

Annual Report June 30, 2019





## **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. Shoobarna Zia  
Mr. Taha Akbar Ansari  
Mr. Shehryar 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. Shoobarna Zia- Member  
Ms. Suboohi Ansari - Member

### **HUMAN RESOURCE COMMITTEE**

Mrs. Uzma Jamal – Member & Chairperson  
Mrs. Shoobarna Zia – Member & Secretary  
Mr. Taha Akbar Ansari - Member  
Mr. Shehryar 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**

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

**FACTORY(S)**

Plot # 43, Phase III, Hattar Industrial Estate,  
Khyber Pakhtunkhwa. 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 aftermarket 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 up to 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 up to 10,000-psi working pressure ranging from 1-13/16 to 7-1/16 ID.
- Secondary Seal Assemblies with P-seal 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-Mas 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-Mas Tree Caps & Weld on Flanges.
- Other Wellhead Accessories.



### **3. SOCONDARY SEALS, DOUBLE STUDDED 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 34<sup>th</sup> Annual General Meeting of the shareholders of ADOS Pakistan Limited will Insha'Allah be held on Monday October 28, 2019 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:**

- i) To confirm the minutes of 33<sup>rd</sup> Annual General Meeting held on October 26, 2018.
- ii) To receive, consider and adopt the Audited Financial Statements for the year ended June 30, 2019 together with Director's and Auditor's report therein.
- iii) To appoint auditors for the year ending June 30, 2020 and to fix their remuneration.

### **OTHER BUSINESS:**

- iv) To transact any other business with permission of the chair.

By Order of the Board

**SABINA ANSARI**  
Company Secretary

Islamabad: October 07, 2019

### **Notes:**

- i) Share Transfer Book will remain closed from October 20, 2019 to October 28, 2019 [Both days inclusive]. Transfers received at Share Registrar, M/s JWAFPS Registrar Services (Private) Limited, 407-408, Al-Ameers Center, Shahrah -e- Iraq, Saddar, Karachi at the close of business on October 19, 2019 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. 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 account services and 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:** Pursuant to the provisions of the Finance Act, 2019 effective from July 01, 2019, the rates of the tax deduction on dividend payments under section 150 of the Income Tax Ordinance, 2001 have been revised as follows:
- |   |     |
|---|-----|
| a) For persons appearing in the active taxpayers list     | 15% |
| b) For persons not appearing in the active taxpayers list | 30% |

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, 2019 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) **Circulation of Annual Audited Accounts via CD/USB/DVD:**

Pursuant to the directions given by the Securities & exchange Commission of Pakistan through SRO 470(1)/2016 dated May 31, 2016 that has allowed the companies to circulate its Annual Audited Accounts to its members through CD/USB/DVD at their registered addresses. Shareholders who wish to receive hardcopy of Financial Statements shall have to fill the standard request form which is available on the company's website ([www.ados.com.pk](http://www.ados.com.pk)) and send us to the Company address.

xii) **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.

xiii) **Postal Ballot:**

Members may exercise their right to vote be means of postal ballot i.e. by post through electronic mode subject to the requirements of section 143-145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.

### نوٹس برائے سالانہ اجلاس عام

بذریعہ بنا نوٹس مطلع کیا جاتا ہے کہ ایڈوس پاکستان لمیٹڈ کے حصص داران کا چونتیسواں سالانہ اجلاس عام سوموار ۸۲ اکتوبر ۹۱۰۲ کو بوقت صبح ۰۱:۰۳ مندرجہ ذیل کاروباری لین دین کے معاملات پر رجسٹرڈ دفتر، سیکٹ فلور ایف جے بلازہ، کالج روڈ، ایف۔۷ مرکز، اسلام میں قرار پایا ہے۔

### عمومی کاروبار

۱. ۶۲ اکتوبر ۸۱۰۲ کو منعقدہ تینتیسواں سالانہ اجلاس کے منٹ کی تصدیق کرنا۔
۲. ۰۳ جون ۹۱۰۲ کو اختتام پزیر سال کے لیے الٹ شدہ مالی سٹیٹمنٹ بمع ڈائریکٹر اور آڈیٹرز کی رپورٹ کی وصولی، زیر غور کرنا اور اس کو قبول کرنا۔
۳. ۰۳ جون ۲۰۰۲ء سال کے لیے آڈیٹرز کو مقرر کرنا اور ان کا معاوضہ طے کرنا۔

### دیگر کاروبار

۲. اجلاس میں پیش کیے جانے والے دیگر امور کو جینر کی منظوری سے نمٹانا۔

بحکم بورڈ آف ڈائریکٹرز

سینہ انصاری

کمپنی سیکرٹری

اسلام آباد: ۷۰ اکتوبر ۹۱۰۲

### نوٹس

حصص کی منتقلی کی کتاب ۰۲ اکتوبر ۹۱۰۲ سے ۸۲ اکتوبر ۹۱۰۲ (بشمول ٹونوں دن) بند رہے گی

