



# **ADOS PAKISTAN LIMITED**

REPORT ON FIRST QUARTER ENDED SEPTEMBER 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, Liquat 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 Ameera 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.

## DIRECTOR'S REPORT TO THE MEMBERS

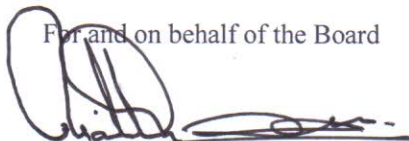
Gentlemen,

The Directors of the company take pleasure in placing before you the condensed interim financial statements for the first quarter ended September 30, 2018:

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.
2. Moreover, major reason for decline in revenue and profitability are:
  - i. Protection to local industry was significantly diluted by Government of Pakistan reducing the import duty on finished products to only 10%. Given the fact that local industry is subjected to withholding of tax both at import of raw material and sale of finished goods, puts foreign overseas manufacturers at a significant advantage;
  - ii. Dumping by Chinese manufacturers, who have been selling finished products against competitive international tenders at prices less than the raw material cost quoted at London Metal Exchange (LME);
  - iii. Oil & Gas Development Company Limited's (OGDCL) malicious change of rules requiring local manufacturers to have twenty (20) years post specific API certificate experience, denied ADOS its right full right to bid against OGDCL tenders. ADOS has post API certification experience of 18 years;
  - iv. Cameron's purchase by Schlumberger and exit of multinational companies like BP, OMV, BHP, OPI and others reduced Cameron's interest in the local market and they have yet to renew their licensing arrangement with ADOS. The latest licensing arrangement expired on June 30, 2018; and
  - v. Unilateral withdrawal of benefits granted under SRO 827/(I)2001 (SRO), the import of Engineering Goods (Control) Order, 2001 dated December 03, 2001 through executive orders by the Government of Pakistan without amending the subject SRO badly effects the company being the local manufacturer of engineering goods.
3. For the recovery, management have approached CCP (Competition Commission of Pakistan) and OGDCL to address the unfair dumping and experience issues respectively and directors have remain committed for further support to the Company.
4. The management wants to state that the low profit for the first quarter ended September 30, 2018 amounting to Rs. 860,571 is due to low sales volume with reasons as stated above.
5. 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.
6. The management has decided not to pay interim dividend for the first quarter ended September 30, 2018 keeping in view the 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.

For and on behalf of the Board



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

Islamabad, October 30, 2018

## ڈائریکٹرز رپورٹ برائے ممبران

حضرات:

کمپنی کے ڈائریکٹرز پہلے تین ماہ یعنی مورخہ 30 ستمبر 2018 تک کی عبوری مالی سٹیٹمنٹ پیش کرتے ہیں۔

