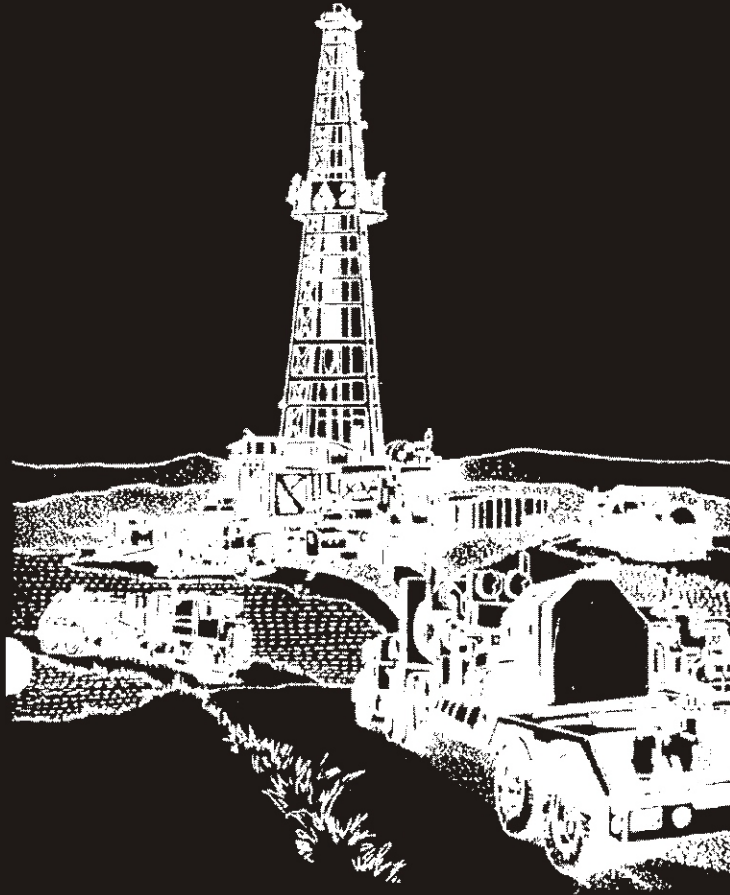


Annual Report June 30, 2018





## COMPANY INFORMATION

### CHIEF EXECUTIVE OFFICER

Mr. Zia Akbar Ansari

### DIRECTORS

Mr. Jamal Akbar Ansari  
Mr. Zia Akbar Ansari  
Ms. Sabina Ansari  
Mrs. Uzma Jamal  
Mrs. Shoobarana Zia  
Mr. Taha Akbar Ansari  
Mr. Sheryar Akbar Ansari  
Ms. Suboohi Ansari  
Mr. Muhammad Fahd Shaffi

### COMPANY SECRETARY

Ms. Sabina Ansari

### CHIEF FINANCIAL OFFICER

Mr. Ali Imran Haider Bokhari

### AUDIT COMMITTEE

Mr. Muhammed Fahd Shaffi - Member  
Mrs. Shoobarana Zia- Member  
Ms. Suboohi Ansari - Member

### HUMAN RESOURCE COMMITTEE

Mrs. Uzma Jamal – Member & Chairperson  
Mrs. Shoobarana Zia – Member & Secretary  
Mr. Taha Akbar Ansari - Member  
Mr. Sheryar Akbar Ansari - Member  
Mr. Muhammad Fahd Shaffi - Member

### AUDITORS

Grant Thornton Anjum Rahman  
Chartered Accountants

### BANKERS

**Samba Bank Limited**, Building 13-T, F-7,  
Islamabad.

**Dubai Islamic Bank Pakistan Limited**,  
Roshan Center, Plot 78-W, Jinnah Avenue,  
Blue Area, Islamabad.



## **BANKERS**

**MCB Bank Ltd.** (formerly NIB Bank Limited)  
Fazal e Haq Road, Blue Area, Islamabad.

**Bank Alfalah Limited,**  
Awan Arcade, Blue Area, Islamabad.

**BankIslami Pakistan Limited**  
5-6, Chanab Center, Block 104-E, Jinnah  
Avenue, Blue Area Islamabad.

**National Bank of Pakistan,** F-8 Markaz,  
Islamabad.

**Bank of Khyber.** Blue Area, Islamabad  
Bank of Khyber, Hattar Industrial Zone, Hattar.

**Al-Baraka Bank** (formerly Burj Bank  
Limited, F-8 Markaz, Islamabad).

## **LEGAL ADVISORS**

Samad Law Associates, Samad Chambers, 1<sup>st</sup>  
Floor, G-253/A, Lquat Road, Rawalpindi.

## **REGISTERED OFFICE**

2<sup>nd</sup> Floor, FJ Plaza, Block 2, College Road,  
Markaz F-7, Islamabad.  
Tel # 92-51-2651365 & 92-51-2651701  
Fax # 92-51-2651702

## **SHARE REGISTRAR / TRANSFER AGENT**

JWAFFS Registrar Services (Private) Limited,  
407-408, Al Ameerah Center, Shahrah-e-Iraq,  
Saddar, Karachi.  
Tel # 92-21-5662023-24  
Fax: + 92 21 35221192

## **FACTORY(S)**

Plot # 43, Phase III, Hattar Industrial Estate,  
Khyber Pukhtoonkhwa. Tel # 92-995-617192  
& 617364, Fax # 92-995-617193.



## **CORPORATE PROFILE**

ADOS Pakistan is a state-of-the-art API Specification-5CT, Specification-6A, Specification-6D Specification 7-1 and Specification 12 F licensed manufacturing facility in Pakistan with a solid commitment to quality indigenous manufacturing of critical service capital intensive oilfield equipment with a guaranteed after market support. In addition to API certifications, Ados is also licensed by Cameron to manufacture their wellhead & Xmas tree product range and Tenaris for manufacturing their RTS premium thread connection.

Our in-house consultants, engineers, machinists, fabricators and welders form a solid core of basic expertise, which along with international technical support and licensing agreements with the world's most reputable manufacturers has enabled ADOS Pakistan Limited to manufacture, repair and maintain the following range of oilfield equipment with guaranteed aftermarket support and service.

### **1. WELLHEAD ASSEMBLIES**

Made from cast or forged steel or alloys thereof, used in Oil & Gas Wells, both land & off-shore, for retaining different size of casings, from 30 OD to 5 OD and upto 10,000 psi working pressure & 350 F operating temperatures.

- Casing Spools slip-on or flanged end for Casing sizes ranging from 30 to 5 OD
- Casing Hangers for casing sizes ranging from 20 to 5 OD.
- Side outlet Valves either gate or ball valves in sizes ranging from 1-13/16 to 7-1/16 ID.
- Side outlet flanges blind or with bull plugs in sizes ranging from 1-13/16 to 7-1/16 ID.
- Other accessories, Risers, Mud lines & Suspension Systems

### **2. TUBING HEAD X-MAS TREE ASSEMBLIES**

Designed to be used for production of Oil or Gas from the Oil & Gas wells to be mounted on the wellhead, both land & offshore. Made from forged steel or alloys thereof, standard or clad with special corrosion resistant alloys. Conventional type or solid block type Assembly rated upto 10,000-psi working pressure.

- Tubing Spools made from forged steel or steel alloys, standard or clad with tubing hangers, both for single or multiple well completions. Side outlets with Valves or Flanges rated upto 10,000-psi working pressure ranging from 1-13/16 to 7-1/16 ID.
- Secondary Seal Assemblies with Pseal or other seals incorporated in 2.1 or separately as a flange or adapter.
- Tubing Spool Adapters. Single or Double Studded or through Hole Type.
- Crosses, Tees and Adapters all studded with ring grooves.
- X-Mass Tree Assemblies standard or Solid Block consisting of one or more Standard or cavity Valves ranging in sizes from 1-13/16 to 7-1/16 ID.
- Chokes adjustable or fixed been including rotary type with accessories.
- X-Mass Tree Caps & Weld on Flanges.
- Other Wellhead Accessories.



### **3. SOCONDARY SEALS, DOUBLE STUDED ADAPTERS & FLANGES.**

Made from forged steel or steel alloys, Standard or Cladded with or without integral seals rated up to 10,000-psi working pressure.

- Double Studded Adapters from 26-3/4 ID to 1-13/16 ID in various combinations.
- Through Bore Adapters from 26-3/4 ID to 1-13/16 ID.
- 3.1 & 3.2 with integral single or double seal.
- Reducer Flange.
- Weld-on Flanges etc.
- Other Accessories.

### **4. CHOKE & KILL MANIFOLD ASSEMBLY**

Production & Drilling chokes both manual and hydraulic operated with crosses, bends & tees. All mounted or unitized o skid as one assembly rated up to 10,000-psi working pressure.

- Production Test Manifolds.
- Drilling Choke and Kill Manifolds.
- Stand Pipe Manifolds.
- Control Manifolds.
- Other Manifolds & accessories.

### **5. ROTARY DRILLING EQUIPMENT**

- Integral & weld blade or replaceable Sleeve type stabilizers.
- Drill String Subs.
- Kelly Saver Subs.
- Bit Subs.
- Tool Joints / Drill Pipes.
- Junk Subs.
- Pup Joints.
- Drill Collars.

### **6. Seismic Drilling Rigs**

- Man portable Seismic Drilling Rigs with Down Hole Hammer.
- Trailer Mounted Seismic Drilling Rigs with Down Hole Hammer.
- Truck Mounted Seismic Drilling Rigs with Down Hole Hammer.

### **7. General Fabrication & Machining:**

- Storage Vessels & Tanks.
- Discrete & Overt Armoring of Vehicles.
- Caravans both skid & wheel mounted.
- Jig fixtures for automobile manufacturing plants.
- Weld neck & beveled end flanges.
- Shafts, fittings, plugs & engine heads.



## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 33<sup>rd</sup> Annual General Meeting of the shareholders of ADOS Pakistan Limited will Insha'Allah be held on Friday October 26, 2018 at 10.30 A.M at its registered office at 2<sup>nd</sup> Floor, FJ-Plaza, College Road, F-7 Markaz, Islamabad to transact the following business:

### **ORDINARY BUSINESS:**

1. To confirm the minutes of 32<sup>nd</sup> Annual General Meeting held on October 31, 2017.
2. To receive, consider and adopt the Audited Financial Statements for the year ended June 30, 2018 together with Director's and Auditor's report therein.
3. To appoint auditors for the year ending June 30, 2019 and to fix their remuneration.

### **OTHER BUSINESS:**

4. To transact any other business with permission of the chair.

By Order of the Board

**SABINA ANSARI**  
Company Secretary

Islamabad: October 04, 2018

### **Notes:**

- i) Share Transfer Book will remain closed from October 19, 2018 to October 26, 2018 [Both days inclusive]. Transfers received at Share Registrar, M/s JWAFS Registrar Services (Private) Limited, 407-408, Al-Ameera Center, Shahrah -e- Iraq, Saddar, Karachi at the close of business on October 18, 2018 will be treated in time for the purpose of attending the Annual General Meeting and payment of Dividend.
- ii) A member entitled to be present and vote at the meeting may appoint another member, as his/her proxy to attend, speak and vote on his/her behalf. The instrument appointing proxy and the power of attorney or other authority under which it is signed or a notarially certified copy of power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of meeting.

Members who have deposited their shares in the Central Depository system of the Central Depository Company of Pakistan Limited will have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan:

#### **A. For attending the meeting:**

- i. In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Director's resolution / Power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

#### **B. For Appointing proxies:**

- i. In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are



uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
  - iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - iv. The proxy shall produce his/her original CNIC or original passport at the time of meeting.
  - v. In case of corporate entity, the Board of Director's Resolution/ Power of attorney with specimen signatures shall be submitted along with proxy form to the Company.
- iii) **Submission of CNIC (Mandatory):** Individual shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier to the Company's share registrar, Central Depository of Pakistan Limited. In case of non-availability of a valid copy of the shareholders' CNIC in the records of the company, the company shall withhold the dividend under the provisions of section 243 of the Companies Act, 2017.
- iv) Shareholders are also requested to notify any change in their address to the Company's share Registrars M/s JWAFS Registrar Services (Pvt.) Limited at their address stated above.
- v) **Payment of Cash Dividend Electronically (Mandatory):** Under section 242 of the Companies Act, 2017 (the "Act") and Companies (Distribution of Dividend) Regulations, 2017, it is mandatory that dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Shareholders are requested to provide to the Company's share registrar, particulars relating to name, folio number, IBAN which is mandatory for credit of dividend, title of account and complete mailing address of the bank. CDC account holders should submit their request directly to their broker (participant)/CDC latest by October 26, 2018. In case of non-receipt of proper details of IBAN, company will not be able to credit the dividend to your bank account and shall withheld the same as directed by SECP till providence of that information. For your convenience, an electronic credit mandate form has been made available at our website [www.ados.com.pk](http://www.ados.com.pk) . The scanned copy of the duly filled and signed form shall be submitted to their broker (participant)/CDC in case shares are held in book entry form or in case of physical shares the same shall be send through post/courier to Company's Share Registrar M/s JWAFS Registrar Services (Pvt.) Limited at their address stated above.
- vi) **Withholding Tax on Dividend:** Currently, the deduction of withholding tax on the amount of dividend paid by the companies under section 150 of the Income Tax Ordinance, 2001 (Ordinance) are as under:
- |                                         |     |
|-----------------------------------------|-----|
| a) For Filers of Income Tax Returns     | 15% |
| b) For Non-Filers of Income Tax Returns | 20% |

For this purpose, the term "filer" means a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the Federal Board of Revenue (FBR), whereas "non-flier" is a person other than a "filer". FBR has uploaded an ATL on its web-site which can be accessed at [www.fbr.gov.pk](http://www.fbr.gov.pk). At the time of dividend distribution, the Company being a withholding agent would check the above status of the individual shareholder and respective withholding tax rates will be applied accordingly.

**In case of Joint Account holders**, in order to enable the company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the principal shareholder) for deduction of withholding tax on dividend of the company, shareholders are requested to please furnish the shareholding ratio details of themselves as principal shareholder and their joint holders, to the company's share registrar enabling the company to compute withholding tax of each shareholder accordingly. In case the company does not received information each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

- vii) **Video Conferencing Facility:** Pursuant to the provisions of Companies Act, 2017 the company may on the demand of members at least 7 days before the general meeting, residing in a city, who hold at least 10% of the total paid up capital of the company, provide the facility of video-link (optional) to such members enabling them to participate in its annual general meeting. If you wish to take benefit of this facility, please fill the form available on the company's website and submit it to the company.