۱. ٹرانسفر شیئر رجسٹرار کی موصولی میسرز JWAFFS رجسٹرار سروسز (پرائیویٹ) لمیٹڈ، ۸۰۴، ۷۰۴، ال امیرا سٹیٹ، شاہراہ عراق، صدر، کراچی میں ۹۱ اکتوبر ۹۱۰۲ کو کاروباری وقت ختم ہونے تک موصول ہونے والی منتقلی پر بروقت عمل ہوگا جس کا متصد اس سالانہ اجلاس میں بیان ہو گا۔
۲. اجلاس میں شرکت دار رکن ووٹ ڈالنے کا اہل ہے یا وہ کسی نمائندے کو مقرر کر سکتا ہے کہ وہ اس کی جگہ تقریر، موجودگی یا ووٹ دینے کا مجاز ہے مقرر کردہ نمائندے کے پاس مختار نامہ پر دستخط ہونے چاہیے یا پھر نوٹری سے تصدیق شدہ مختار نامہ کمپنی کے رجسٹرڈ آفس میں اجلاس سے تقریباً ۸۴ گھنٹے پہلے جمع کروانے ہوں گے۔ وہ از اکن جنہوں نے اپنے حصص سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ کے سینٹرل ڈیپازٹری سسٹم میں جمع کروائیں ہیں تو وہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے مندرجہ ذیل ہدایات کی پیروی کریں گے۔

### ۱. اجلاس میں شرکت کے لیے

۱. انفرادی طور پر کہاتہ داران اور ذیلی کہاتہ داران جس کی رجسٹریشن کی تفصیلات قواعد کے مطابق شائع کی گئی ہیں ان کو اپنے مجاز کمیوٹرائز قومی شناختی کارڈ یا اصلی پاسپورٹ کی اجلاس کے موقع پر ثبوت کرنی ہوگی۔
۲. کاروباری ادارہ کے معاملہ میں، بورڈ آف ڈائریکٹرز کی قرارداد یا مختار نامہ جس پر نامزد شخص کے نمونہ کے دستخط موجود ہوں وہ اجلاس کے موقع پر پیش کریں گے۔

### ہد نمائندے کی تقرری کے لیے

۱. انفرادی طور پر، کہاتہ داران یا ذیلی کہاتہ داران جن کی رجسٹریشن کی تفصیلات قواعد کے مطابق شائع کی گئی ہیں ان کے مندرجہ بالا ہدایات کے مطابق پراکسی فارم جمع کرانا ہوگا۔
۲. پراکسی فارم پر دوگواہان کے نام، پتہ اور شناختی کارڈ نمبر فارم پر لازماً درج ہونے چاہیے۔
۳. نمائندہ اور مالک کے مجاز شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول پراکسی فارم کے ساتھ پیش کرنا ہوگی۔

۴. نمائندہ کو اجلاس کے موقع پر اصل شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔

۵. کاروباری ادارہ کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد یا مختار نامہ بمع نمونہ کے دستخط پراکسی فارم کے ہمراہ کمپنی میں جمع کرانا ہوگی۔

### ۳. شناختی کارڈ کی فراہمی (لازمی)

- انفرادی حصص داران کو ایک دفعہ شناختی کارڈ کی نقل کی فراہمی کی ہدایتیں کروائیں اگر پہلے کمپنی کے حصص کی رجسٹرار، سینٹرل ڈیپازٹری پاکستان لمیٹڈ، کے وقت مہیا نہیں کیا گیا تو ایسی صورت میں اگر کمپنی کو کہاتہ دار کے شناختی کارڈ کی نقل فراہم نہ کی جائے تو سیکشن ۲۴۲ آف کمپنی ایکٹ ۷۱۰۲ کے تحت اس کا منافع روکا جائے گا۔
۴. حصص داران سے درخواست ہے کہ وہ اگر اپنا پتہ تبدیل کرنا چاہتے ہیں تو اس کی اطلاع کمپنی میسرز JWAFFS رجسٹرار سروسز (پرائیویٹ) لمیٹڈ کو اوپر بیان کیے گئے پتہ پر کریں۔
۵. الیکٹرانک طور پر نقد منافع کی ادائیگی (لازمی)

