,445

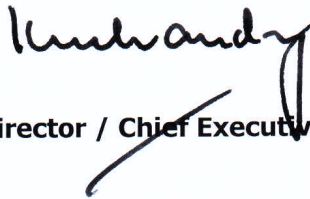
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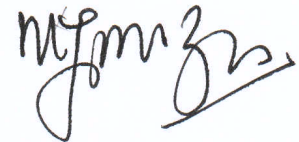
**ENGINEERING CONSULTANCY SERVICES
PUNJAB (PRIVATE) LIMITED**

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM DECEMBER 28, 2011 TO JUNE 30, 2012**

Particulars	Share Capital	Unappropriated Profit	Total
	Rupees	Rupees	Rupees
Shares issued during the period	200	-	200
Net profit for the period	-	3,790,949	3,790,949
Balance as at June 30, 2012	<u>200</u>	<u>3,790,949</u>	<u>3,790,949</u>



Managing Director / Chief Executive Officer



Director

ENGINEERING CONSULTANCY SERVICES PUNJAB (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Note 1 The Company and its Operations

Engineering Consultancy Services Punjab (Private) Limited was incorporated under the Companies Ordinance, 1984 (XLVII) on December 28, 2011. The Company is principally engaged in providing consultancy services for civil works, electro-mechanical, chemical, metallurgical engineering and architecture. The registered office of the Company is situated at Planning and Development Department, Government of Puniab. Civil Secretariat. Lahore.

Note 2 Basis of Preparation

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standards for Small Sized Entities (SSEs) issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention.

Note 3 Significant Accounting Policies

The accounting policies set out below have been applied by the Company in the preparation of these financial statements:

3.1 Fixed capital expenditure and depreciation

Fixed capital expenditure is stated at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation is calculated on reducing balance method at rates specified in Note 3. Depreciation on additions is charged from the month in which the asset is available for use up to the month in which the asset is disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Major renewal and replacements are capitalized.

Gains / losses, if any, on sale of operating fixed assets are charged to the profit and loss account.

*Note 3 - 'Significant Accounting Policies - Contd...***3.2 Amortisation**

Intangible assets are amortized over the estimated useful life of the assets. Amortisation is charged to the profit and loss account and is charged from the month in which the asset was available for use. Amortisation on computer software is charged at the rate of 20% per annum at straight line method.

3.3 Impairment

Carrying amounts of the Companies' assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated and impairment loss is recognized in the profit and loss account.

3.4 Accounts receivable

All outstanding receivables are reviewed at the balance sheet date. The Company recognizes and carries these receivables at original invoice amount less an allowance for uncollectible amounts, if any. Bad debts are written off as incurred and provision is made against debts considered doubtful when the collection of the full amount is no longer probable.

3.5 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that outflow of economic benefits will be required to settle the obligation of which a reliable estimate can be made.

3.6 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.7 Taxation

The charge for current taxation is based on taxable income at the current rates of tax after taking into account tax credit, if any.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cheques in hand and balances at bank.

3.9 Revenue recognition

Revenue from professional services is recognized to the extent that services have been rendered to clients.

ENGINEERING CONSULTANCY SERVICES PUNJAB (PRIVATE) LIMITED

Notes to the Financial Statements

Note 4

Operating Fixed Assets

Particulars	Cost		Rate %	Depreciation		Written Down Value As at 30-06-2012
	Additions during the period	(Deletion)		As at 30-06-2012	For the period	
	Rupees	Rupees		Rupees	Rupees	Rupees
Computer equipment	1,296,690	-	30	32,417	32,417	1,264,273
Electric equipment	113,625	-	20	1,894	1,894	111,731
Office equipment	26,700	-	20	1,297	1,297	25,403
Furniture and fixtures	52,400	-	10	437	437	51,963
Vehicles	1,789,500	-	20	119,300	119,300	1,670,200
Total Rupees 2012	3,278,915	-		155,345	155,345	3,123,570

Note 5

Intangible Asset

	2012
	Rupees
Engineering design software	975,036
Less: Amortisation	(81,253)
	<u>893,783</u>

Note 6

Accounts Receivable

	2012
	Rupees
Fee receivable (Unsecured - considered good)	27,802,251
Retention money	309,394
	<u>28,111,645</u>

Note 7

Advances, Prepayments and Other Receivables

	2012
	Rupees
Advances - Considered good:	
- Consultant	2,000,000
- Employees	59,696
- Others	22,987
Prepayments	
- Head office rent	4,979,040
- Project offices rent	184,216
- Insurance	37,051
- Software and web hosting	153,988
Income tax deducted at source	575,837
	<u>8,012,815</u>

Note 8

Cash and Bank Balances

	2012
	Rupees
Cash in hand	55,681
Cash at bank in current account	21,962,764
	<u>22,018,445</u>

Note 9

Loan from the Government of Punjab

		2012
	Note	Rupees
Loan from the Government of Punjab	9.1	<u>46,000,000</u>

9.1 This represents interest free loan obtained from the Government of Punjab to meet the initial capital expenditure and working capital requirements for the start-up period. This loan is repayable within five years, which is extendable to further two years.

Note 10

Creditor, Accrued and Other Liabilities

	2012
	Rupees
Creditors for services	4,458,199
Salaries payable	7,443,688
Accrued expenses	1,502,384
Retention money payable	166,957
Income tax payable	467,456
	<u>14,038,684</u>

Note 11

Contingencies and Commitments

There are no material contingencies and commitments as at the balance sheet date.

Note 12

Cost of Professional Services

	From December
	28, 2011 to
	June 30, 2012
	Rupees
Salaries and benefits	11,408,093
Travelling and conveyance	337,562
Communication	17,210
Fuel and power	5,173
Rent, rates and taxes	242,084
Vehicle running and maintenance	980,618
Entertainment	21,775
Printing and stationery	17,630
Repairs and maintenance	65,857
Subcontracting fee	4,336,087
Crockery and utensils	18,488
Survey expenses	228,749
Residential expenses	98,515
	<u>17,777,841</u>

Note 13 Administrative Expenses	From December 28, 2011 to June 30, 2012
Note	Rupees
Salaries and benefits	10,466,138
Travelling and conveyance	251,996
Communication	56,929
Fuel and power	231,053
Newspaper and advertisement	190,722
Rent, rates and taxes	3,319,360
Insurance	22,003
Entertainment	43,495
Printing and stationery	173,090
Repairs and maintenance	2,138,699
Legal and professional charges	45,500
Fee and subscription	88,036
Crockery and utensils	16,969
Miscellaneous	20,537
Amortisation	4 81,253
Depreciation	3.1 155,345
	<u>17,301,125</u>

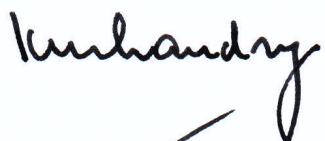
Note 14 Other Operating Expenses	From December 28, 2011 to June 30, 2012
	Rupees
Commission charges	802,800
Auditors' remuneration	82,500
Bank charges	2,349
	<u>887,649</u>

Note 15
Authorization of Financial Statements

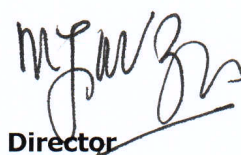
These financial statements were authorized for issue on 09 OCT 2013 by the Board of Directors of the Company.

Note 16
General

Figures have been rounded off to the nearest rupee.



Managing Director / Chief Executive Officer



Director