- ۱- آئیل اینڈ گیس انڈسٹری میں زوال کی وجہ سے، ڈرلنگ کی سرگرمیاں مقامی اور عالمی سطح پر بہت زیادہ کم ہوئی ہیں۔ اس وجہ سے نئی مصنوعات کی مارکیٹ بھی کم ہوئی ہے۔ جس کا اثر تعلق ہماری سیل سے ہے۔
- ۲- مزید برآں، آمدن اور منافع میں زوال کی وجوہات درج ذیل ہیں۔
  - i- گورنمنٹ آف پاکستان کی جانب سے مقامی صنعت کو تحفظ دینے میں نمایاں طور پر کمی کی گئی جس وجہ سے تیار شدہ مصنوعات پر درآمد پر ٹیکس 10 فیصد تک کم ہوا۔ مقامی صنعت پر دونوں اقساط کے ٹیکس لاگو ہوتے ہیں ایک تو خام مال کی درآمدگی پر اور دوسرا تیار شدہ مصنوعات کی فروخت پر۔ اس وجہ سے باہر کے ممالک کے صنعتکاروں کو بہت فائدہ ہوا ہے۔
  - ii- چائے کے صنعتکاروں کی وجہ سے کم ہوا جو تیار شدہ مصنوعات مسابقتی قیمتوں میں فروخت کر رہے ہیں اور یہ قیمتیں لندن میٹل ایکسچینج میں درج کی گئی خام مال کی قیمت سے بھی کم ہیں۔
  - iii- آئیل اینڈ گیس کمپنی لمیٹڈ (OGDCL) کے بدلتی ہوئی رولز میں تبدیلی جس کی وجہ سے مقامی صنعتکار کے پاس 20 سالہ Post Specific API Certificate experience ہونا چاہیے، جس کی وجہ سے ADOS کو اس کے حق سے محروم کر دیا گیا ہے کہ وہ OGDCL کے ٹینڈر پر بولی دے سکیں۔ ADOS کے پاس 18 سالہ Post API Certificate experience ہے۔
  - iv- Schlumberger کی جانب سے Cameron کو خریدنا اور بین الاقوامی کمپنیوں جیسا کہ BP, OMV, BHP, OPI اور دیگر کمپنیوں کے ختم ہونے کی وجہ سے Cameron کی مقامی مارکیٹ میں دلچسپی کم ہوئی ہے۔ اور وہ اب بھی انہیں ADOS کے ساتھ Licensing arrangement کرنا ہے۔ تازہ ترین licensing arrangement کی معیاد مورخہ 30 جون 2018 کو ختم ہوئی ہے اور
  - v- 2001, the import of Engineering Goods (control) Order 827/(1) مورخہ 03 ستمبر 2001 کے تحت دیئے گئے فوائد کی گورنمنٹ آف پاکستان کے ایگزیکٹو آرڈر کے ذریعے SRO میں بغیر ترمیم کیے، یکطرفہ طور پر دستبرداری کی وجہ سے کمپنی پر بہت برا اثر پڑا ہے کیونکہ کمپنی انجینئرنگ کا سامان بناتی ہے۔
- 3- وصولی کیلئے، انتظامیہ نے CCP (Competition Commission of Pakistan) اور OGDCL کو بالترتیب غیر منصفانہ قیمتوں میں گرنے اور تجربہ کے مسائل کی بابت رجوع کیا۔ ڈائریکٹرز کمپنی کی مزید حمایت کیلئے پرعزم تھے۔
- 4- انتظامیہ یہ بتانا چاہتی ہے کہ پہلے تین ماہ یعنی 30 ستمبر 2018 تک کا کم منافع مبلغ 8,60,571/- روپے کم سیل کی وجہ سے ہے جن کی وجوہات اوپر بیان کی جا چکی ہیں۔
- 5- انتظامیہ ڈائریکٹرز کے ٹریننگ پروگرام کیلئے requirements پر لسٹڈ کمپنیز (Code of Corporate Governance) قواعد و ضوابط 2017 کے Chapter 7 سیکشن 20 کے مطابق عمل کرنا چاہتی ہے۔
- 6- انتظامیہ نے یہ فیصلہ کیا ہے کہ وہ پہلے تین ماہ یعنی مورخہ 30 ستمبر 2018 تک کی آمدن احصاء نہیں دے گی تاکہ مستقبل میں کمپنی کیلئے درکار رقم استعمال کی جا سکے۔

ڈائریکٹرز صاحبان انتظامیہ، ملازمین، پرنسپل سپائسرز، مینکریز اور حصہ داران کے بھرپور تعاون پر شکریہ ادا کرتے ہیں۔

ضیاء اکبر انصاری  
چیف ایگزیکٹو آفیسر و ڈائریکٹر

اسلام آباد 30 اکتوبر 2018

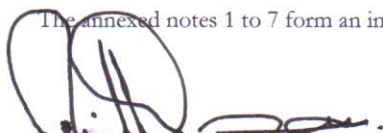
ADOS PAKISTAN LIMITED  
 CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
 AS AT SEPTEMBER 30, 2018




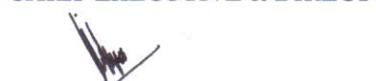
	UN-AUDITED SEPTEMBER 30 2018	AUDITED JUNE 30 2018
Note	-----Rupees-----	
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	57,311,909	54,786,722
Long term loans and advances	474,597	504,597
Long term deposits	400,000	400,000
Deferred taxation	-	-
	<b>58,186,506</b>	<b>55,691,319</b>
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	-	-
Stock in trade	55,170,241	55,481,700
Trade debts	25,458,230	23,935,363
Advances	4,487,793	4,469,438
Trade deposits and short term prepayments	3,466,576	2,384,034
Accrued interest on saving accounts	215	34,062
Tax refunds due from the Government	138,479,449	137,597,461
Cash and bank balances	9,024,427	12,560,051
	<b>236,086,931</b>	<b>236,462,109</b>
<b>TOTAL ASSETS</b>	<b>294,273,437</b>	<b>292,153,428</b>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital		
7,000,000 (June 30, 2018: 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	<u>65,826,000</u>	<u>65,826,000</u>
<b>RESERVES</b>		
Revenue reserve-unappropriated profit	49,773,785	48,913,214
<b>TOTAL EQUITY</b>	<b>115,599,785</b>	<b>114,739,214</b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Employees' benefit obligation	6,128,840	5,913,130
	<u>6,128,840</u>	<u>5,913,130</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	98,377,773	97,334,045
Profit payable on short term borrowings	145,254	145,254
Due to associated company	36,228,947	36,228,947
Short term borrowings	32,000,000	32,000,000
Unclaimed dividend	5,792,838	5,792,838
	<u>172,544,812</u>	<u>171,501,084</u>
<b>TOTAL LIABILITIES</b>	<b>178,673,652</b>	<b>177,414,214</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>294,273,437</b>	<b>292,153,428</b>

**CONTINGENCIES AND COMMITMENTS**

The annexed notes 1 to 7 form an integral part of this condensed interim financial information.