سیکشن ۲۴۲ آف کمپنی ایکٹ ۷۱۰۲ اور کمپنیز (منافع کی تقسیم) کے ضابطے ۷۱۰۲ کے تحت حصص داران کے بینک اکاؤنٹ میں منافع کی منتقلی بذریعہ الیکٹرانک ہونے سے درخواست ہے کہ وہ مکمل نام، فولیو نمبر، ای بی اے این، اکاؤنٹ کا عنوان اور مکمل پتہ کمپنی کو فراہم کریں۔ ای سی اے این اکاؤنٹ ہولڈر سے درخواست ہے کہ وہ براہ راست اپنی درخواست اپنے بروکر کو بھیجے۔ ای سی ڈی سی مکمل ای بی اے این کی تفصیلات نہ ہونے کی صورت میں کمپنی منافع کو ادا نہیں کر سکتے گی ایس ای سی ای سی پی کی ہدایات پر اس کو روکا جائے گا۔ ای سی اے این کی سہولت کے لیے

ایگز انک کریڈٹ مینٹیٹ فارم ہماری ویب سائٹ [www.ados.com.pk](http://www.ados.com.pk) پر دستیاب ہے دستخط شدہ فارم کی سکین کاپی اپنے بروکر کو بھیجنا ہوگی اسی صورت میں اگر حصص بک اینٹری فارم میں ہیں یا جسمانی حصص تو دونوں ہی پوسٹ یا کوریئر کے ذریعے کمپنی شیئر رجسٹرار میسز JWAFS رجسٹرار سروسز (پرائیویٹ) لمیٹڈ کو اوپر بیان کیے گئے پتہ پر بھیجے۔

#### ۶. منافع پر ویدولنگ ٹیکس

مالی ایکٹ ۱۹۱۰۲ء، جو کہ یکم جولائی ۱۹۱۰۲ کو موثر ہوا تھا منافع کی رقم سے ٹیکس کی کٹوتی سیکشن ۵۱-اے انکم ٹیکس آرڈیننس ۱۰۰۲ کے مطابق ہوگی جیسا کہ نیچے بیان کیا گیا ہے۔ وہ لوگ جو ٹیکس ادا کرنے والی فہرست میں آئے ہیں ۵۱ فیصد وہ لوگ جو ٹیکس ادا کرنے والی فہرست میں نہیں آئے ہیں ۰۳ فیصد ایف بی آر نے اے ٹی ایل اپنی ویب سائٹ میں اپ لوڈ کی ہے جس کی رسائی [www.fbr.gov.pk](http://www.fbr.gov.pk) سے ہو سکتی ہے منافع کی تقسیم کے وقت کمپنی کا مقرر کردہ نمائندہ انفرادی حصص داران کی جانچ کریں گا اور اس کے مطابق ٹیکس لاگو ہو گا۔

#### مشترکہ کھاتہ ہونے کی صورت میں

کمپنی کو قابل بنانے کے لیے ریگولیشنز کی ہدایات کی پیروی کرنا لازمی ہے جو کہ حصص داران کے مشترکہ کھاتے کے تناسب کو معین کریں (جہاں حصص داران کاتین پرنسپل شیئر ہولڈرز نے نہیں کیا ہے) کمپنی کے منافع میں سے ٹیکس کی کٹوتی، حصص داران سے درخواست کی جاتی ہے کہ وہ تناسب کی تفصیلات کو پیش کریں جو کہ ان کا مشترکہ کھاتہ ہے ہر حصص داران کی مد میں ٹیکس کی کٹوتی ہوتی ہے ایسی صورت میں اگر کمپنی کو کوئی معلومات نہیں ملتی تو فرد فرد منافع کی تقسیم سمجھ جائے گی اور ٹیکس کی کٹوتی بھی اسی مد میں ہوگی۔

#### ۷. ویدو کانفرنس کی سہولت

کمپنی ایکٹ ۱۹۱۰۲ کی دفعات کے تحت عام اجلاس کی انعقاد سے سات دن پہلے کمپنی کے اراکین کو بلاسکتے ہیں شہر میں رہائش پذیر ہو، جو کمپنی کا ۰۱ فیصد کل ادا شدہ سرمایہ رکھتا ہو، اس کو ویدو انک میٹا کیاجاتے اور ایسی اراکین سالانہ اجلاس عام میں شرکت کر سکتے ہیں اگر آپ اس سہولت سے فائدہ حاصل کرنا چاہتے ہیں تو کمپنی کی ویب سائٹ پر نیا یو فارم پر کریں اور کمپنی کو بھیجوائیں۔

کمپنی ویدو کانفرنس کے لیے اراکین کی موجودگی اور جگہ کا تعین کریں گی اگر معیارات مکمل ہو جاتے ہیں تو اجلاس سے سات دن پہلے مکمل معلومات فراہم کی جاتے تاکہ آپ اس سہولت سے فائدہ اٹھاتے۔