The Company will intimate members the venue of the video conference facility, if required criteria have been fulfilled, at least 7 days before the date of general meeting along with complete information necessary to enable them to access such facility.

- viii) Shareholders claiming exemption from Zakat are required to file their declaration with the Share Registrar of the Company
- ix) SECP has issued an SRO No. 634(I)/2014 whereby every listed company shall maintain a functional website of the Company. In compliance of the said SRO, we would like inform our shareholders that annual report of the Company for the year ended June 30, 2018 has been placed on Company's website for information and access of the shareholders.

**x) Distribution of Annual Report through Email (Optional):**

Pursuant to the provisions of section 223(6) of the Companies Act, 2017, the companies are permitted their annual financial statements, along with auditor's report, directors' report etc. (Annual Report) and the notice of annual general meeting to its shareholders by email. Shareholders of the company who wish to receive the Company's Annual report and Notices of annual general meeting by email are requested to provide completed the completed electronic communication form (available on the company's website) to the Company's share registrar, Central Depository Company of Pakistan Limited.

**xi) Unclaimed Dividend:**

Pursuant to section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it become due payable shall vest with Federal Government after compliance of procedures prescribed under the Companies Act, 2017. Section 244(1)(a) of the Act requires the Company to give a 90 days' notice to the members to file their claim with the Company. Shareholders are hereby informed that a list of all unclaimed dividend has been added on the company's website: [www.ados.com.pk](http://www.ados.com.pk). Any member affected by this notice is advised to contact share registrar of the company M/s JWAFS Registrar Services (Private) Limited, 407-408, Al-Ameera Center, Shahrah -e- Iraq, Saddar, Karachi.



**PATTERN OF HOLDING OF SHARES  
HELD BY THE SHAREHOLDERS**

**AS AT JUNE 30, 2018**

Number of Shareholders	Shareholding From	-	To	Total Number of Shares Held
78	1	-	100	3538
623	101	-	500	304335
41	501	-	1000	39938
41	1001	-	5000	113630
5	5001	-	10000	40500
4	10001	-	15000	57000
5	15001	-	20000	97659
4	20001	-	25000	90000
1	40001	-	45000	40500
1	45001	-	50000	50000
1	70001	-	75000	72000
1	105001	-	110000	106000
1	250001	-	255000	250500
1	585001	-	590000	587500
2	2360001	-	2365000	4729500
<b>809</b>				<b>6582600</b>

Note: The slabs not applicable have not been shown.

Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage %
Financial Institutions	3	50700	00.77%
Individuals	802	6424399	97.60%
Joint Stock Companies	3	1501	00.02%
Associated Companies	1	106000	01.61%
	<b>809</b>	<b>6582600</b>	<b>100%</b>



**Statement of Compliance  
with Listed Companies (Code of Corporate Governance) Regulations, 2017**

**Name of Company: ADOS Pakistan Limited**

**Year ending : 30<sup>th</sup> June 2018**

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are nine (09) as per the following:

- a. Male : 05
- b. Female : 04

2. The composition of the Board is as follows:

a) **Independent Directors**

- (1) Mr. Muhammad Fahd Shafi

b) **Non-Executive Director**

- (1) Ms. Suboohi Ansari
- (2) Mr. Taha Akbar Ansari
- (3) Mr. Sheryar Akbar Ansari
- (4) Mrs. Uzma Jamal
- (5) Mrs. Shoobarana Zia

c) **Executive Directors**

- (1) Mr. Jamal Akbar Ansari
- (2) Mr. Zia Akbar Ansari
- (3) Ms. Sabina Ansari

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. In terms of Regulation 20 of the 2017 Code, the Companies are required to ensure that all the directors on their board have acquired the prescribed certification under Director Training Program by June 30, 2021. Presently, six (06) directors of the Company meet the exemption requirement of the Director's Training Program (DTP), while three (03) directors shall obtain certification under the DTP in due course of time.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

**a) Audit Committee**

- |                              |                     |
|------------------------------|---------------------|
| (1) Mr. Muhammad Fahd Shaffi | : Chairman & Member |
| (2) Mrs. Shooarana Zia       | : Member            |
| (3) Miss Suboohi Ansari      | : Member            |

**b) Human Resource and Remuneration (HR&R) Committee**

- |                              |                      |
|------------------------------|----------------------|
| (1) Mrs. Uzma Jamal          | : Chairman & Member  |
| (2) Mrs. Shooarana Zia       | : Member & Secretary |
| (3) Mr. Taha Akbar Ansari    | : Member             |
| (4) Mr. Sheryar Akbar Ansari | : Member             |
| (5) Mr. Muhammad Fahd Shaffi | : Member             |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/ yearly) of the Committees for the year, which ended on June 30 2018, were as per following:

<u>Serial #</u>	<u>Name</u>	<u>Total Meetings Held</u>
a.	Audit Committee	5
b.	HR & R Committee	1

15. The Board has set up an effective internal audit function. The auditors are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.



16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Mrs. Uzma Jamal  
Chairman – Board of Directors

Zia Akbar Ansari  
Chief Executive Office/Director

Date: October 04, 2018



## DIRECTOR'S REPORT TO THE MEMBERS

Gentlemen,

The Directors of the company take pleasure in placing before you the 33<sup>rd</sup> Annual Report together with the Audited Accounts, Auditor's Report, Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017 and Auditor's Review Report on it thereon.

The financial results for the year ended June 30, 2018 are as follows:

	2018	2017
	------(Rupees)-----	
Loss after Taxation	(91,983,625)	(32,357,445)
Other Comprehensive Loss for the year	(1,169,445)	(277,787)
Un-appropriated Profit brought forward	142,066,284	174,701,516
	<u>48,913,214</u>	<u>142,066,284</u>
Basic and Diluted Earnings per share	(13.97)	(4.92)

1. Due to recession in the Oil & Gas industry, the drilling activity globally and locally, has been reduced dramatically. Due to this the market for new products has also decreased, which correlates with our sales volume. ADOS's significant high-dollar-volume buyers like OMV and ENI are pulling out of the Pakistan market, due to this sale transaction, no new drilling or production equipment was procured, only existing inventory was used. We now anticipate that the handing over of these firms should finish by the end of this calendar year, after which we should experience new product sales to these clients.
2. As stated earlier the only relatively active company is UEPL in which we are maintaining more than a 50% share of new equipment. We anticipate an increase in sales after December 30<sup>th</sup> 2018. However, the lead time for ADOS's equipment is anywhere from 120 to 150 days, as such we anticipate that ADOS's cash flow situation shall improve significantly towards the end of the financial year.
3. ADOS Pakistan has established a strong market presence in the past few decades of operations. And our inherent advantages in the local market have deemed us invaluable to exploration firms in Pakistan. ADOS shall continue to fulfill its mission of being the premier equipment manufacturer and supplier to the oil & gas sector.
4. The management wants to state that the loss for the year ended June 30, 2018 amounting to Rs. 91,983,625 is due to low sales volume with reasons as stated above and this includes the deferred tax asset reversal of Rs. 23,365,783 (note 10 & 31 of notes to the financial statements).
5. Keeping in view of the losses and negative operating and net cash flows, for the validity of the going concern assumption the management through following measures intends to improve the Company's operational performance, cash flow and financial position:
  - (i) Continue focusing on cost reduction activities.
  - (ii) Utilization of credit facilities from bank.
  - (iii) Sourcing for new customers to improve sales volume
  - (iv) Applied exemption from withholding of tax and initiating the process for recovery of refundable tax.

- (v) Negotiated with associated company and get marketing expenses suspended for the year and
- (vi) Considering diversification in business operations.

Based on these measures the management has strong and reasonable expectations that the company has adequate resources to continue its activity for the foreseeable future.

6. The management fully intends to comply with the requirement of Director's training program as per the Listed Companies (Code of Corporate Governance) Regulations, 2017 as required under section 20 of Chapter VII.
7. The management has decided not to pay dividend for the year ended June 30, 2018 keeping in view future cash flow requirements of the company.

The Directors' takes this opportunity to thank the management, workers principal sponsors, bankers and to the most the shareholders for their endless cooperation and support.

#### **STATEMENT ON CORPORATE GOVERNANCE**

The Board is pleased to certify that:

- i) The financial statements prepared by the management of the listed Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- ii) Proper books of accounts of the listed Company have been maintained.
- iii) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- iv) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and financial statements together with notes thereto have been drawn in conformity with Companies Act, 2017.
- v) The system of internal financial control is sound in design and has been effectively implemented and monitored.
- vi) There are reasonable expectations that the company has adequate resources to continue as a going concern.
- vii) There has been no material departure from the best practices of corporate governance.
- viii) The company's revenue has decreased as of previous year due to decrease in orders received during the year with a comparative decrease in cost of sales and consequent comparative decrease in gross profits.
- ix) The management is hopeful that with the stability in oil prices the exploration process by the E & P companies operating in Pakistan will generate orders and thus will stable the future development of the company with better performance. The management is also focusing on diversification of business in order to improve sales volume.
- x) The company fully supports green environment and put in place measures of plantation to reduce pollution.
- xi) The Company fully supports and is actively complying with its corporate social responsibilities.

- xii) All necessary steps are being taken by the Directors to ensure the effectiveness of the Company's internal financial control systems up to and including the date of approval of financial statements. This has regard to all material controls, including financial, operational and compliance controls that could affect the company's business.
- xiii) On recommendation of Audit Committee the Board recommends appointment of Grant Thornton Anjum Rehman, Chartered Accountants to continue as external auditors of the Company for the year ending June 30, 2019.
- xiv) Key financial statistics for the last six years have been given separately.
- xv) Pattern of shareholding of the Company in accordance with section 227(2)(f) of the Companies Act, 2017 is attached to this report.

#### **BOARD MEETINGS & ANNUAL GENERAL MEETING [AGM]:**

During the year Five (5) board meetings an AGM and an EOGM were held. Attendance by each Director & CEO is as follows:

<b>Name of Directors &amp; CEO</b>	<b>Attendance</b>
Mr. Zia Akbar Ansari	07
Mr. Jamal Akbar Ansari	07
Ms. Sabina Ansari	07
Ms. Suboohi Ansari	05
Mrs. Uzma Jamal	07
Mrs. Shoobarana Zia	07
Mr. Taha Akbar Ansari	07
Mr. Sheryar Akbar Ansari	07
Mr. Muhammad Fahd Shafi	07

#### **EARNING PER SHARE:**

Earnings per share for the year ending June 30, 2018 is Rs. (13.97)

#### **CORPORATE SOCIAL RESPONSIBILITY (CRS):**

ADOS endeavors to be a responsible corporate citizen, being aware of its social obligations, it continues to proactively promote, develop and maintain medical, social and welfare activities for the benefit of local communities through donations.

#### **CATEGORIES AND PATTERN OF SHARE HOLDING:**

The Categories and Pattern of Shareholding as required by the Companies Act, 2017 is attached with this report. Additional information is given, as under:

<b>Shareholder's Category</b>	<b>Number of Shareholders</b>	<b>Number of Shares Held</b>	<b>Percentage %</b>
Financial Institutions	3	50700	00.77%
Individuals	802	6424399	97.60%
Joint Stock Companies	3	1501	00.02%
Associated Companies	1	106000	01.61%
	<b>809</b>	<b>6582600</b>	<b>100%</b>



<b>Financial Institutions:</b>	<b>Shares held</b>	<b>%</b>	
National Bank of Pakistan	50000	0.760	
Bankers' Equity Limited	400	0.006	
Asian Development Bank	300	0.004	
<b>Joint Stock Companies:</b>			
Ihsan Cotton Products (Private) Limited	1000	0.015	
Maple Leaf Capital Limited	1	0.000	
Axis Global Limited	500	0.008	
<b>Associated Companies:</b>			
Akbar Associates (Pvt.) Limited	106000	1.61	
<b>Directors, CEO, and their Spouse</b>			
Mr. Zia Akbar Ansari	CEO/Director	2364750	35.92
Mr. Jamal Akbar Ansari	Director	2364750	35.92
Miss. Sabina Ansari	Director/CS	20000	0.30
Mrs. ShooBARANA Zia	Director	22000	0.34
Mrs. Uzma Jamal	Director	23000	0.35
Ms. Suboohi Ansari	Director	20000	0.30
Mr. Taha Akbar Ansari	Director	200	0.003
Mr. Sheryar Akbar Ansari	Director	200	0.003
Mr. Mohammad Fahd Shafi	Director	100	0.002

The CEO, Directors, Company Secretary, CFO and their spouses have made no sale/purchase of Company's shares during the financial year ended June 30, 2018.

Moreover, the directors of the company have not been appointed as a director in more than seven other listed Companies and no spouse of the directors of the company is involved in the business of brokerage.