  
**ZIA AKBAR ANSARI**  
 CHIEF EXECUTIVE & DIRECTOR

  
**JAMAL AKBAR ANSARI**  
 DIRECTOR

  
**ALI IMRAN HAIDER BOKHARI**  
 CHIEF FINANCIAL OFFICER

ADOS PAKISTAN LIMITED  
 CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)  
 AS AT SEPTEMBER 30, 2018



	Note	SEPTEMBER 30 2018	SEPTEMBER 30 2017
-----Rupees-----			
Revenue-net		18,123,661	54,405,234
Cost of sales/services	4	(9,040,621)	(49,904,932)
<b>Gross profit</b>		<b>9,083,040</b>	<b>4,500,302</b>
Administrative expenses		(8,987,115)	(21,999,881)
Other income		1,012,963	584,390
<b>Profit (loss) from operations</b>		<b>1,108,888</b>	<b>(16,915,189)</b>
Financial cost		(21,771)	(159,035)
<b>Profit (loss) before income tax</b>		<b>1,087,117</b>	<b>(17,074,224)</b>
Taxation		(226,546)	(20,045,405)
<b>Profit (loss) for the period</b>		<b>860,571</b>	<b>(37,119,629)</b>
Earnings per share - basic and diluted	5	0.13	(5.64)

The annexed notes 1 to 7 form an integral part of this condensed interim financial information.

ZIA AKBAR ANSARI  
 CHIEF EXECUTIVE & DIRECTOR

JAMAL AKBAR ANSARI  
 DIRECTOR

ALI IMRAN HAIDER BOKHARI  
 CHIEF FINANCIAL OFFICER

ADOS PAKISTAN LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

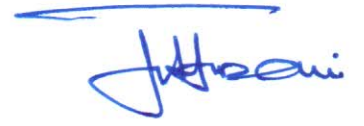
AS AT SEPTEMBER 30, 2018




	SEPTEMBER 30 2018	SEPTEMBER 30 2017
	-----Rupees-----	
Profit (loss) for the period	860,571	(37,119,629)
Other comprehensive income for the period	-	-
Total comprehensive income (loss) for the period	860,571	(37,119,629)

The annexed notes 1 to 7 form an integral part of this condensed interim financial information.

  
ZIA AKBAR ANSARI  
CHIEF EXECUTIVE & DIRECTOR

  
JAMAL AKBAR ANSARI  
DIRECTOR

  
ALI IMRAN HAIDER BOKHARI  
CHIEF FINANCIAL OFFICER


ADOS PAKISTAN LIMITED  
 CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
 AS AT SEPTEMBER 30, 2018



	SEPTEMBER 30 2018	SEPTEMBER 30 2017
Note	-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit (loss) before income tax	1,087,117	(37,119,629)
Adjustment for:		
Depreciation	1,994,956	2,261,922
Provision for employees' benefit obligation	215,710	241,474
Provision for WPPF & WWF	-	-
Interest on bank accounts	4,943	(187,416)
Financial cost	21,771	159,035
	<u>2,237,380</u>	<u>2,475,015</u>
<b>Operating Profit (loss) Before Working Capital Changes</b>	<b>3,324,497</b>	<b>(34,644,614)</b>
<b>(Increase)/decrease in current assets</b>		
Stores, spares and loose tools	-	-
Stock in trade	311,459	802,228
Trade debts	(1,522,867)	52,495,192
Advances	(18,355)	4,000
Trade deposits and short term prepayments	(1,082,542)	(2,604,197)
	<u>(2,312,305)</u>	<u>50,697,223</u>
<b>Increase/(decrease) in current liabilities</b>		
Trade and other payables	1,043,729	30,587,322
Profit payable on short term borrowings	-	-
Due to associated company	-	2,536,344
Short term borrowings	-	-
	<u>1,043,729</u>	<u>33,123,666</u>
<b>Cash used in operations</b>	<b>2,055,921</b>	<b>49,176,275</b>
Financial cost paid	(21,771)	(159,035)
Tax paid	(1,108,534)	14,373,245
Gratuity paid	-	(93,485)
WPPF & WWF paid	-	-
	<u>(1,130,305)</u>	<u>14,120,725</u>
<b>Net cash used in operating activities</b>	<b>925,616</b>	<b>63,297,000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(4,520,144)	(165,654)
Profit realized on bank accounts	28,904	443,690
Long term loans and advances	30,000	17,000
Long term deposits	-	-
<b>Net cash used in investing activities</b>	<b>(4,461,240)</b>	<b>295,036</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	-
Unclaimed dividend	-	-
<b>Net cash used in financing activities</b>	<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,535,624)</b>	<b>63,592,036</b>
Cash and cash equivalents at the beginning of the year	12,560,051	22,119,421
<b>Cash and cash equivalents at the end of the period</b>	<b>9,024,427</b>	<b>85,711,457</b>