۸. حصص دارجو زکوٰۃ سے اخراج کا دعویٰ کرے ہیں تو وہ کمپنی کے رجسٹرار حصص کے ساتھ ایک اقرا نامہ پیش کریں۔

۹. ایس ای سی پی نے ایس آر او نمبر ۱۴۱۰۲ (ای) ۴۳۴ جہاں ہر کمپنی اپنی ویب سائٹ کو برقرار رکھے گی اس سلسلے میں ایس آر او نے کہا ہم پستہ کریں گے کہ حصص ہولڈر اپنی کمپنی کی سالانہ رپورٹ جو کہ سال ۰۳ جون ۱۱۰۲ کے اختتام کی ہے اس کو اپنی ویب سائٹ پر شائع کریں اور اس کی مکمل رسائی فراہم کریں۔

#### ۱۰. بذریعہ ای میل سالانہ رپورٹ کی تقسیم

سیکشن ۳۲۲(۶)، کمپنی ایکٹ ۱۹۱۰۲ کے تحت کمپنیوں کو ان کی سالانہ مالی اسٹیٹمنٹ، آڈیٹ رپورٹ اور ڈائریکٹرز رپورٹ وغیرہ کی اجازت ہے (سالانہ رپورٹ) اور سالانہ اجلاس عام کا نوٹس بذریعہ ای میل حصص داران کو کرنا۔ کمپنی کے حصص داران جو چاہتے ہیں کہ ان کو کمپنی کی سالانہ رپورٹ اور نوٹس برائے سالانہ اجلاس عام ان کو ای میل کے ذریعہ میا ہو تو ان سے درخواست ہے کہ وہ کمپنی کی ویب سائٹ پر مکمل معلومات مرکزی ڈیپازٹری کمپنی آف پاکستان لمیٹڈ کو فراہم کریں۔

#### ۱۱. سالانہ آڈٹ شدہ کھاتوں کی گردش بذریعہ سی ڈی / یو ایس بی / ڈی وی ڈی

سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے مہیا کردہ ہدایات کے تحت بذریعہ ایس آر او ۱۴۱۰۲ (۱) ۰۷۴ تاریخ ۱۳ مئی ۱۹۱۰۲ نے اجازت دی ہے کہ کمپنی سالانہ آڈٹ شدہ کھاتوں کی گردش بذریعہ سی ڈی / یو ایس بی / ڈی وی ڈی رجسٹرار پتے پر کر سکتے ہیں حصص ہولڈرز کو مالی اسٹیٹمنٹ کی بارڈ کاپی چاہیے ہو تو وہ اس فارم کو فل کریں گا جو کہ کمپنی کی ویب سائٹ پر دستیاب ہے [www.ados.com.pk](http://www.ados.com.pk) اور اس کو واپس کمپنی میں بھیجے گا۔

#### ۲۱. غیر دعویدار منافع

سیکشن ۴۴۲ کمپنی ایکٹ ۱۹۱۰۲ کے تحت کوئی بھی حصص یا منافع کا اعلان کمپنی کی طرف سے کیا جائے اور وہ تین سال کے لیے غیر دعویدار یا بلامعاوضہ ہو تو اس کی کی منتقلی کمپنی ایکٹ ۱۹۱۰۲ کے تحت وفاقی حکومت کو جائے گی۔

#### ۳۱. پوسٹل بیلٹ

اراکین پوسٹل بیلٹ کا استعمال ووٹ کے حق کے لیے کر سکتے ہیں کمپنی ایکٹ ۱۹۱۰۲ کے سیکشن ۳۴۱.۵۴۱ اور پوسٹل بیلٹ ریگولیشن ۱۹۱۰۲ کے تحت یہ قابل عمل ہے۔



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

**AS AT JUNE 30, 2019**

Number of Shareholders	Shareholding From	-	To	Total Number of Shares Held
82	1	-	100	3481
624	101	-	500	305183
39	501	-	1000	37934
41	1001	-	5000	109110
5	5001	-	10000	37000
5	10001	-	15000	63000
5	15001	-	20000	97000
4	20001	-	25000	88500
2	40001	-	45000	81892
1	45001	-	50000	50000
1	70001	-	75000	72000
1	105001	-	110000	106000
1	250001	-	255000	250500
1	550001	-	555000	551500
2	2360001	-	2365000	4729500
<b>814</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	807	6424399	97.60%
Joint Stock Companies	3	1501	00.02%
Associated Companies	1	106000	01.61%
	<b>814</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 2019**

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. Subooli Ansari
- (2) Mr. Taha Akbar Ansari
- (3) Mr. Shehryar Akbar Ansari
- (4) Mrs. Uzma Jamal
- (5) Mrs. Shoobarna 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 has 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. Shoobarna Zia       | : Member            |
| (3) Ms. Suboohi Ansari       | : Member            |