Shareholders holding ten percent or more voting interest in the Company:

	<b>Shares held</b>
Mr. Zia Akbar Ansari	2364750
Mr. Jamal Akbar Ansari	2364750

For and on behalf of the Board

**ZIA AKBAR ANSARI**  
**CHIEF EXECUTIVE OFFICER & DIRECTOR**

*Islamabad, October 04, 2018*

## ڈائریکٹرز رپورٹ برائے ممبران

حضرات:

کمپنی کے ڈائریکٹرز کو آپ کے سامنے تینتیسویں (33) سالانہ رپورٹ بمعہ آڈٹ شدہ اکاؤنٹس، اڈیٹر کی رپورٹ، لسٹڈ کمپنیوں میں موجود شیئرنٹ آف کمپلائنس (کوڈ آف کارپوریٹ گورننس) سال 2017 اور اڈیٹر کی ریویو رپورٹ رکھ کر خوشی ہے مالی سال کے مالی نتائج جو 30 جون، سال 2018 کو حاصل ہوئے کی تفصیل درج ذیل ہے:

سال 2017	سال 2018	
روپے (32,357,445)	روپے (91,983,625)	ٹیکس دینے کے بعد خسارہ
روپے (277,787)	روپے (1,169,445)	مالی سال کے دوسرے جامع خسارے
روپے 174,701,516	روپے 142,066,284	سابقہ غیر تخصّص منافع
روپے 142,066,284	روپے 48,913,214	

روپے (4.92)

روپے (13.97)

بنیادی اور مخفف آمدنی فی حصہ:

(۱) تیل اور گیس کی صنعت میں کساد بازاری کی وجہ سے عالمی اور مقامی سطح پر ڈرلنگ کی سرگرمیاں ڈرامائی طور پر کم ہو گئی ہیں۔ اس وجہ سے نئی مصنوعات کی مارکیٹ بھی کم ہو گئی ہے جو سیلز کے حجم کے ساتھ مربوط ہے۔ اڈوس کے زیادہ حجم کے ڈالر خریدار جیسے او ایم وی اور ای این آئی پاکستانی مارکیٹ سے باہر نکل رہے ہیں۔ اس سیلز ٹرانزیکشن کی وجہ سے نئی ڈرلنگ یا پیداواری سامان نہ خریدا گیا اور پہلے سے موجود سامان پر اکتفاء کیا گیا۔ اب ہم توقع کرتے ہیں کہ ان کمپنیوں کی حواگی اس تقویبی سال تک اختتام پذیر ہو جانی چاہیے اور اس کے بعد ہم نئی مصنوعات کو ان کلائنٹس تک پہنچانے کا تجربہ کریں گے۔

(۲) جیسا کہ پہلے بیان کے گیا ہے صرف سرگرم کمپنی یو ای پی ایل ہے جس میں ہمارے نئے سامان کا پچاس فیصد سے زیادہ کا حصہ ہے۔ ہم توقع کرتے ہیں کہ 30 دسمبر سال 2018 کے بعد سیلز بڑھے گی تاہم اڈوس کے سامان کا لیڈ ٹائم کہیں بھی 120 تا 150 دن ہے۔ اس طرح ہم توقع کرتے ہیں کہ موجودہ مالی سال کے اختتام پر اڈوس کے کیش فلو کی صورت حال میں نمایاں بہتری آئے گی۔

(۳) اڈوس پاکستان گذشتہ چند دہائیوں کے اپریشنوں کے دوران مضبوط مارکیٹ موجودگی کو قائم کیا ہے اور مقامی مارکیٹ میں ہمارے معتبر فوائد کو پاکستان میں تیل اور گیس تلاش کرنے والی کمپنیوں کے لئے انمول خیال کیا جاتا ہے۔ اڈوس اپنے مشن کی تکمیل جاری رکھے گی کیونکہ وہ تیل اور گیس کے سیکٹر میں سامان سازوں اور ان کی سپلائی کرنے والوں کی لیڈر ہے۔

(۴) کمپنی کی منیجمنٹ کے بیان کے مطابق کہ مالی سال کے اختتام مورخہ 30 دسمبر سال 2018 پر نقصان کا عدد 91,983,625 روپے ہوا ہے اس کی وجہ سیلز کا حجم کم ہونا ہے اور جس کے اسباب کا ذکر اوپر کیا گیا اور اس میں زیر التواء ٹیکس مبلغ 23,365,783 روپے شامل ہے (نوٹ 10 اور 31) بابت مالی بیانات کے نوٹس۔

(۵) نقصانات، اپریشنوں اور مجموعی کیش فلو میں منفی رجحان کے مد نظر اور جاری افتراضی تشریح کی درنگی کے لئے اور ایپریشنل پرفارمنس اور کیش فلو مالی حالت کی بہتری کے لئے کمپنی کی منیجمنٹ نے مندرجہ ذیل اقدامات اٹھانے کا ارادہ کیا ہے:

(۱) اخراجات میں کمی لانے والی سرگرمیوں پر توجہ کو جاری رکھنا۔

(ب) بینک سے کریڈٹ کی سہولت کو استعمال کرنا۔

(ت) سیلز کے حجم میں بہتری کے لئے نئے گاہک تلاش کرنا۔

- (ج) منسلک کمپنیوں کے ساتھ مذاکرات اور مالی سال کے لئے معطل شدہ مارکیٹنگ سروسز کا حصول
- (ح) برنس اپریشنوں کی مختلف انواع میں تقسیم
- ان اقدامات کی بنیاد پر کمپنی کی منیجمنٹ کو مناسب اور مضبوط توقعات ہیں کہ کمپنی اپنے پاس کافی وسائل کی بدولت بہتر مستقبل کے لئے اپنی سرگرمیاں جاری رکھ سکتی ہے۔
- (۶) لٹڈ کمپنیوں کے کارپوریٹ گورننس کے قانون 2017 (سیکشن 20، باب 7) پر عملدرآمد کرتے ہوئے کمپنی کی منیجمنٹ اپنے ڈائریکٹرز کی ٹریننگ کا پروگرام جاری رکھنے کا ارادہ رکھتی ہے۔
- (۷) مستقبل میں کیش فلو کی ضرورت کے مد نظر کمپنی کی منیجمنٹ نے مالی سال اختتام 30 جون، سال 2018 پر منافع نہ ادا کرنے کا فیصلہ کیا ہے۔
- اس موقع پر ڈائریکٹرز لامتناہی تعاون اور معاونت فراہم کرنے پر منیجمنٹ، کارکنوں، پرنسپل سپانسرز، بینکرز اور سب سے زیادہ حصہ داروں کا شکریہ ادا کرتے ہیں۔

#### کارپوریٹ گورننس پر بیان:

- بورڈ تصدیق کرتے ہوئے خوش محسوس کرتا ہے کہ
- (۱) مالی بیانات جو لٹڈ کمپنیوں کی منیجمنٹ نے تیار کئے ہیں وہ معاملات، اپریشنوں کے نتائج، کیش فلو اور اکویٹی میں تبدیلیوں کے بارے میں اچھے ہیں۔
- (ب) لٹڈ کمپنیوں کے اکاؤنٹس کے لئے مناسب رجسٹر مرتب کئے گئے ہیں۔
- (ت) تخمینوں کے حساب اور مالی بیانات کی تیاری میں لگاتار مناسب اکاؤنٹنگ پالیسیاں اپنائی گئی ہیں جو معقول اور منصفانہ ہیں۔
- (ث) پاکستان میں مروجہ انٹرنیشنل فنانشل رپورٹنگ معیار کو مالی بیانات کی تیاری میں اپنایا گیا ہے بمعہ نوٹس جو کمپنی ایکٹ 2017 کے مطابق ہیں۔
- (ج) اندرونی مالیاتی کنٹرول بالکل ٹھیک ہے جس کو مکمل طور پر لاگو کیا گیا ہے اور جس کی نگرانی کی گئی ہے
- (چ) معقول توقعات پائی جاتی ہیں کہ کمپنی کے پاس کافی وسائل ہیں جس سے وہ اپنے اپریشنز جاری رکھ سکتی ہے۔
- (ح) کارپوریٹ گورننس کی بہترین پریکٹس کی وجہ سے کسی میٹریل (مواد) کی رواں گئی نہیں پائی جاتی۔
- (خ) گذشتہ سال کے مقابلے میں کمپنی کی آمدن میں کمی واقع ہوئی ہے۔ اس کی وجہ سے مالی سال کے دوران آرڈرز کی وصولی میں کمی، سیلز کی کاسٹ میں کمی اور نتیجہ کے طور پر مجموعی منافع جات میں کمی کا واقع ہونا ہے۔
- (د) کمپنی کی منیجمنٹ پر امید ہے کہ تیل کی قیمتوں میں استحکام کے ساتھ پاکستان میں جاری ای اینڈ پی کمپنیوں کی طرف سے ایکسپلوریشن میں تیزی آئی گی جس وجہ سے کمپنی کو آرڈرز موصول ہوں گے جس وجہ سے کمپنی کی ترقی کا مستقبل بھی پائیدار ہوگا۔
- کمپنی کی منیجمنٹ کے حجم میں بہتری کے لئے اپنی برنس کو مختلف انواع میں تقسیم پر توجہ مرکوز کر رہی ہے۔
- (ذ) کمپنی سربز ماحول کو مکمل سپورٹ کرتی ہے اور شجرکاری میں شامل ہے تاکہ آلودگی میں کمی لائی جاسکے۔
- (ر) کمپنی کارپوریٹ کی سماجی ذمہ داریوں کو مکمل سپورٹ کرتی ہے اور ان پر عملی طور پر عملدرآمد کر رہی ہے۔

- (ز) ڈائریکٹرز تمام ضروری اقدامات اٹھا رہے ہیں تاکہ کمپنی کا انٹرنل فنانسل کنٹرول سسٹم بمعہ مالی بیانات کی منظوری کی تاریخ کو پر اثر اور جدید بنایا جاسکے بشمول میٹریل کنٹرول، مالی بیانات، اپریٹل اور عملدرآمد کنٹرول جو کمپنی کی بزنس کو پراثر بنائیں۔
- (س) آڈٹ کمیٹی کی سفارش پر بورڈ گرانٹ تھورنٹن انجم رحمان چارٹرڈ اکاؤنٹنٹس کی تعیناتی کی سفارش کرتا ہے کہ وہ کمپنی کے آکرسنٹل آڈیٹرز کے طور مالی سال اختتام 30 جون سال 2019 کے لئے اپنی خدمات جاری رکھیں۔
- (ش) گذشتہ چھ سالوں کے اہم مالیاتی اعداد و شمار کو علیحدہ پیش کیا گیا۔
- (ص) کمپنی میں شیئر ہولڈنگ کا طریقہ سیکشن (f) 227(2) کمپنی قانون 2017 کے مطابق ہے جو رپورٹ ہذا کے ساتھ منسلک ہے۔

### بورڈ کے اجلاس اور سالانہ جنرل اجلاس

مالی سال کے دوران اے جی ایم اور ای او جی ایم کے پانچ عدد اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر اور سی او او کی حاضریوں کی تفصیل مندرجہ ذیل ہے:

تعداد حاضری	نام ڈائریکٹر اور سی او او
07	☆ مسٹر ضیاء اکبر انصاری
07	☆ مسٹر جمال اکبر انصاری
07	☆ مس سینہ انصاری
07	☆ مس صبوحی انصاری
07	☆ مسز عظمیٰ جمال
07	☆ مسز شوبارہ ضیاء
07	☆ مسٹر طلحہ اکبر انصاری
07	☆ مسٹر شہریار اکبر انصاری
07	☆ مسٹر محمد فہد شفیع

### فی حصہ آمدنی:

فی حصہ آمدنی برائے مالی سال اختتام 30 جون سال 2018 (13.97) روپے ہے۔

### کارپوریٹ اجتماعی ذمہ داریاں:

اڈوس پوری کوشش کرتی ہے کہ وہ ایک ذمہ دار کارپوریٹ شہری ہے جو اس کے اجتماعی فرائض سے آگاہ ہے اور یہ ترقی، میڈیکل، اجتماعی اور رفاہ عامہ کی ترویج کے لئے اپنی سرگرمیوں کو جاری رکھے ہے تاکہ لوکل کمیونٹی کو عطیات کے ذریعے فائدہ پہنچا سکے۔

### شیئر ہولڈنگ کی اقسام اور طریقہ:

شیئر ہولڈنگ کی اقسام اور ان کا طریقہ کمپنی ایکٹ 2017 کے مطابق بنایا گیا ہے جو رپورٹ ہذا کے ساتھ منسلک ہے۔ اضافی معلومات درج ذیل ہیں:

فیصد	شیئرز جو لئے گئے	شیئر ہولڈرز کی تعداد	شیئر ہولڈنگ کی اقسام
00.77%	50700	3	مالیاتی ادارے
97.60%	6424399	802	افراد
00.02%	1501	3	جائٹ سٹاک کمپنیاں
01.61%	106000	1	منسلک کمپنیاں
100%	6582600	809	ٹوٹل

فی صد	شیررز کے مالک	مالیاتی ادارے
0.760	50000	☆ نیشنل بینک آف پاکستان
0.006	400	☆ بینکرز اکیٹی لمیٹڈ
0.004	300	☆ ایشین ڈیولپمنٹ بینک
		جانٹ سٹاک کمپنیاں
0.015	1000	☆ احسان کائن پروڈکٹس (پرائیویٹ) لمیٹڈ
0.000	1	☆ میپل ایف کیپٹل لمیٹڈ
0.008	500	☆ آکس گلوبل لمیٹڈ
		منسلک کمپنیاں:
1.61	106000	☆ اکبر ایسوی ایش (پرائیویٹ) لمیٹڈ
		ڈائریکٹرز، سی ای او اور ان کے شریک حیات:
35.92	2364750	سی ای او/ڈائریکٹر مسٹر ضیاء اکبر انصاری
35.92	2364750	ڈائریکٹر مسٹر جمال اکبر انصاری
0.30	20000	ڈائریکٹر / سی ایس مس سپینہ انصاری
0.34	22000	ڈائریکٹر مسز شوہارنہ ضیاء
0.35	23000	ڈائریکٹر مسز عظمیٰ جمال
0.30	20000	ڈائریکٹر مس صبوحی انصاری
0.003	200	ڈائریکٹر مسٹر طلحہ اکبر انصاری
0.003	200	ڈائریکٹر مسٹر شہر یار اکبر انصاری
0.002	100	ڈائریکٹر مسٹر محمد فہد شفیق

سی ای او، کمپنی سیکرٹری، سی ایف او اور ان کے شریک حیات نے مالی سال اختتام 30 جون 2018 کے دوران کمپنی کے شیررز کی خرید و فروخت نہیں کی۔

مزید یہ کہ کمپنی کے ڈائریکٹرز کو دوسری سات عدد لفظ کمپنیوں میں بطور ڈائریکٹر تعینات نہیں کیا گیا اور ان کا کوئی شریک حیات بروکریج کی بزنس میں شریک نہیں۔

وہ شیررز ہولڈرز جن کے پاس دس فیصد یا اس سے زیادہ شیررز ہوں وہ کمپنی کے معاملات میں ووٹنگ کا حق رکھتے ہیں۔

### شیررز کی ملکیت کی تعداد

2364750

2364750

نام

مسٹر ضیاء اکبر انصاری

مسٹر جمال اکبر انصاری

بورڈ کی جانب سے

دستخط

ضیاء اکبر انصاری



## SIX YEARS AT A GLANCE

	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013 (Restated)
<b>Operating Results</b>						
Sales	107,962,144	427,290,524	613,951,665	580,257,047	724,179,272	1,061,079,414
Gross Profit	13,812,751	92,295,224	95,167,307	105,078,851	123,803,110	273,133,693
Pre-Tax Profit/(Loss)	(64,870,824)	(16,665,980)	9,330,230	12,238,693	31,128,934	152,780,465
After-Tax Profit/(Loss)	(91,983,625)	(32,357,445)	5,706,814	4,068,202	-6,582,543	98,584,428
<b>Financial Position</b>						
Current Assets	236,462,109	351,641,844	398,194,022	611,023,349	732,654,655	824,414,263
Current Liabilities	171,501,084	228,275,824	228,437,493	384,967,433	526,896,527	598,237,496
Operating Fixed Assets	54,786,722	60,541,561	70,906,597	45,338,977	49,394,806	45,460,664
Total Assets	292,153,428	436,168,108	475,921,560	659,039,228	796,485,123	878,373,539
Employees' Benefit Obligation	5,913,130	5,095,762	6,956,551	6,552,524	6,031,220	5,962,967
Shareholders' Equity	114,739,214	207,892,284	240,527,516	267,519,271	263,557,376	274,173,076
<b>Ratios</b>						
Current Ratio	1.38	1.54	1.74	1.59	1.39	1.38
Gross Profit to Sales	12.79	21.60	15.50	18.11	17.10	25.74
Net Profit to Sales	(85.20)	(7.57)	0.93	0.70	0.91	9.29
Breakup Value per share (Rs.)	17.43	31.58	36.54	40.64	40.04	41.65
Earnings per share-Basic (Rs.)	(13.97)	(4.92)	0.87	0.62	1.00	14.98



## CHAIRMAN'S REVIEW REPORT

ADOS Pakistan has established a strong market presence in the past few decades of operations. The Company shall continue to fulfill its mission of being the premier equipment manufacturer and supplier to the oil & gas sector in Pakistan.