The annexed notes 1 to 7 form an integral part of this condensed interim financial information.

  
 ZIA AKBAR ANSARI  
 CHIEF EXECUTIVE & DIRECTOR

  
 JAMAL AKBAR ANSARI  
 DIRECTOR

  
 ALI MIRAN HAIDER BOKHARI  
 CHIEF FINANCIAL OFFICER



	Issued, subscribed and paid up capital	Revenue reserves	Shareholders' equity
		Unappropriated Profit/(loss) ----- Rupees-----	
<b>Balance as at June 30, 2017</b>	65,826,000	142,066,284	207,892,284
<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 gain 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>	65,826,000	48,913,214	114,739,214
<b>Comprehensive income for the period</b>			
Profit for the period ended September 30, 2018	-	860,571	860,571
Other comprehensive income net of tax	-	-	-
<b>Balance as at September 30, 2018</b>	65,826,000	49,773,785	115,599,785

The annexed notes 1 to 7 form an integral part of this condensed interim financial information.

ZIA AKBAR ANSARI  
CHIEF EXECUTIVE & DIRECTOR

JAMAL AKBAR ANSARI  
DIRECTOR

ALI IMRAN HAIDER BOKHARI  
CHIEF FINANCIAL OFFICER



- 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 factory located in Hattar at Plot # 43, Phase III, Hattar Industrial Estate, Khyber Pukhtoonkhwa. 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.
- 2 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of: International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information is unaudited and is being submitted to the shareholders in accordance with the requirements of Section 237 of the Companies Act 2017. This condensed interim financial information do not include all of the information required for annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2018. Comparative condensed interim balance sheet is extracted from annual financial statements as of June 30, 2018, whereas comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from unaudited condensed interim financial information for the period ended September 30, 2017.

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of accounting policies, key sources of estimations, the methods of computation adopted in preparation of this condensed interim financial information are the same as those applied in preparation of financial statements of the company for the year ended June 30, 2018.

### 3 SHORT TERM BORROWING

Short term borrowing represents karobar finance facility which is available under profit arrangement against facility of Rs. 32 million. This facility is secured by ownership of karobar finance goods and 1st parri 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%.

4 COST OF SALES/ SERVICES	30-Sep-18 Rupees	30-Sep-17 Rupees
Raw materials consumed	2,452,724	36,097,504
Salaries, wages and benefits	2,258,607	4,133,772
Factory rent	733,333	1,650,000
Repair and maintenance	188,650	131,860
Travelling and conveyance	96,670	144,796
Vehicle running and maintenance	26,640	32,180
Electricity, water and gas	583,123	1,064,111
Telephone and postage	14,819	17,952
Carriage and freight	428,040	1,748,023
Royalty and equipment rentals	173,499	393,853
Clearing and service charges	309,707	2,054,705
Other factory overheads	1,203,321	1,802,259
Depreciation	571,488	633,917
	<b>9,040,621</b>	<b>49,904,932</b>

5 EARNING PER SHARE - BASIC AND DILUTED	30-Sep-18 Rupees	30-Sep-17 Rupees
Profit (loss) for the period after tax	860,571	(37,119,629)
Number of ordinary shares outstanding during the period	6,582,600	6,582,600
<b>Earnings per share-Rupees</b>	<b>0.13</b>	<b>(5.64)</b>

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

#### 6 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 30, 2018 by the Board of Directors of the Company.

#### 7 GENERAL

- 7.1 Figures in this condensed interim financial information have been rounded off to the nearest rupee.
- 7.2 The comparative figures have been re-arranged and/ or reclassified, wherever necessary, for the purpose of comparison in the financial information



ZIA AKBAR ANSARI

CHIEF EXECUTIVE OFFICER & DIRECTOR



JAMAL AKBAR ANSARI

DIRECTOR



ALI IMRAN HAIDER BOKHARI

CHIEF FINANCIAL OFFICER