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

- |                               |                      |
|-------------------------------|----------------------|
| (1) Mrs. Uzma Jamal           | : Chairman & Member  |
| (2) Mrs. Shoobarna Zia        | : Member & Secretary |
| (3) Mr. Taha Akbar Ansari     | : Member             |
| (4) Mr. Shehryar 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, 2019, was as per following:

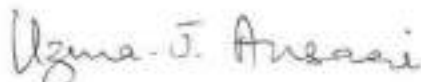
<u>Serial #</u>	<u>Name</u>	<u>Total Meetings Held</u>
a.	Audit Committee	5
b.	HR & R Committee	1

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.

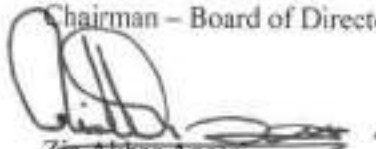
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold 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 07, 2019

## DIRECTOR'S REPORT TO THE MEMBERS

Gentlemen,

The Directors of the company take pleasure in placing before you the 34<sup>th</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, 2019 are as follows:

	2019	2018
	------(Rupees)-----	
Loss after Taxation	(68,562,908)	(91,983,625)
Other Comprehensive Income/(Loss) for the year	510,071	(1,169,445)
Un-appropriated Profit/(Loss) brought forward	48,913,214	142,066,284
	<u>(19,139,623)</u>	<u>48,913,214</u>
Basic and Diluted Earnings per share	(10.42)	(13.97)

1. 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.
2. The management wants to state that the loss for the year ended June 30, 2019 amounting to Rs. 68,562,908 is due to low sales volume with reasons as stated below and this includes the net exchange loss of Rs. 18,987,833 (Note 28) of notes to the financial statements).
3. The Pakistani Oil & Gas industry was experiencing a recession like situation in 2017-18, this situation has slowly been improving in 2018-19. ADOS Pakistan is increasingly receiving new enquiries and a greater volume of both new orders & refurbishment / remanufacturing jobs. As this growth began at the end of the financial year of 2018-19, we hope that the result of this growth in the market shall be recognized in the next financial year as the gestation period of orders and deliveries covers at least two (02) quarters. Our cost reduction activities have improved our ability to manage cash flows with reduced sales volumes. We have faced dumping activities by foreign firms for supply contracts with state owned companies, ADOS Pakistan has decided to file a complaint with the National Tariff Commission in order to enforce anti-dumping tools in order to protect local firms and ensure fair competition.

Moreover, ADOS Pakistan has a comprehensive plan on how it shall achieve growth in sales and positive cash flows in FY 2019-20 from both its Oil & Gas business and also from the Specialized Fabrication Division which retrofits armored vehicles.

4. ADOS Pakistan still holds a significant market share with big E&P firms, however, due to the nation's current financial situation, E&P firms have not been honoring payment terms, which leads many aged invoices. These delayed payments incur additional costs for ADOS and result in cash flow gaps. We have been working closely with all clients to ensure that current receivables are settled in order to reduce cash flow gaps.
5. Keeping in view of the losses and negative operating and net cash flows, for the validity of the going concern assumption the management in continuation of measures as stated in

the last annual report, intends to employ the following additional measures in order to improve sales, reduce costs, and create a favorable cash flow:

- Continue to optimize and reduce operating expenditure.
- Improve credit facilities to ensure that no cash flow gaps are faced.
- Improving relationships with customers and providing more competitive prices.
- Recover tax refunds and longstanding receivables.

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

6. Moreover, the management is seriously considering having a re-structuring in the senior management of the Company in order to have more dedication and focus that will resultantly stable the future development of the company with better performance and in order to improve its sales resulting to achieve a sustainable growth with profitability.
7. The management has decided not to pay dividend for the year ended June 30, 2019 keeping in view future cash flow requirements of the company.
8. 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.

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 consequent decrease in cost of sales and comparative decrease in gross profits.
- ix. The management is hopeful that with the stability gradually coming into the economy and especially to Oil & Gas sector the exploration process by the E & P companies

operating in Pakistan will generate orders and thus will stable the future development of the company.