Due to recession in the Oil & Gas industry, the drilling activity globally and locally, has been reduced dramatically. Due to this the market for new products has also decreased, which correlates with Company's sales volume. It is anticipated that the overall position will gradually get better by the end of this calendar year, after which the Company should experience new product sales to oil and gas companies operating in Pakistan.

The composition of the Board of Directors reflects rich experience in the fields of business and Oil and Gas sector. The Board provides strategic direction to the management and is available for guidance. The Board approves the goals and ensures that a competent and energetic team is in position to achieve the goals set. The Board ensures compliance of all regulatory requirements by the Management. As required under the Listed Companies (Code of Corporate Governance) Regulations, 2017 the Board evaluates its own performance through a mechanism developed by it.

The Board is ably assisted by its Committees. The Audit Committee reviews the financial statements and ensures that the accounts fairly represent the financial position of the Company. It also ensures effectiveness of internal controls. The HR Committee overviews HR policy framework and recommends selection and compensation of senior management team.

I pray to Allah that the Company will gain back its momentum of growth in the future.

Mrs. Uzma Jamal  
Chairman – Board of Directors

Islamabad, October 4, 2018



## INDEPENDENT AUDITOR'S REPORT

To the members of ADOS Pakistan Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of **ADOS Pakistan Limited** (the Company), which comprise the statement of financial position as at June 30, 2018 and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the 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 profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

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

#### Material Uncertainty relating to Going Concern

We draw attention to note 1.2 which indicates that the Company has incurred substantial net loss after tax of Rs. 91,983,625 and negative operating and net cash flow of Rs. 6,237,836 and Rs. 9,559,369 respectively for the year ended June 30, 2018. These conditions along with other matters as set forth in note indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

### **Information Other than the Financial Statements and Auditor's Report Thereon**

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

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

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

### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of 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 engagement partner on the audit resulting in this independent auditor's report is Waqas Waris.

#### **Grant Thornton Anjum Rahman**

Chartered Accountants

Place: Islamabad

Date: October 04, 2018



**To the members of ADOS Pakistan Limited**

**Review Report on the Statement of Compliance contained in Listed Companies  
(Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulation, 2017 (the Regulations) prepared by the Board of Directors of ADOS Pakistan Limited for the year ended June 30, 2018 in accordance with the requirements of the regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for the identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

**Grant Thornton Anjum Rahman**

Chartered Accountants

Place: Islamabad

Date: October 04, 2018

ADOS PAKISTAN LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2018



	Note	JUNE 30 2018	JUNE 30 2017
-----Rupees-----			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	54,786,722	60,541,561
Long term loans and advances	8	504,597	618,920
Long term deposits	9	400,000	-
Deferred taxation	10	-	23,365,783
		<b>55,691,319</b>	<b>84,526,264</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	11	-	-
Stock in trade	12	55,481,700	58,305,499
Trade debts	13	23,935,363	126,587,400
Advances	14	4,469,438	16,776
Trade deposits and short term prepayments	15	2,384,034	3,327,998
Accrued interest on saving accounts		34,062	447,856
Tax refunds due from the Government	16	137,597,461	140,836,894
Cash and bank balances	17	12,560,051	22,119,421
		<b>236,462,109</b>	<b>351,641,844</b>
<b>TOTAL ASSETS</b>		<b>292,153,428</b>	<b>436,168,108</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 7,000,000 (2017: 7,000,000) ordinary shares of Rs. 10 each		<u>70,000,000</u>	<u>70,000,000</u>
Issued, subscribed and paid up share capital	18	<u>65,826,000</u>	<u>65,826,000</u>
<b>RESERVES</b>			
Revenue reserve-unappropriated profit		48,913,214	142,066,284
<b>TOTAL EQUITY</b>		<b>114,739,214</b>	<b>207,892,284</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Employees' benefit obligation	19	<u>5,913,130</u>	<u>5,095,762</u>
		<b>5,913,130</b>	<b>5,095,762</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	20	97,334,045	84,625,626
Profit payable on short term borrowings		145,254	101,505
Due to associated company	21	36,228,947	32,644,480
Short term borrowings	22	32,000,000	100,000,000
Unclaimed dividend		5,792,838	5,808,451
		<b>171,501,084</b>	<b>223,180,062</b>
<b>TOTAL LIABILITIES</b>		<b>177,414,214</b>	<b>228,275,824</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>292,153,428</b>	<b>436,168,108</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	23		

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

ZIA AKBAR ANSARI  
CHIEF EXECUTIVE & DIRECTOR

JAMAL AKBAR ANSARI  
DIRECTOR

ALI IMRAN HAIDER BOKHARI  
CHIEF FINANCIAL OFFICER

ADOS PAKISTAN LIMITED  
STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED JUNE 30, 2018



	Note	JUNE 30 2018	JUNE 30 2017
-----Rupees-----			
Revenue-net	24	107,962,144	427,290,524
Cost of sales/services	25	(94,149,393)	(334,995,300)
<b>Gross profit</b>		<b>13,812,751</b>	<b>92,295,224</b>
Selling and distribution expenses	26	-	(21,364,526)
Administrative expenses	27	(61,374,319)	(110,644,772)
Other operating expenses	28	(14,102,896)	(12,287,516)
Other income	29	1,117,012	39,252,905
<b>Loss from operations</b>		<b>(60,547,452)</b>	<b>(12,748,685)</b>
Financial cost	30	(4,323,372)	(3,917,295)
<b>Loss before income tax</b>		<b>(64,870,824)</b>	<b>(16,665,980)</b>
Taxation	31	(27,112,801)	(15,691,465)
<b>Loss for the year</b>		<b>(91,983,625)</b>	<b>(32,357,445)</b>
Earnings per share - basic and diluted	32	(13.97)	(4.92)

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

ZIA AKBAR ANSARI  
CHIEF EXECUTIVE & DIRECTOR

JAMAL AKBAR ANSARI  
DIRECTOR

ALI IMRAN HAIDER BOKHARI  
CHIEF FINANCIAL OFFICER

**ADOS PAKISTAN LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2018**



	JUNE 30 2018	JUNE 30 2017
	-----Rupees-----	
<b>Loss for the year</b>	<b>(91,983,625)</b>	<b>(32,357,445)</b>
Re-measurement loss on employees retirement benefits	<b>(1,169,445)</b>	(396,839)
Deferred tax charge on re-measurement loss on employees retirement benefits	-	119,052
Re-measurement of plan obligations - net of tax	<b>(1,169,445)</b>	(277,787)
<b>Other comprehensive loss for the year</b>	<b>(1,169,445)</b>	<b>(277,787)</b>
<b>Total comprehensive loss for the year</b>	<b>(93,153,070)</b>	<b>(32,635,232)</b>

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

**ZIA AKBAR ANSARI**  
**CHIEF EXECUTIVE & DIRECTOR**

**JAMAL AKBAR ANSARI**  
**DIRECTOR**

**ALI IMRAN HAIDER BOKHARI**  
**CHIEF FINANCIAL OFFICER**

ADOS PAKISTAN LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018



	Note	JUNE 30 2018	JUNE 30 2017
		-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before income tax		(64,870,824)	(16,665,980)
Adjustment for:			
Depreciation	7.2	9,441,924	11,045,331
Provision for doubtful receivables	13.1	12,119,263	55,892,352
Provision for employees' benefit obligation	19	1,360,141	1,369,165
Provision for WPPF & WWF	28	-	1,214,287
Interest on bank accounts	29	(200,493)	(1,914,377)
Financial cost	30	4,323,372	3,917,295
Gain on disposal of vehicle		(53,555)	-
		<u>26,990,652</u>	<u>71,524,053</u>
<b>Operating (Loss) / Profit Before Working Capital Changes</b>		<b>(37,880,172)</b>	<b>54,858,073</b>
<b>(Increase)/decrease in current assets</b>			
Stores, spares and loose tools		-	1,653,593
Stock in trade		2,823,799	8,464,617
Trade debts		90,532,774	(76,869,547)
Advances		(4,452,662)	304,000
Trade deposits and short term prepayments		943,964	483,627
Due from associated company		-	14,887,057
		<u>89,847,875</u>	<u>(51,076,653)</u>
<b>Increase/(decrease) in current liabilities</b>			
Trade and other payables		11,678,617	(141,159,341)
Profit payable on short term borrowings		43,749	101,505
Due to associated company		3,584,467	32,644,480
Short term borrowings		(68,000,000)	100,000,000
		<u>(52,693,167)</u>	<u>(8,413,356)</u>
<b>Cash used in operations</b>		<b>(725,464)</b>	<b>(4,512,884)</b>
Financial cost paid		(4,323,372)	(3,917,295)
Tax paid		(507,585)	(18,553,297)
Gratuity paid		(682,415)	(449,071)
WPPF & WWF paid		-	(1,214,287)
		<u>(5,513,372)</u>	<u>(24,133,950)</u>
<b>Net cash used in operating activities</b>		<b>(6,238,836)</b>	<b>(28,646,834)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(3,802,650)	(680,295)
Disposal of vehicle		169,120	-
Profit realized on bank accounts		614,287	1,496,256
Long term loans and advances		114,323	(107,000)
Long term deposits		(400,000)	1,401,600
<b>Net cash used in investing activities</b>		<b>(3,304,920)</b>	<b>2,110,561</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		-	-
Unclaimed dividend		(15,613)	(21,797)
<b>Net cash used in financing activities</b>		<b>(15,613)</b>	<b>(21,797)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(9,559,369)</b>	<b>(26,558,070)</b>
Cash and cash equivalents at the beginning of the year		22,119,421	48,677,491
<b>Cash and cash equivalents at the end of the year</b>		<b>12,560,051</b>	<b>22,119,421</b>

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

ZIA AKBAR ANSARI  
CHIEF EXECUTIVE & DIRECTOR

JAMAL AKBAR ANSARI  
DIRECTOR

ALI IMRAN HAIDER BOKHARI  
CHIEF FINANCIAL OFFICER

ADOS PAKISTAN LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2018



	Issued, subscribed and paid up capital	Revenue reserves Unappropriated Profit/(loss) -----Rupees-----	Shareholders' equity
<b>Balance as at July 01, 2016</b>	<b>65,826,000</b>	<b>174,701,516</b>	<b>240,527,516</b>
<b>Comprehensive income for the year</b>			
Loss for the year ended June 30, 2017	-	(32,357,445)	(32,357,445)
<b>Other comprehensive income for the year:</b>			
Re-measurement gain on employees retirement benefits	-	(396,839)	(396,839)
Deferred tax charge on re-measurement loss on employees retirement benefits	-	119,052	119,052
Re-measurement of plan obligations - net of tax	-	(277,787)	(277,787)
<b>Balance as at June 30, 2017</b>	<b>65,826,000</b>	<b>142,066,284</b>	<b>207,892,284</b>
<b>Comprehensive income for the year</b>			
Loss for the year ended June 30, 2018	-	(91,983,625)	(91,983,625)
<b>Other comprehensive income for the year:</b>			
Re-measurement loss on employees retirement benefits	-	(1,169,445)	(1,169,445)
Deferred tax charge on re-measurement loss on employees retirement benefits	-	-	-
Re-measurement of plan obligations - net of tax	-	(1,169,445)	(1,169,445)
<b>Balance as at June 30, 2018</b>	<b>65,826,000</b>	<b>48,913,214</b>	<b>114,739,214</b>

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

ZIA AKBAR ANSARI  
CHIEF EXECUTIVE & DIRECTOR

JAMAL AKBAR ANSARI  
DIRECTOR

ALI IMRAN HAIDER BOKHARI  
CHIEF FINANCIAL OFFICER



## 1 LEGAL STATUS AND OPERATIONS

1.1 Ados Pakistan Limited (the "Company") was incorporated in Pakistan under the Companies Ordinance, 1984 on March 5, 1986 as a Private Limited Company and was later on converted into Public Limited Company on April 4, 1989. The Company's registered office is situated at 2nd Floor, FJ-Plaza, Block 2, College Road, Markaz F-7, Islamabad. The Company has two factories located in Hattar and Islamabad at Plot # 43, Phase III, Hattar Industrial Estate, Khyber Pukhtoonkhwa and Plot # 292, Street # 3, Industrial Area, I-9/3 Islamabad respectively. Its shares are quoted on Pakistan Stock Exchange (PSX). The Company has been involved in the supply of oil and gas field related equipment, fabrication and refurbishment of equipment and spare parts used in oil and gas industry. The Company is also engaged in fabrication of vehicles in respect of bullet proofing protection.