- 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, 2020.
- 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 and an AGM were held. Attendance by each Director & CEO is as follows:

Name of Directors & CEO	Attendance
Mr. Zia Akbar Ansari	06
Mr. Jamal Akbar Ansari	06
Ms. Sabina Ansari	06
Ms. Suboohi Ansari	06
Mrs. Uzma Jamal	06
Mrs. Shoobarna Zia	06
Mr. Taha Akbar Ansari	06
Mr. Shehryar Akbar Ansari	06
Mr. Muhammad Fahd Shafi	06

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

Earnings per share for the year ending June 30, 2019 is Rs. (10.42)

#### **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:

Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage %
Financial Institutions	3	50700	00.77%
Individuals	807	6424399	97.60%
Joint Stock Companies	3	1501	00.02%
Associated Companies	1	106000	01.61%
	<b>814</b>	<b>6582600</b>	<b>100%</b>

Financial Institutions:	Shares held	%
National Bank of Pakistan	50000	0.760
Bankers' Equity Limited	400	0.006
Asian Development Bank	300	0.004

#### Joint Stock Companies:

Ihsan Cotton Products (Private) Limited	1000	0.015
Maple Leaf Capital Limited	1	0.000
NCC-Pre Settlement Delivery Account	500	0.008

#### Associated Companies:

Akbar Associates (Pvt.) Limited	106000	1.61
---------------------------------	--------	------

#### Directors, CEO, and their Spouse

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

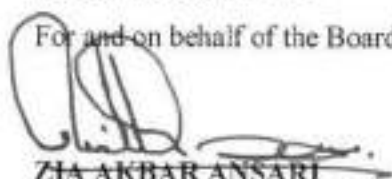
The CEO, Directors, Company Secretary, CFO and their spouses have made no sale/purchase of Company's shares during the financial year ended June 30, 2019.

Moreover, the directors of the company have not been appointed as a director in more than five 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:

	Shares held
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 07, 2019

## ڈائریکٹرز رپورٹ برائے ممبران

حضرات:

کمپنی کے ڈائریکٹرز کو آپ کے سامنے تینتیسویں (34) سالانہ رپورٹ بعد آڈٹ شدہ اکاؤنٹس، ایڈیٹر کی رپورٹ، لٹھ کمپنیوں میں موجود سٹیٹمنٹ آف کمپلائنس (کوڈ آف کارپوریٹ گورننس) سال 2017 اور ایڈیٹر کی ریویو رپورٹ رکھ کر خوشی ہے مالی سال کے مالی نتائج جو 30 جون، سال 2019 کو حاصل ہوئے کی تفصیل درج ذیل ہے:

سال 2018	سال 2019	
روپے (91,983,625)	روپے (68,562,908)	ٹیکس دینے کے بعد خسارہ
روپے (1,169,445)	روپے 510,071	مالی سالی کے دوسرے جامع خسارے
روپے 142,066,284	روپے 48,913,214	ساتھ فیہر شخص منافع
روپے 48,913,214	روپے 19,139,623	
روپے (13.97)	روپے (10.42)	بنیادی اور مختلف آمدنی فی حصہ:

۱۔ گزشتہ دہائیوں سے اڈوس پاکستان نے مارکیٹ میں اپنی بہترین اور مضبوط موجودگی کو قائم کیا ہے مقامی مارکیٹ میں ہمارے موروثی فوائد نے ہمیں پاکستان میں ایکسپانڈیشن فرم کے لیے انمول سمجھا ہے۔ ایڈوس اپنے بہترین آلات کی تیاری اور ٹیل اور گیس سیکٹر میں فراہمی کے مشن کی تکمیل کی کوشش کرتا رہے گا۔

۲۔ سٹیٹمنٹ جون 30، 2019 کے نقصانات جو کہ 68,562,908 روپے کے ہیں جس کی وجہ کم فروخت کا حجم ہیں جو کہ نیچے بیان کیا گیا ہے بشمول نیٹ ایکٹیو نیٹ نقصان جو کہ 18,987,833 روپے ہیں (نوٹ 28) مالی اسٹیٹمنٹ کا نوٹ ہے۔

۳۔ پاکستان ٹیل اور گیس صنعت نے 2017-2018 سے خسارے کا تجربہ کر رہی ہے اور یہ صورتحال 2018-2019 میں کچھ بہتر ہو چکی ہے اڈوس پاکستان نئی انکوائری اور نئے آڈر ترقی دینے کو یقین دہانے کی صنعت کو بڑھا رہی ہے۔ 2018-2019 کے مالی سال کے اختتام میں مارکیٹ میں اضافے کی شرح بڑھے گی اور ہمیں امید ہے کہ اس کے نتائج کو اگلے مالی سال میں تسلیم کیا جائے گا جو کہ وہ چوتھائی آڈر تک کو کور کرے گا ہماری اخراجات میں کمی کی سرگرمیوں نے فروخت میں کم مقدار کے ساتھ نقد بہاؤ کو منظم کرنے کی ہماری صلاحیت کو بہتر بنا دیا ہے۔ ہمیں سرکاری کپوں کے ساتھ فراہمی کے معاہدوں کے لیے غیر ملکی فرم کی جانب سے ڈیمنگ سرگرمیوں کا سامنا کیا ہے۔ اڈوس پاکستان نے فیصلہ کیا ہے کہ وہ پیش منبریف کمیشن کے ساتھ مل کر شکایت کریں گے ایٹنی ڈیمنگ آلات کے خلاف ایکشن لیں اور مقامی فرم کو برابر مقابلے کے لیے یقینی بنائے۔