### 1.2 GOING CONCERN

The Company incurred substantial net loss after tax of Rs. 91,983,625 and negative operating and net cashflows of Rs. 6,237,836 and Rs. 9,559,369 respectively for the year ended June 30, 2018, and the Company's net current assets were Rs. 64,961,025 (2017: Rs. 128,461,782) as at the year-end due to weak turnover and profitability. These conditions indicate the existence of material uncertainty which may cast significant doubt on the ability of the Company to continue as going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The validity of the going concern assumption is dependent upon the ability of the Company to generate sufficient cash flow from its operation as forecasted, the recovery of tax refundable from Government as well as the continuing financing support from the major shareholders (directors) to the Company to enable the Company to continue as a going concern. Further management through following measures intends to improve the Company's operational performance, cash flow and financial position: (i) continue focusing on cost reduction activities, including reduction of personnel costs and general administrative expenses, (ii) utilization of available credit facilities from bank, (iii) sourcing for new customers to improve sales volume; (iv) applied for exemption from withholding tax and initiating the process for recovery of refundable tax, (v) negotiated with associated company and get marketing commission suspended for the year and (vi) considering diversification in business operations.

Based on the measures described above and the commitment of Directors and associated company to support the Company, management has a reasonable expectation that the Company has adequate resources to continue its activity for the foreseeable future.

## 2 STATEMENT OF COMPLIANCE

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

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

Where 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.

The Act has also brought certain changes with regard to preparation and presentation of these financial statements. These changes, amongst others, included change in respect of nomenclature of these financial statements. Further, the disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional amended disclosures.

## 3 STATUS OF STANDARDS AND INTERPRETATIONS

### 3.1 Standards and interpretations that became effective but not relevant to the Company or do not have material effect

During the year certain amendments to standards or new interpretations became effective, however, the amendments or interpretations did not have any material effect on these financial statements.

### 3.2 Standards, interpretations and amendments not yet effective

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

		Effective date (annual periods beginning on or after)
IFRS 2	Share Based Payments - Amendments	January 01, 2018
IFRS 4	Insurance Contracts - Amendments	January 01, 2018
IFRS 9	Financial Instruments	July 01, 2018
IFRS 9	Financial Instruments - Amendments	January 01, 2018
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint ventures: Sales or Contribution of Assets between an Investor and its Associates or joint Venture - Amendments.	Not yet finalized
IFRS 15	Revenue from Contract with Customers	July 01, 2018
IFRS 16	Leases	January 01, 2019



IAS 19	Plan Amendment, Curtailment or settlement - Amendments	January 01, 2019
IAS 28	Long term interest in Associates and Joint Ventures - Amendments	January 01, 2019
IAS 40	Investment Property: Transfer of Investment Property - Amendments	January 01, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation/disclosures. The Company is yet to assess the full impact of the amendments.

The Company has adopted the following accounting standards and amendments and interpretations of IFRSs which became effective for the current year.

IAS 7	Statement of Cash Flows - Disclosure Initiative - Amendments
IAS 12	Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses

**3.3 Standards, interpretations and amendments not yet adopted**

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

The following interpretations issued by the IASB have been waived of by SECP:

IFRIC 4	Determining whether an arrangement contains lease
IFRIC 12	Service concession arrangements

**4 SUMMARY OF SIGNIFICANT EVENTS & TRANSACTIONS**

Due to applicability of Companies, Act 2017 certain disclosures of financial statements have been presented in accordance with fourth schedule notified by Securities and Exchange Commission (SECP) of Pakistan vide SRO 1169 (I), dated November 07, 2017 and S.R.O 1092(I)/2018 dated September 03, 2018.

**5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated. Financial statements, except for cash flow statement, have been prepared under accrual basis of accounting.

**5.1 Basis of measurement**

These financial statements have been prepared under the historical cost convention except:-  
 Employees' benefit obligation (refer note 5.10).

**5.2 Operating segments**

Operating segments are reported in a manner consistent with internal reporting by management of the Company. The management has determined that the Company has a single reportable segment as the Board of Directors view the Company's operation as one reportable segment.

**5.3 Property, plant and equipment**

Property, plant and equipment are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. Subsequently, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses if any, except leased hold land held for business use is stated at leased amount less amortized amount.

Material residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

Depreciation is provided on reducing balance method to write down cost less accumulated residual value of property, plant and equipment over the estimated useful lives of the assets at rates specified below.

• Lease hold land	10%
• Factory building on leasehold land	10-20%
• Plant and machinery	10%
• Tools and lab equipment	10%
• Office equipment	10%
• Furniture and fixtures	10%
• Carpets and curtains	10%
• Vehicles	20%
• Lease hold Improvements	20%

Depreciation on additions is charged from the month of acquisition and on disposals up to the month the asset is in use. Maintenance and normal repairs are charged to profit and loss as and when incurred. Major renewals and improvements are capitalized.

Residual values are determined by the management as the amount it expects it would receive currently for an item of property, plant and equipment if it was already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful lives.

Useful lives are determined by the management based on the expected usage of assets, physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

**Disposal of non-current assets**

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in the profit and loss. The gain or loss arising from the sale of non-current assets is generally included in "other income" or "other operating expense" in the profit and loss.

**5.4 Financial instruments**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized at the time when the Company loses the control of the contractual rights that comprise the financial assets. Financial liabilities are de-recognized at the time when obligation specified in the contract is discharged, cancelled or expired.

Financial assets and financial liabilities are set off and net amount is reported in the balance sheet if the Company has legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**5.4.1 Financial assets**

**5.4.1.1 Classification**

The management determines the appropriate classification of the financial instruments in accordance with the requirements of International Accounting Standard (IAS 39) "Financial Instruments: Recognition and Measurement" for subsequent measurement.

The classification depends on the purpose for which the financial assets are acquired. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, reevaluates the designation at each balance sheet date.

**a) Available for sale financial assets**

Financial assets intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes in equity prices are classified as available for sale. Available for sale financial instruments are those non-derivative that are designed as available for sale or not classified as (b) held to maturity (c) loan and receivables and (d) financial assets at fair value through profit and loss.

**b) Held-to-maturity Investment (HTM)**

Investments held-to-maturity are non-derivative financial assets which carry fixed or determinable payments and fixed maturities other than loans and receivables. Investments are classified as HTM if the company has the positive intention and ability to hold to maturity. HTM investments are measured subsequently at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

**c) Loans and receivables**

Loans and receivables include trade debts, advances, trade deposits, accrued interest and cash and bank balances.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially measured at fair value plus directly attributable transaction costs. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method less impairment, if any. Discounting is ignored when immaterial. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

Receivables are assessed on regular basis for impairment and if there is any doubt about the recoverability of these receivables, appropriate amount of provision is made.

**d) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets carried at fair value through profit and loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets. Financial assets at fair value through profit and loss are subsequently carried at fair value.

**e) Financial Liabilities**

Financial liabilities, other than those at fair value through profit or loss, are measured at amortized cost using the effective yield method.

The Company's financial liabilities include trade and other payables. Discounting is omitted where the effect of discounting is immaterial. Trade and other payables are initially recognized at fair value less any directly attributable transaction cost.

**5.5 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which Company operates. These financial statement are presented in Pakistani Rupees, which is the Company's functional and presentational currency. All financial information presented in Pak Rupees is rounded to nearest rupee.

**5.6 Stores, spares and loose tools**

Stores and loose tools are valued at lower of cost and net realizable value (NRV). Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Non significant stores and loose tools are charged to profit and loss account when purchased.

**5.7 Stock in trade**

Stock in trade is valued at lower of cost and estimated net realizable value. Stock in trade comprise of raw-material, work in process and finished goods, while basis of valuation is weighted average cost.

Raw material cost comprises invoice values plus other related charges paid thereon. Net realizable value signifies estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale.

**5.8 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at fair value. For the purpose of cash flow statement, cash and cash equivalents comprise cash and cheques in hand, bank balances, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and running finances under mark up arrangements.

**5.9 Taxation**

**a) Current**

Provision for current taxation is based on taxable income at the current tax rates after taking into account tax rebates and tax credits available, if any, and tax paid on presumptive basis.

**b) Deferred**

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amount of the assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted at the balance sheet date. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be offset against future taxable profit and the carrying amount of the deferred tax asset is reviewed at each balance sheet date. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognized as a component of tax expense in the profit and loss account, except where they relate to items that are charged or credited directly to the statement of other comprehensive income in which case the related deferred tax is also charged or credited directly to the statement of other comprehensive income.

Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it becomes probable that future taxable profit will allow deferred tax asset to be recovered.

**5.10 Employees' retirement benefits**

The Company operates an unfunded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Provision is made annually to cover obligations under the scheme in accordance with actuarial recommendations. Projected Unit Credit Method has been used for actuarial valuation carried out by an independent actuary as of 30 June, 2018. The results of current valuation are summarized in note 19.

The actuarial gains or losses at each evaluation date are charged to other comprehensive income. The amount recognized in the balance sheet represents the present value of defined benefit obligations.

Calculation of gratuity requires assumptions to be made of future outcomes which mainly increase in remuneration, expected long term return on plan assets and the discount rates used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

**5.11 Provisions**

Provision is recognized when the Company has a present obligation as a result of past event, probably will result in an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Long term provisions are discounted to their present values, where the time value of money is material.

**5.12 Related party transactions**

Sale and purchase transactions with related parties are carried out at arm's length price under the comparable uncontrolled price method. All other transactions are carried out on the basis of mutually agreed terms.



**5.13 Revenue recognition**

Revenue is measured by reference to the fair value of consideration received or receivables excluding sales tax, rebates and trade discounts. The Company applies the revenue recognition criteria set out below to each separately identifiable component of revenue.

Sales are recorded on dispatch of goods to customers.

Revenue from repair services is recognized as and when services are rendered.

Interest income is recorded on a time proportional basis.

**5.14 Foreign currency transactions and translation**

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing on the date of transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary balance sheet items at year end exchange rates are recognized in profit and loss account.

**5.15 Equity and dividend payments**

Share capital represents the nominal value of shares that have been issued.

Revenue reserve include all current and prior period profits as disclosed in the profit and loss.

Interim dividend distributions are recognized in the period in which the dividends are declared by the Board of Directors, while final dividend distributions are recognized as liability in the financial statements in the period in which the dividend are approved by the Company's shareholders at the Annual General Meetings.

**5.16 Proposed dividends and transfer between reserves**

Dividend declared and transfers between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognized in the financial statements in the period in which such dividends are declared / transfers are made.

**5.17 Expense recognition, borrowing costs**

Operating expenses are recognized in the profit and loss account upon utilization of the service or at the date of their origin. Interest expenses are reported on an accrual basis. Borrowing costs relating to the acquisition, construction or production of a qualifying asset are recognized as a part of the cost of that asset. All other borrowing costs are recognized as an expense in the period in which these are incurred.

**5.18 Impairment**

**5.18.1 Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

**5.18.2 Non-financial assets**

The carrying amounts of non financial assets are assessed at each reporting date to ascertain 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, as an expense in the profit and loss account, for the amount by which the asset's carrying amount 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. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each balance sheet date. Reversals of the impairment loss are restricted to the original cost of the assets. An impairment loss or reversal of the impairment loss is recognized in income for the year.

**5.19 Contingent liability**

Contingent liability is disclosed when:

- there is possible obligation that arise from past event and whose existence will be confirmed only on the occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is a present obligation that arise from past event but is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

**5.20 Operating leases/ Ijarah Contracts**

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases / Ijarah contracts are charged to profit and loss on a straight-line basis over the period of the lease.



**6 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and judgments are continually evaluated and are based on historical expenditure and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

- (a) Depreciation on property, plant and equipment;
- (b) Recoverable amount and related impairment of depreciable, amortizable and financial assets;
- (c) Provision for taxation and related deferred tax asset or liability;
- (d) Liability against employees' benefit; and
- (e) Other provision, contingent liabilities and contingent assets.

However, assumptions and judgments made by the management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the foreseeable period.



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7 PROPERTY, PLANT AND EQUIPMENT

Particulars	Lease hold land	Factory building on lease hold land	Plant and machinery	Tools and lab equipment	Office equipment	Furniture and fixture	Carpets and curtains	Vehicles	Lease hold Improvements	Total	Rupces	
											2017	2018
<b>Cost</b>												
Balance as at July 01, 2017	15,663,368	28,817,986	84,290,913	6,460,580	10,423,795	3,003,457	143,111	54,167,890	-	202,971,100		
Additions	-	-	-	-	716,321	-	-	810,000	2,276,329	3,802,650		
Disposals	-	-	-	-	-	-	-	(169,120)	-	(169,120)		
Balance as at June 30, 2018	15,663,368	28,817,986	84,290,913	6,460,580	11,140,116	3,003,457	143,111	54,808,770	2,276,329	206,604,630		
<b>Accumulated Depreciation</b>												
Balance as at July 01, 2017	(8,442,490)	(25,223,383)	(71,208,033)	(5,387,215)	(5,119,130)	(2,526,689)	(128,202)	(24,394,397)	-	(142,429,539)		
Disposals	-	-	-	-	-	-	-	53,555	-	53,555		
Depreciation for the year	(722,088)	(512,183)	(1,308,288)	(107,336)	(590,775)	(47,687)	(1,490)	(6,076,199)	(75,878)	(9,441,924)		
Balance as at June 30, 2018	(9,164,578)	(25,735,566)	(72,516,321)	(5,494,551)	(5,709,905)	(2,574,376)	(129,692)	(30,417,041)	(75,878)	(151,817,908)		
Carrying amount as at June 30, 2018	6,498,790	3,082,420	11,774,592	966,029	5,430,211	429,081	13,419	24,391,729	2,200,451	54,786,722		
<b>Cost</b>												
Balance as at July 01, 2016	15,663,368	28,817,986	84,290,913	6,460,580	9,743,500	3,003,457	143,111	54,167,890	-	202,290,805		
Additions	-	-	-	-	680,295	-	-	-	-	680,295		
Balance as at June 30, 2017	15,663,368	28,817,986	84,290,913	6,460,580	10,423,795	3,003,457	143,111	54,167,890	-	202,971,100		
<b>Accumulated Depreciation</b>												
Balance as at July 01, 2016	(7,640,169)	(24,611,866)	(69,754,378)	(5,267,916)	(4,558,566)	(2,473,722)	(126,545)	(16,951,046)	-	(131,384,208)		
Depreciation for the year	(802,321)	(611,517)	(1,453,655)	(119,299)	(560,564)	(52,967)	(1,657)	(7,443,351)	-	(11,045,331)		
Balance as at June 30, 2017	(8,442,490)	(25,223,383)	(71,208,033)	(5,387,215)	(5,119,130)	(2,526,689)	(128,202)	(24,394,397)	-	(142,429,539)		
Carrying amount as at June 30, 2017	7,220,878	3,594,603	13,082,880	1,073,365	5,304,665	476,768	14,909	29,773,493	-	60,541,561		



7.1 Lease hold land includes land measuring 10 acres in Industrial Estate of Hattar for setting up repair, maintenance and manufacturing of oil field and communication equipments allotted by Sarhad Development Authority (SDA) on a lease term basis of 99 years. A civil suit has been filed by Surban Textile Mills Limited against Chairman SDA and others for allotment of the same to the Company, further explained in Note: 23.3.

	Note	2018 Rupees	2017 Rupees
<b>7.2 Depreciation charge for the year has been allocated as under:</b>			
Cost of sales/services	Note: 25	2,649,895	3,046,609
Administrative expenses	Note: 27	6,792,029	7,998,722
		<u>9,441,924</u>	<u>11,045,331</u>

7.3 Company's immoveable fixed assets consists of land located at Plot # 43, Phase III, Hattar Industrial Estate, Khyber Pukhtoonkhwa having 10 acres in Industrial Area of Hattar.

**8 LONG TERM LOANS AND ADVANCES**

Considered good - Secured

Other employees Note: 8.1 504,597 618,920

8.1 The above advances were given in accordance with the Company's service rules, with no fixed repayment terms and carry no mark up. Any outstanding loan due from employees is adjustable against employees benefit/gratuity.

**9 LONG TERM DEPOSITS**

	Note	2018 Rupees	2017 Rupees
Security deposit		400,000	-
Margin deposits and bid money- doubtful		813,861	813,861
		<u>1,213,861</u>	<u>813,861</u>
Less: Provision for impairment	Note: 9.1	(813,861)	(813,861)
Long term deposits		<u>400,000</u>	<u>-</u>

9.1 Provision for impairment

Opening balance 813,861 5,283,711

- Additions during the year - -

- Reversal during the year - (4,469,850)

Closing balance 813,861 813,861

**10 DEFERRED TAXATION**

Deferred tax asset of Rs. 31.341 million (2017: Rs. 23.366 million) has not been recognized due to uncertain realizability owing to the reasons mentioned in note 1.2 to these financial statements.

**11 STORES, SPARES AND LOOSE TOOLS**

	Note	2018 Rupees	2017 Rupees
Stores		926,907	926,907
Loose tools	Note: 11.1	726,686	726,686
<b>Stores, spares and loose tools</b>		<u>1,653,593</u>	<u>1,653,593</u>
Less: Provision for impairment		(1,653,593)	(1,653,593)
Stores, spares and loose tools		<u>-</u>	<u>-</u>



	Note	2018 Rupees	2017 Rupees
<b>11.1</b>	Provision for obsolete and slow moving items		
	Opening balance	1,653,593	-
	- Additions during the year	-	1,653,593
	- Reversal during the year	-	-
	Closing balance	<u>1,653,593</u>	<u>1,653,593</u>
<b>12</b>	<b>STOCK IN TRADE</b>		
	Raw materials	Note: 12.1	52,382,841
	Work in progress		3,105,413
	Finished goods	Note: 12.2	3,258,008
	<b>Stock in trade</b>		<b>58,746,262</b>
	Less: Provision for obsolete and slow moving stock		(3,264,562)
	<b>Stock in trade</b>		<b><u>55,481,700</u></b>
	<b>12.1</b> Provision for obsolete and slow moving items - Raw material		
	Opening balance	1,780,562	-
	- Additions during the year	-	1,780,562
	- Reversal during the year	-	-
	Closing balance	<u>1,780,562</u>	<u>1,780,562</u>
	<b>12.2</b> Provision for obsolete and slow moving items - Finished goods		
	Opening balance	1,484,000	-
	- Additions during the year	-	1,484,000
	- Reversal during the year	-	-
	Closing balance	<u>1,484,000</u>	<u>1,484,000</u>
<b>13</b>	<b>TRADE DEBTS</b>		
	<b>Trade debts - unsecured</b>		
	Considered		
	- good	23,935,363	126,587,400
	- doubtful	81,142,825	69,023,562
		<u>105,078,188</u>	<u>195,610,962</u>
	Less: Provision for impairment in trade debts	Note: 13.1	(81,142,825)
	<b>Trade debts</b>		<b><u>23,935,363</u></b>
	<b>13.1</b> Provision for impairment in trade debts		
	Balance as at July 01	69,023,562	13,131,210
	Provision made during the year	Note: 27.5	12,119,263
	Less: Write off	-	-
	<b>Balance as at June 30</b>		<b><u>81,142,825</u></b>
	<b>13.2</b> The status of past dues relating to trade debts has been disclosed in note 36.2 (b).		
<b>14</b>	<b>ADVANCES</b>		
	<b>Advances - unsecured, considered good</b>		
	Short term-advances to suppliers	4,453,106	-
	Short term loans and advances to employees against salaries	16,332	16,776
	<b>Advances</b>	<u>4,469,438</u>	<u>16,776</u>
<b>15</b>	<b>TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>		
	Margin deposits and bid money	Note: 15.1	547,500
			567,500
	Prepayments		1,950,498
	Short term deposit against Ijarah		810,000
	<b>Trade deposits and short term prepayments</b>		<b><u>2,384,034</u></b>
	<b>15.1</b> This represents bid money of Rs. 0.547 million (2017: 0.567 million) deposited against tender for oil and gas field equipment and armouring of vehicles for different projects.		



16 TAX REFUNDS DUE FROM THE GOVERNMENT

Note	2018 Rupees	2017 Rupees
Opening balance	140,300,928	156,206,624
Deducted at source during the year	11,179,267	18,125,079
Workers' welfare fund adjustment	(10,414,322)	-
Less: provision for taxation Note: 31	(3,747,018)	(34,030,775)
<b>Advance tax - net of provision</b>	<b>137,318,855</b>	<b>140,300,928</b>
Sales tax refunds	278,606	535,966
<b>Tax refundable</b>	<b>137,597,461</b>	<b>140,836,894</b>

17 CASH AND BANK BALANCES

Cash in hand	8,689	17,301
Cash at banks:		
Local currency:		
Saving accounts Note: 17.1	6,677,382	11,784,011
Current accounts Note: 17.2	4,542,594	9,168,474
Foreign currency current accounts	1,331,386	1,149,635
<b>Cash and bank balances</b>	<b>12,560,051</b>	<b>22,119,421</b>

17.1 The range of interest on these saving accounts is 3.00 % - 7.00 % per annum (2017: 3.00 % - 7.00 % per annum).

17.2 This includes an amount of Rs. 2.1 million (2017: 2.1 million) under lien against performance bonds.

18 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

The share capital of the Company consists only of ordinary shares with a par value of Rs.10 each. All shares are equally eligible to receive dividend.

2018 Number	2017 Number	Note	2018 Rupees	2017 Rupees
6,582,600	6,582,600	Ordinary shares of Rs. 10 each issued and fully paid in cash Note: 18.1	65,826,000	65,826,000

18.1 These includes 106,000 shares held by the Akbar Associates (Private) Limited, an associated company.

19 EMPLOYEES' BENEFIT OBLIGATION

	2018 Rupees	2017 Rupees
Employees' gratuity	5,913,130	5,095,762
The employees' benefit obligation as at the balance sheet date are as follows:		
Present value of defined benefit obligation	5,913,130	5,095,762
<b>Net liability at the end of the year</b>	<b>5,913,130</b>	<b>5,095,762</b>
Movement in the present value of defined benefit obligation (DBO) is as follows:		
Present value of DBO at the beginning of the year	5,095,762	4,720,844
Current service cost	1,031,567	1,077,331
Interest cost	328,573	291,834
Benefit payable	(1,640,126)	(1,098,046)
Benefit paid	(72,091)	(293,040)
Remeasurments:		
Actuarial (gains)/losses from changes in financial assumptions	7,497	2,454
Experience adjustments	1,161,948	394,385
<b>Present value of defined benefit obligation at the end of the year</b>	<b>5,913,130</b>	<b>5,095,762</b>

Note	2018 Rupees	2017 Rupees
Expense recognized in profit and loss account:		
Current service cost	1,031,567	1,077,331
Interest cost	328,573	291,834
<b>Provision of employees' benefit</b>	<b>1,360,140</b>	<b>1,369,165</b>
Expense is recognized in the following line items in profit and loss account:		
Cost of sale/services Note: 25.2	986,102	1,173,570
Administrative expenses Note: 27.1	374,039	195,595
	<b>1,360,141</b>	<b>1,369,165</b>

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Principal actuarial assumptions used were as follows:

Discount rate per annum	9.00%	7.75%
Expected rate of increase in eligible salary per annum	8.00%	6.75%
	SLIC	SLIC
Mortality rate	2001-2005	2001-2005
	Mortality table	Mortality table
Average expected remaining working life time of employees	9 years	8 years

These assumptions have been developed by management with assistance of independent actuarial appraisers. Discount rate is determined by reference to market yields on government bonds since long-term private sector bonds market is not deep enough in Pakistan. Rate of salary growth reflects regular / special increments and any promotional increase.

Detail of present value of employees' benefit obligation.

	2018	2017	2016	2015	2014
	-----Rupees-----				
Present value of defined benefit obligation:	5,913,130	5,095,762	4,720,844	4,720,844	4,610,346
Estimated charge to profit and loss for the next year is Rs. 1,463,475.					

20 TRADE AND OTHER PAYABLES

Note	2018 Rupees	2017 Rupees
Creditors - unsecured	75,749,346	62,059,362
Accrued liabilities	13,448,873	2,426,022
Employees' benefit payable	4,207,524	3,177,722
Advance from customer	2,687,700	6,310,301
Workers' Profit Participation Fund (WPPF)	-	93,523
Employees' income tax payable	1,193,870	97,642
Workers' Welfare Fund (WWF)	-	10,414,322
Other liabilities	46,732	46,732
<b>Trade and other payables</b>	<b>97,334,045</b>	<b>84,625,626</b>

20.1 This include advance received from Saudi Relief Fund, amounting to Rs. 1.35 million (2017: Rs. 1.35 million) for the supply of rotary drilling rigs, the adjustment of which is subject to pending litigation as disclosed in note 23.2 to the financial statements and remaining amount represents advances received from customers pertaining to armouring of vehicles.

Note	2018 Rupees	2017 Rupees
<b>20.2 Workers' Profit Participation Fund</b>		
Balance as at July 01	93,523	782,032
Charge for the year	-	-
Interest for the year	8,121	69,110
Transfer to fund during the year	(101,644)	(757,619)
<b>Balance as at June 30</b>	<b>-</b>	<b>93,523</b>

21 DUE TO ASSOCIATED COMPANY

Akbar Associates (Private) Limited	Note: 21.1	36,228,947	32,644,480
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21.1 This represents amount payable to Akbar Associates (Private) Limited for expenditure paid on behalf of the Company.

22 SHORT TERM BORROWINGS

Note	2018 Rupees	2017 Rupees
Short term borrowings	32,000,000	100,000,000

22.1 Short term borrowing represents karobar finance facility which is available under profit arrangement against facility of Rs. 100 million. This facility is secured by ownership of karobar finance goods and 1st pari passu charge over present and future current and fixed assets of the Company amounting to Rs. 334 million. The per annum rate of profit is six month KIBOR + 1.75%.

23 CONTINGENCIES AND COMMITMENTS

- 23.1 The facilities available from Bank amounts to Rs.250 million (2017: Rs. 250 million). The arrangements are secured by way of 1st parri passu charge over present and future current and fixed assets of the Company amounting to Rs. 334 million.
- The rate of markup charge is six months KIBOR plus 1.75 % per annum (2017: six months KIBOR plus 1.75 % per annum). The sub limits of facilities for opening letter of credits, letters of guarantees and import merchandise amounts to Rs. 250 million each (2017: Rs. 200 million each) of which Rs. Nil (2017: 6.48 million) and Rs. 47.06 million (2017: 48.75 million) and Rs. Nil (2017: Rs. Nil) are outstanding respectively. The unavailed facilities from the above arrangements amounted to Rs. 202.93 million (2017: Rs. 94.77 million).
- 23.2 M/s Saudi Relief Committee for Pakistan (SCRC) instituted a petition for the recovery of contractual amount Rs.6,750,000 + Penalty of 10% amounting to Rs. 675,000 together with damages of US\$ 1.4 million and Rs. 20 Million as damages, out of the said amount M/s SCRC was awarded an amount of Rs.6,750,000 + Penalty of 10% amounting to Rs. 675,000 rest of the claim of US\$ 1.4 million and Rs. 20 Million as damages was disallowed. M/s SCRC has now instituted execution petition for the recovery of awarded/contractual amount of Rs.6,750,000 + Penalty of 10% amounting to Rs. 675,000. The Islamabad High Court in an appeal filed by the Company has stayed the execution proceedings. Moreover, The civil judge Islamabad, vide order dated January 07, 2011 has drawn the decree sheet to make the aforesaid award rule of the court and against that order the Company has filled an appealed before the Islamabad High Court, Islamabad, which is pending adjudication. Further, an appeal has been instituted by the Company to challenge the legality and validity of the order dated March 11, 2015 whereby the executing court has passed an order for amendment of decree. Consequently the operation of the impugned order dated March 11, 2015 has been suspended and the appeal is pending adjudication. Management based on opinion of the legal advisor, is hopeful of a positive decision in its favor. Consequently, no provision has been made in these financial statements for payment of the contractual/awarded amount and the penalty.
- 23.3 Lease hold land includes Rs. 14.25 million relating to land measuring 10 acres in Industrial Estate of Hattar for setting up repair, maintenance and manufacturing of oil field and communication equipments allotted by Sarhad Development Authority (SDA) on a lease term basis of 99 years. A civil suit has been filed by Surban Textile Mill Limited on May 02, 2008 against Chairman SDA and others for allotment of the same to the Company. The Company has become a party in the said suit to protect and project its rights in the suit land. The suit land has now been allotted to the Company and the proceedings of the case is in progress and there is no change in status from the last year. The management expects a favorable decision based on legal advisor assessments and merits of the case.
- 23.4 Rectification application has been filed by the Company to Inland Revenue Department for assessment year 2002-03 under section 156 of the repealed income tax ordinance 1979 read with section 221 (1A) of Income Tax Ordinance, 2001 for carrying forward of tax losses (business and un-absorbed depreciation) under section 35 of repeal ordinance read with section 57 of the Income Tax Ordinance, 2001. The correction requested by the Company was of Rs. 38,750,951 which was incorrectly made as Rs. 8,669,664. The Assistant Commissioner Inland Revenue (ACIR) vide its order dated March 03, 2011 rejected the rectification application and imposed additional penalty of Rs. 170,148 and Rs. 242,878 for tax year 2006 and 2007 respectively. On the application of the Company to Commissioner Inland Revenue (CIR) (Appeal-I) which directed ACIR vide order dated September 16, 2011 that the claim of the appellant as regards to brought forward losses has not been looked into in its proper perspective by the ACIR before imposing additional tax. It is directed that a proper position of brought forward losses may be determined first. Only then if there is any outstanding demand that has not been paid timely, additional tax may be imposed. The Inland Revenue Department and Company separately appealed to Appellate Tribunal Inland Revenue (ATIR), against the remand back order of CIR (Appeal-I). ATIR remanded back the case to Commissioner (Appeals) for disposal by passing speaking order on the ground of appeals. Consequently, the case is now pending with the CIR (Appeals-I) Islamabad. The management is confident that the case will be decided in the favour of the Company and consequently no provision for additional tax has been provided in these financial statements and deferred tax impact has not been made in these financial statements.