اس کے علاوہ اڈوس پاکستان کے پاس فروخت کو بڑھانے اور ایف وائے 2019-2020 میں کیش فلو میں بہتری کے لیے جامع منصوبہ بندی ہے جس میں تیل اور گیس کاروبار خصوصی تعمیراتی ڈویژن جو کہ بکتر بند گاڑیوں کی بنیادی تہذیبوں میں ہے۔

۴۔ اڈوس پاکستان کے پاس ابھی بھی بڑی ای اور پی فرم کے ساتھ اہم حصص ہے قومی مالی حالات کی وجہ سے ادائیگی کی شرائط کا احترام نہیں کیا گیا جس میں ای اور پی فرم کی طرف سے بہت سی تاخیری رسیدیں ہیں۔ انہی تاخیری رسیدوں کی وجہ سے اڈوس کے کیش فلو میں خلاء آیا ہے ہم اپنے تمام گاہکوں کے ساتھ کام کر رہے ہیں تاکہ بھلا جات ادا ہوں اور درکیش فلو کو کم کیا جائے۔

۵۔ نقصانات، اپریٹنگ اور مجموعی کیش فلو میں منفی رجحان کے مد نظر اور جاری انفراسٹرکچر توشیح کی درنگی کے لئے اور ایجیشنل پر فارمنس اور کیش فلو مالی حالت کی بہتری کے لئے کمپنی کی شیج منٹ نے مندرجہ ذیل اقدامات اٹھانے کا ارادہ کیا ہے:

- اخراجات میں کمی لانے والی سرگرمیوں پر توجہ کو جاری رکھنا۔
- گریڈ سہولت کو بہتر بنائیں تاکہ نقد رقم کے بہاؤ میں کوئی فرق نہ پڑے۔
- سارنہن کے ساتھ تعلقات کو بہتر بنائیں اور مسابقتی قیمتیں فراہم کریں۔
- ٹیکس کی واپسی اور طویل عرصے کی وصولیاں کرنا۔

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۔ اس کے علاوہ، منیجمنٹ کمپنی کی سینئر منیجمنٹ کی تشکیل نو کے بارے میں جاری سے مستقبل میں کمپنی کی ترقی، بہترین مقصد اور بہترین کارکردگی مستحکم رکھی جائے گی اس لئے نتیجے میں کمپنی کی سب سے بڑی گئی اور منافع حاصل ہوگا۔
- ۷۔ مستقبل کے کیش فلو اور کمپنی کی ضروریات کو مد نظر رکھتے ہوئے منیجمنٹ نے فیصلہ کیا ہے کہ 30 جون 2019 کے سال میں اختتام میں منافع اور اخراجات کیا جائے گا۔
- ۸۔ تجویز کردہ لیسٹیڈ کمپنی (کوڈ آف کارپوریٹ گورننس) ریگولیشن ۲۰۱۷ء کے سیکشن 20 اور مضمون VII کے مطابق ڈائریکٹرز ایک پروگرام کے مطابق عمل کرنے پر منیجمنٹ نے ارادہ کیا ہے۔

ڈائریکٹرز نے اس موقعے میں منیجمنٹ، ورکرز پرنسپل سپونسر، بینکر اور حصص داران کے تعاون اور حمایت کرنے پر ان کا شکریہ ادا کرتے ہیں۔

### کارپوریٹ گورننس پر بیان:

(ا) بورڈ تصدیق کرتے ہوئے خوشی محسوس کرتا ہے کہ

مالی بیانات جو لسٹڈ کمپنیوں کی منیجمنٹ نے تیار کئے ہیں وہ معاملات، آپریشنوں کے نتائج، کیش فلو اور اکوئیٹی میں تبدیلیوں کے

بارے میں اچھے ہیں۔

(ب) لسٹڈ 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 عقلمندانہ ہیں۔

(ث) پاکستان میں مروجہ انٹرنیشنل فنانشل رپورٹنگ معیار کو مالی بیانات کی تیاری میں اپنایا گیا ہے بعد نولس جو کمپنی ایکٹ 2017 کے مطابق ہیں۔

(ج) اندرونی مالیاتی کنٹرول ہائیک 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 آپریٹسز جاری رکھ سکتی ہے۔