**Commitments**

Commitments for rentals under operating lease agreements/ Ijarah contracts as at June 30, 2018 are as follows:

	2018 Rupees	2017 Rupees
Not later than one year	-	982,516
Over one year to five years	-	-
<b>Commitments</b>	<b>-</b>	<b>982,516</b>

24 REVENUE-NET

	Note	2018 Rupees	2017 Rupees
Gross sales		111,005,510	427,589,115
Sales tax		(3,043,366)	(298,591)
Revenue-net of sales tax		107,962,144	427,290,524
Discount allowed		-	-
<b>Revenue-net</b>		<b>107,962,144</b>	<b>427,290,524</b>



25 COST OF SALES/ SERVICES

	Note	2018 Rupees	2017 Rupees
Raw materials consumed	Note: 25.1	49,481,866	294,434,573
Salaries, wages and benefits	Note: 25.2	17,343,336	15,755,998
Factory rent		5,280,000	4,976,613
Repair and maintenance		691,535	423,245
Travelling and conveyance		772,288	1,315,255
Vehicle running and maintenance		162,725	33,900
Electricity, water and gas		2,550,166	2,316,558
Telephone and postage		115,043	259,894
Carriage and freight		2,753,619	1,260,036
Royalty and equipment rentals	Note: 25.3	2,199,274	1,771,679
Clearing and service charges		5,037,123	4,257,855
Other factory overheads		5,112,523	5,143,085
Depreciation	Note: 7.2	2,649,895	3,046,609
<b>Cost of sales/ services</b>		<b>94,149,393</b>	<b>334,995,300</b>

25.1 Raw materials consumed

Opening balance as on July 01		55,200,086	65,286,116
Add: Purchases during the year		46,664,621	284,348,543
		101,864,707	349,634,659
Less: Closing balance as on June 30	Note: 12	(52,382,841)	(55,200,086)
<b>Raw materials consumed</b>		<b>49,481,866</b>	<b>294,434,573</b>

25.2 These include an amount in respect of employees' benefit obligation of Rs. 986,102 (2017: Rs.1,173,570) (refer to note: 19).

25.3 This includes amount of Rs. 1,890,881 (2017: Rs. 1,771,679 ), (USD 14,500 (2017: USD 14,500)) paid to American Petroleum Institute (API), a professional training and certification programs service providers as royalty, on account of monogram annual fees.

26 SELLING AND DISTRIBUTION EXPENSES

	Note	2018 Rupees	2017 Rupees
Marketing expenses	Note: 26.1	-	21,364,526
<b>Selling and distribution expenses</b>		<b>-</b>	<b>21,364,526</b>

26.1 Marketing expenses

Marketing expenses are being paid to Akbar Associates (Private) Limited, an associated company @ maximum of 5% of the revenue for services rendered to the Company. However, the Company has negotiated and got this arrangement suspended for this year, resultantly no marketing expenses are incurred during the year.

27 ADMINISTRATIVE EXPENSES

	Note	2018 Rupees	2017 Rupees
Salaries and other benefits	Note: 27.1	8,425,073	7,476,114
Directors' remuneration		12,794,684	14,610,922
Travelling and conveyance		6,129,731	828,777
Rent, rate and taxes	Note: 27.2	5,545,127	6,130,515
Legal and professional charges		113,687	1,480,916
Fee and subscription		701,112	494,669
Electricity, gas and water		370,846	253,803
Repair and maintenance		1,166,440	1,036,084
Insurance		1,322,563	1,103,340
Printing, stationary and periodicals		785,216	623,196
Postage, telex and telephone		1,128,083	738,842
Entertainment and staff welfare		1,831,249	2,465,559
Depreciation	Note: 7.2	6,792,029	7,998,722
Auditors' remuneration	Note: 27.3	645,000	800,000
Donations	Note: 27.4	1,358,985	1,260,835
Provision and write offs	Note: 27.5	12,119,263	60,810,507
Miscellaneous expenses		145,231	2,531,971
<b>Administrative expenses</b>		<b>61,374,319</b>	<b>110,644,772</b>

- 27.1 These include an amount in respect of employees' benefit obligation of Rs. 374,039 (2017: Rs. 195,595) (refer to note: 19)
- 27.2 This includes ujarah payments under Islamic Financial Accounting Standard (IFAS-2) "Ijarah" which are recognized as expenses in profit and loss account on straight line basis over the Ijarah term.
- 27.2.1 This includes Rs. 3,800 (2017: Nil) against penalty imposed by PSX on account of non-compliance of PSX regulations relating to late submission of list of shareholders for the period December 31, 2017.

**27.3 Auditors' remuneration**

	2018 Rupees	2017 Rupees
Annual audit fee	425,000	580,000
Half-yearly review fee	95,000	95,000
Review of CCG	80,000	80,000
Certification-free float of shares	45,000	45,000
<b>Auditors' remuneration</b>	<b>645,000</b>	<b>800,000</b>

- 27.4 Donations do not include any amount paid to any person or any organization in which a director or his spouse had any interest.

**27.5 Provision and write-offs**

	Note	2018 Rupees	2017 Rupees
Provision for doubtful debts	Note: 13.1	12,119,263	55,892,352
Provision against stores, spares and loose tools	Note: 11.1	-	1,653,593
Provision against stock in trade	Note: 12	-	3,264,562
<b>Provision and write-offs</b>		<b>12,119,263</b>	<b>60,810,507</b>

**28 OTHER OPERATING EXPENSES**

Workers' welfare fund	-	1,214,287
Net exchange loss	14,102,896	11,073,229
<b>Other operating expenses</b>	<b>14,102,896</b>	<b>12,287,516</b>

**29 OTHER INCOME**

<b>Income from financial assets</b>		
Interest income - banks		614,287
Other income		-
		614,287
<b>Income from receivable from related party</b>		
Interest income - associated company	Note: 21.1	-
		-
<b>Income from non-financial assets</b>		
Scrap sale		502,725
		502,725
		1,117,012
		39,252,905

**30 FINANCIAL COST**

	Note	2018 Rupees	2017 Rupees
Interest on Workers' Profit Participation Fund	Note: 20.2	8,121	69,110
Profit against karobar finance		3,966,070	2,439,043
Bank charges		349,181	1,409,142
<b>Financial cost</b>		<b>4,323,372</b>	<b>3,917,295</b>

**31 TAXATION**

<b>Current</b>		
- for the year		1,349,527
- prior year		2,397,491
		3,747,018
Deferred tax	Note: 10	23,365,783
<b>Income tax expense / (Income)</b>	Note: 31.1	<b>27,112,801</b>
		15,691,465



	2018 Rupees	2017 Rupees
<b>31.1 Relationship between tax expense and accounting profit:</b>		
Turnover (2017: Loss before taxation)	107,962,144	(16,665,980)
1.25 % of turnover (2017: tax applicable rate 31%)	1.25%	31%
Tax on (loss)/profit before taxation	1,349,527	(5,166,454)
Tax effect of amount not admissible for tax purposes	-	23,227,206
Tax effect of depreciation - admissible for tax purposes	-	(2,358,498)
Tax effect of amount admissible for tax purposes	-	(1,082,163)
Tax effect of gratuity paid - admissible for tax purposes	-	(139,212)
Tax impact of prior year income tax	2,397,491	19,549,896
Tax impact of deferred tax charged	23,365,783	(18,339,310)
<b>Actual tax expense net</b>	<b>27,112,801</b>	<b>15,691,465</b>

<b>32 EARNINGS PER SHARE - BASIC AND DILUTED</b>		
Loss for the year - Rupees	(91,983,625)	(32,357,445)
Number of ordinary shares outstanding during the year	6,582,600	6,582,600
<b>Earnings per share-Rupees</b>	<b>(13.97)</b>	<b>(4.92)</b>

There is no dilutive effect on the earnings per share of the Company as the Company has no such commitments.

**33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

	Chief Executive		Directors		Executives	
	2018	2017	2018	2017	2018	2017
	Rupees		Rupees		Rupees	
Managerial remuneration	3,999,996	3,999,996	4,599,996	4,599,996	2,946,000	6,697,224
Travelling expenses	2,500,000	4,713,897	-	1,064,710	350,000	773,675
Gratuity	-	-	-	-	2,260,304	-
Bonus	-	-	-	232,323	-	254,772
	<b>6,499,996</b>	<b>8,713,893</b>	<b>4,599,996</b>	<b>5,897,029</b>	<b>5,556,304</b>	<b>7,725,671</b>
<b>Number of persons</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>5</b>

In addition to the above, the chief executive and an executive director has been provided with two vehicles each and another director is provided with one fully company maintained vehicle and all other benefits and perquisites which are available to senior executives. Certain executives are also provided with the company maintained cars. No payment has been made to non executive directors during the year.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of entity. The Company considers all members of their management team, including Chief Executive Officer and Directors to be its key management personnel. There are no transactions with key management personnel other than under their terms of employments or entitlements.

**34 RELATED PARTY TRANSACTIONS**

Related parties comprise of associated companies, staff retirement funds, directors and key management personnel:

	Note	2018 Rupees	2017 Rupees
<b>34.1 Transactions with Akbar Associates (Private) Limited:</b>			
Marketing expenses	Note: 26	-	21,364,526
<b>34.2 Non-sharing expenses paid on behalf of Akbar Associates (Private) Limited</b>		-	3,964,623
<b>34.3 Expense paid by Akbar Associates (Private) Limited</b>		3,584,468	-
<b>34.4 Interest income charged to Akbar Associates (Private) Limited on average balances at six monthly KIBOR plus 2.00%</b>		-	1,343,777
<b>34.5 Settlement of payable balance</b>		-	45,643,178
<b>34.6 Transactions with key management personnel</b>			
The transaction with key personnel are disclosed in note 33.			

	Note	2018 Rupees	2017 Rupees
<b>34.7 Transactions with others</b>			
Payment to workers' profit participation fund	Note: 20.2	-	1,214,287
The related party status of outstanding balances as at balance sheet date are included in relevant notes to the financial statements.			

**35 PLANT CAPACITY**

As such the plant capacity cannot be determined. Utilization of plant capacity depends upon total market demand and market share held.



**36 RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign exchange rates, market interest rates, commodity price, credit and liquidity risk associated with various financial assets and liabilities

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company does not engage in the trading of financial assets for speculative purposes. All treasury related transactions are carried out within the parameters of those policies.

The Company finances its operations through equity and management of working capital with a view to maintaining a reasonable mix and to minimize risk.

Taken as a whole, risks arising from the Company's financial instruments are limited as there is no significant exposure to risk. Risk measured and managed by the Company are explained in the notes below.

**36.1 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and service charge out rate will effect the Company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Foreign currency sensitivity, interest rate sensitivity and other price risk sensitivity are described in note: 35.1(a), 35.1(b)

**(a) Foreign currency sensitivity**

Local transactions except sales are carried out in Pak Rupees while transactions abroad are carried out in US Dollars. Exposures to currency exchange rates arise from the Company's receivables, payables and some balances with banks, which are primarily denominated in other than Pak Rupees. The activities of the Company expose it to foreign exchange risk, primarily with respect of US Dollars.

To mitigate the Company's exposure to foreign currency risk, non-Pak Rupees cash flows are monitored in accordance with Company's risk management policies. Generally, the Company's risk management procedures distinguish short-term foreign currency cash flows from long-term cash flows, where the amounts to be paid and received in a specific currency are managed to largely offset one another.

Foreign currency denominated financial assets and liabilities, translated into Pak Rupees at the closing rate, are as follows:

	2018 Rupees	2017 Rupees
Financial assets	25,266,749	127,737,035
Financial liabilities	(75,749,346)	(61,457,129)
<b>Short-term exposure</b>	<b>(50,482,597)</b>	<b>66,279,906</b>
Financial assets	-	-
Financial liabilities	-	-
<b>Long-term exposure</b>	<b>-</b>	<b>-</b>

The following table illustrates the sensitivity of the net result for the year and equity with regards to Company's financial assets and liabilities and US Dollar - Pak Rupee exchange rate.

A + 5.066 /- 11.794 change of the US Dollar exchange rate for the year ended June 30, 2018 (2017: A + 0.473/- 0.131) has been considered. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on Company's foreign currency financial instruments held at each balance sheet date.

If the Pak Rupee had strengthened against the US Dollar by 5.066 (2017: 0.473), then this would have had the following

	2018 Rupees	2017 Rupees
Net result for the year	2,103,041	(298,978)

If the Pak Rupee had weakened against the US Dollar by 11.794 (2017: 0.131), then this would have had the following impact:

	2018 Rupees	2017 Rupees
Net result for the year	(4,896,368)	82,757

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above has been considered to be representative of the Company's exposure to foreign currency risk.

**(b) Interest rate sensitivity**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company has external short term borrowings from Karobar Finance and vehicles under Ijarah Finance. The Company is exposed to change in market interest rate through fund utilized out of Workers' Profit Participation Fund (WPPF) and saving accounts in bank, vehicles acquired under Ijarah lease agreements and amount receivable from Akbar Associates (Private) Limited, which are subject to variable interest rates.



	2018 %	2017 %	2018 Rupees	2017 Rupees
<b>Effective interest rate</b>				
<b>Financial assets</b>				
Bank balances	3.00 to 7.00 %	3.00 to 7.00 %	6,677,382	11,784,011
			<u>6,677,382</u>	<u>11,784,011</u>
<b>Financial liabilities</b>				
Due to associated company	6.11%	6.11%	36,228,947	-
Short Term Borrowings	8.72%	7.90%	32,000,000	100,000,000
Profit payable on short term	8.72%	7.90%	145,254	101,505
Ijarah financing	0.00%	13.00%	-	982,516
WPPF	8.54%	8.96%	-	93,523
			<u>68,374,201</u>	<u>101,177,544</u>
<b>On balance sheet gap</b>			<u>(61,696,819)</u>	<u>(89,393,533)</u>

**(c) Equity price risk**

Equity price risk is the risk that the fair value of the equities changes as a result of changes in the level of equity indices and the value of individual stocks. The Company does not have exposure in listed equities as at June 30, 2018.

**36.2 Credit risk analysis**

Credit risk represents the accounting loss that would be recognized on the reporting date if counter parties failed completely to perform as contracted. The Company's credit risk is primarily attributable to its trade debts, advances, deposits and other receivables and balances with banks. The credit risk on liquid funds is limited, as the counter parties are banks with reasonably good credit ratings, trade debtors are petroleum companies which have good credit worthiness, associated undertaking over which we have influence, Ijarah security deposits are with banks which have good credit ratings and employees who are also contractually binded and subject to final settlement. The Company believes that it is not exposed to major concentration of credit risk. Out of the total financial assets of Rs. 237,366,706 (2017: Rs. 334,814,996), the financial assets of Rs. 44,525,219 (2017: Rs. 150,702,716) are subject to credit risk.

**(a) Exposure to credit risk**

	2018 Rupees	2017 Rupees
Classes of financial assets - carrying amounts		
Bank balances	12,551,362	22,102,120
Trade and other receivables	29,456,898	128,600,596
	<u>42,008,260</u>	<u>150,702,716</u>
The maximum exposure to credit risk for financial assets at the reporting date by type of counterparty was:		
Companies - Petroleum	23,935,363	126,587,400
Banks and financial institutions	12,551,362	22,102,120
Employees	520,929	635,696
Provincial Governments	547,500	567,500
Others	-	810,000
	<u>37,555,154</u>	<u>150,702,716</u>

The Company's management continuously monitors defaults of customers and other counterparties, identified either individual or by group. Where available at reasonable cost, external credit ratings or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

**(b) Credit quality of major financial assets**

Management considers that all the above financial assets that are not impaired on each of the reporting dates have good credit quality, including those that are past due.

**Trade receivables**

Financial assets due but not impaired can be shown as follows:

	2018 Rupees	2017 Rupees
<b>Neither past due nor impaired:</b>		
Not more than 1 month	16,989,282	96,785,911
<b>Past due but not impaired:</b>		
More than 1 month but not more than 6 months	6,946,081	16,946,959
More than 6 months but not more than 1 year	-	3,765,067
More than 1 year but not more than 3 years	-	9,089,463
	<u>23,935,363</u>	<u>126,587,400</u>



	2018 Rupees	2017 Rupees
<b>Past due - Credit worthiness in terms of default</b>		
Customers with no defaults in the past one year	23,935,363	117,497,937
Customers with some defaults in past one year which have been fully recovered	-	-
Customers with defaults in past one year which have not yet been recovered	-	9,089,463
	<b>23,935,363</b>	<b>126,587,400</b>

Majority of companies includes multinationals which have good credit worthiness

**Company - Associated Undertaking**

This includes amount receivable from Akbar Associates (Private) Limited in respect of payments made for various expense. The company is also paid marketing expenses @ 5% of sales in respect of marketing services provided by them which on average amount to Rs. 20-35 million yearly and this amount may also be adjusted against the marketing expenses. However, during the year marketing expenses are not incurred as explained in note 26.1.

**Companies- Others**

This includes amount receivable from a company involved in import of vehicles and having a good credit worthiness.

**Bank balances**

The credit risk for cash and cash equivalents is considered negligible, since the counter parties are reputable banks with high quality credit ratings.

The bank balances along with credit ratings are tabulated below:

	Rating agency	2018 Rupees	2017 Rupees
A1+	PACRA	5,845,024	10,133,692
A1	PACRA	5,658,005	11,386,474
A-1+	JCR-VIS	-	-
A-2	JCR-VIS	-	523
A-1	JCR-VIS	1,048,334	581,431
		<b>12,551,363</b>	<b>22,102,120</b>

**Employees**

This amount represents advances given to employees who are in the lawful binding employment contract and are subject to final settlement.

**Provincial Governments**

This represents amounts paid to provincial governments in respect of bid money and the credit risk on such is low.

**36.3 Liquidity risk analysis**

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company follows an effective cash flow management and planning policy to ensure the availability of funds and to take appropriate measures for new Company maintains cash and balances with banks to meet its liquidity requirement for thirty (30) days period. Funding for long term liquidity needs is additionally secured by an adequate amount of committed credit facility from financial institutions and Company's directors.

At balance sheet date, the Company's liabilities have contractual maturities which are summarized below:

June 30, 2018	Within 1 months	More than 1 to 6 months	More than 6 to 12 months
Trade and other payables	-	21,584,697	75,749,346
Due to associated company	-	-	-
Profit payable on short term borrowings	-	145,254	-
Short term borrowings	-	32,000,000	-
Unclaimed dividend	5,792,838	-	-
	<b>5,792,838</b>	<b>53,729,951</b>	<b>75,749,346</b>

This compared to the maturity of Company's financial liabilities in the previous reporting period as follows:

June 30, 2017	Within 1 months	More than 1 to 6 months	More than 6 to 12 months
Trade and other payables	3,327,545	23,168,497	58,129,584
Profit payable on short term borrowings	-	101,505	-
Short term borrowings	-	100,000,000	-
Unclaimed dividend	5,808,451	-	-
	<b>9,135,996</b>	<b>123,270,002</b>	<b>58,129,584</b>



The above contractual maturities reflect the gross cash flows, which may differ with the carrying values of the liabilities at the balance sheet date. The management believes that the company is not exposed to any significant liquidity risk.

**36.4 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 and loss. Therefore a change in interest rates at the reporting date would not affect income and expenditure account.

**36.5 Summary of financial assets and liabilities by category**

The carrying amounts of the Company's financial assets and liabilities recognized at the balances sheet date are categorized as follows:

	Note	2018 Rupees	2017 Rupees
<b>Financial assets at amortized cost</b>			
- Trade debts	Note: 13	23,935,363	126,587,400
- Margin deposits and bid money	Note: 15.1	547,500	567,500
- Others		-	810,000
- Employees	Note: 8 & 14	520,929	635,696
- Bank balances	Note: 17	12,551,362	22,102,120
		<b>37,555,154</b>	<b>150,702,716</b>
<b>Financial liabilities</b>			
<b>Financial liabilities measured at amortized cost</b>			
- Trade and other payables	Note: 20	97,334,045	84,625,626
- Due to associated company	Note: 21	36,228,947	-
- Profit payable on short term borrowings		145,254	101,505
- Short term borrowings	Note: 22	32,000,000	100,000,000
- Unclaimed dividend		5,792,838	5,808,451
		<b>171,501,084</b>	<b>190,535,582</b>

**37 CAPITAL MANAGEMENT POLICIES AND PROCEDURES**

Company is not subject to any externally imposed capital requirements.

Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity plus unappropriated profit less cash and cash equivalents as presented on the face of the balance sheet.

Consistent with industry practice and the requirements of lender, the Company monitors the capital structure on the basis of gearing ratio. The ratio is calculated as borrowings divided by total capital employed.

	2018 Rupees	2017 Rupees
Total equity	114,739,214	207,892,284
- Cash and bank balances	(12,560,051)	(22,119,421)
<b>Capital</b>	<b>102,179,163</b>	<b>185,772,863</b>
Total equity	114,739,214	207,892,284
<b>Overall financing</b>	<b>114,739,214</b>	<b>207,892,284</b>
<b>Capital-to-overall financing ratio</b>	<b>0.89</b>	<b>0.89</b>

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

**38 OPERATING SEGMENT**

These financial statements have been prepared on the basis of single reportable segment.

- Oil field equipment sales represent 82.4 % (2017: 98.6%) of the total sales of the Company.
- 100% (2017: 100%) of the Company's sales relate to customers in Pakistan.
- All non-current assets of the Company as at June 30, 2018 are located in Pakistan
- Five (2017: Five) of the Company's customers having net sales aggregating Rs.100.13 million (2017: Rs.421.22 million) contributed towards 92.75 % (2017: 99%) of the Company's sales. One (2017: Two) customers individually exceeded 10% of total sales.



ADOS PAKISTAN LIMITED  
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39 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Financial instruments by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Loans and receivables	Available for sale instruments	Fair value through profit or loss	Other financial instruments	Total	Fair Value				
						Carrying Amount	Level 1	Level 2	Level 3	Total
-----Rupees-----										
June 30, 2018										
<b>Non-current assets</b>										
Long term deposits	400,000	-	-	-	400,000	-	-	-	-	-
Long term Loans and advances	504,597	-	-	-	504,597	-	-	-	-	-
<b>Current assets</b>										
Trade debtors - considered good	23,935,363	-	-	-	23,935,363	-	-	-	-	-
Loans and advances	4,469,438	-	-	-	4,469,438	-	-	-	-	-
Trade deposits	2,384,034	-	-	-	2,384,034	-	-	-	-	-
Accrued interest on saving accounts	34,062	-	-	-	34,062	-	-	-	-	-
Bank balances	12,551,362	-	-	-	12,551,362	-	-	-	-	-
	44,278,856	-	-	-	44,278,856	-	-	-	-	-
<b>Current liabilities</b>										
Trade and other payables	-	-	-	97,334,045	97,334,045	-	-	-	-	-
Due to associated company	-	-	-	36,228,947	36,228,947	-	-	-	-	-
Profit payable on short term borrowings	-	-	-	145,254	145,254	-	-	-	-	-
Unclaimed dividend	-	-	-	5,792,838	5,792,838	-	-	-	-	-
Short term borrowing	-	-	-	32,000,000	32,000,000	-	-	-	-	-
	-	-	-	171,501,084	171,501,084	-	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018

	Carrying Amount			Fair Value				
	Loans and receivables	Available for sale instruments	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
-----Rupees-----								
<b>June 30, 2017</b>								
<b>Non-current assets</b>								
Long term deposits	-	-	-	618,920	-	-	-	-
Long term loans and advances	126,587,400	-	-	126,587,400	-	-	-	-
<b>Current assets</b>								
Trade debts - considered good	16,776	-	-	16,776	-	-	-	-
Loans and advances	3,327,998	-	-	3,327,998	-	-	-	-
Trade deposits	447,856	-	-	447,856	-	-	-	-
Profit payable on short term borrowings	22,102,120	-	-	22,102,120	-	-	-	-
Bank balances	-	-	-	-	-	-	-	-
	153,101,070	-	-	153,101,070	-	-	-	-
<b>Current liabilities</b>								
Trade and other payables	-	-	-	84,625,626	-	-	-	-
Due to associated company	-	-	-	32,644,480	-	-	-	-
Markup accrued	-	-	-	101,505	-	-	-	-
Unclaimed dividend	-	-	-	5,808,451	-	-	-	-
Short term borrowing	-	-	-	100,000,000	-	-	-	-
	-	-	-	223,180,062	-	-	-	-



**40 NUMBER OF EMPLOYEES**

	2018 Number	2017 Number
Number of employees at the year end	43	54
Average number of employees	54	59
<b>Factories employees:</b>		
Number of employees at the year end	37	48
Average number of employees	45	58

**41 GENERAL**

**41.1 General and corresponding figures**

Amounts have been rounded to the nearest thousand rupees unless otherwise stated. Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There was no significant reclassifications/ restatements to these financial statements during the year.

**41.2 Date of authorization for issue**

These financial statements have been authorized for issue by the Board of Directors of the Company in its meeting held on October 04, 2018.

ZIA AKBAR ANSARI  
CHIEF EXECUTIVE & DIRECTOR

JAMAL AKBAR ANSARI  
DIRECTOR

ALI IMRAN HAIDER BOKHARI  
CHIEF FINANCIAL OFFICER



## PROXY FORM

The Secretary,  
ADOS Pakistan Limited  
2<sup>nd</sup> Floor, F-J Plaza, College Road,  
Markaz F-7,  
Islamabad.

I, We \_\_\_\_\_  
of \_\_\_\_\_  
in the district of \_\_\_\_\_ being a member  
ADOS Pakistan Limited and a holder of \_\_\_\_\_  
Ordinary Shares as per Share Register

No. of Shares \_\_\_\_\_  
Folio No. \_\_\_\_\_  
Here by appoint \_\_\_\_\_ of \_\_\_\_\_ in the district  
of \_\_\_\_\_ or failing him \_\_\_\_\_  
of \_\_\_\_\_  
as my/our proxy to vote for me/us on my/our behalf at the 33<sup>rd</sup> Annual General Meeting of the  
company to be held on \_\_\_\_\_  
and at any adjournment thereof.  
Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

Signature on  
One Rupee  
Revenue Stamp

(Signature of Proxy)  
Signature should agree with the  
Specimen signature registered with the company.

### NOTE:

1. A member entitled to attend and vote at Annual General Meeting may appoint another member, as his/her proxy to attend and vote on his/her behalf.
2. The instrument appointing proxy and the power of attorney or other authority under which it is signed or a notarially certified copy of power of attorney must be deposited at the registered office of the Company at least 48 hours before the meeting.  
For Beneficial Owners as per CDC List  
In addition to the above the following requirements have to be met:
3. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be submitted with the Company prior to the meeting.
4. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
5. The proxy shall produce his original CNIC or passport at the time of the meeting.
6. In case of a corporate entity, the Board of Director's Resolution/ Power of attorney with specimen signatures shall be submitted along with proxy form to the Company.