(ح) کارپوریٹ گورننس کی بہترین پریکٹس کی وجہ سے کسی میٹریل (مواد) کی روایتی 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، سب سے زیادہ میں کمی اور نتیجے کے طور پر مجموعی منافع جات میں کمی کا واقع ہوتا 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 سب سے بڑی میں بہتری کے لئے اپنی بزنس 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 کنٹرول سسٹم بعد مالی بیانات کی منظوری کی تاریخ کو پر اثر اور جدید بنایا جاسکے بشمول میٹریل کنٹرول، مالی بیانات، آپریشنل اور عملدرآمد کنٹرول جو کمپنی کی بزنس کو پراثر بنائیں۔

(س) آڈٹ کمپنی کی سفارش پر بورڈ گرانٹ ٹورٹن انجم رحمان چارڈڈ اکاؤنٹنٹس کی تینناتی کی سفارش کرتا ہے کہ وہ کمپنی کے اکسوزل آڈیٹرز کے طور مالی سال اختتام 30 جون سال 2020 کے لئے اپنی خدمات جاری رکھیں۔

(ش) گذشتہ چھ سالوں کے اہم مالیاتی اعداد و شمار کو علیحدہ پیش کیا گیا۔

م) کمپنی میں شیئرز ہولڈنگ کا طریقہ سیکشن (1)(2)227 کمپنی قانون 2017 کے مطابق ہے جو رپورٹ ہذا کے ساتھ منسلک ہے۔

بورڈ کے اجلاس اور سالانہ جنرل اجلاس مالی سال کے دوران اسے 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**

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نام ڈائریکٹر اور سی او او  
☆ مسٹر ضیاء اکبر انصاری  
☆ مسٹر جمال اکبر انصاری  
☆ مس سید انصاری  
☆ مس صبوحی انصاری  
☆ مسز عظمیٰ جمال  
☆ مسز شوہارنہ ضیاء  
☆ مسٹر طلحہ اکبر انصاری  
☆ مسز شہریار اکبر انصاری  
☆ مسٹر محمد فہد شفیع

**فی حصہ آمدنی:**

فی حصہ آمدنی برائے مالی سال اتمام 30 جون سال 2019 (10.42) روپے ہے۔

**کارپوریٹ اجتماعی ذمہ داریاں :**

اڈوں 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 محیطیات کے ذریعے فائدہ پہنچا سکے۔

**شیئرز ہولڈنگ کی اقسام اور طریقہ :**

شیئرز ہولڈنگ کی اقسام اور ان کا طریقہ کمپنی ایکٹ 2017 کے مطابق بتایا گیا ہے جو رپورٹ ہذا کے ساتھ منسلک ہے۔ اضافی معلومات

درج ذیل ہیں:

فیصد	شیئرز جو لئے گئے	شیئرز ہولڈرز کی تعداد	شیئرز ہولڈنگ کی اقسام
00.77%	50700	3	مالیاتی ادارے
97.60%	6424399	807	افراد
00.02%	1501	3	جوائنٹ سٹاک کمپنیاں
01.61%	106000	1	منسلک کمپنیاں
100%	6582600	814	ٹوٹل

**فی صد**

0.760  
0.006

**ہیپیئرڈ کے مالک**

50000  
400

**مالیاتی ادارے**

☆ بینٹل بینک آف پاکستان  
☆ بینکرز اکوٹیٹی لیمیٹڈ

0.004	300	☆ ایشین ڈوبلسٹ بیگ
		جائٹ ٹاک کمپنیاں
0.015	1000	☆ احسان کائن پروڈکٹس (پرائیویٹ) لمیٹڈ
0.000	1	☆ سٹیبل لیف کمپنیاں لمیٹڈ
0.008	500	☆ آکسس گلوبل لمیٹڈ
		ٹسٹ کمپنیاں:
1.61	106000	☆ اکبر ایوی ایشن (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 ای او	مس سید انصاری
0.34	22000	ڈائریکٹر	مسز شوہارہ 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 شفیع

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

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

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

شیئرز کی ملکیت کی تعداد

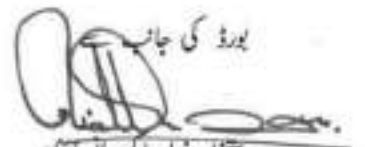
2364750

2364750

نام

مسٹر ضیاء اکبر انصاری

مسٹر جمال اکبر انصاری

بورڈ کی جانب سے  
  
 دہلی ضیاء اکبر انصاری  
 چیف ایگزیکٹو ڈائریکٹر

اسلام آباد 07 اکتوبر 2019

**SIX YEARS AT A GLANCE**

	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
<b>Operating Results</b>						
Sales	38,068,978	107,962,144	427,290,524	613,951,665	580,257,047	724,179,272
Gross Profit	314,559	13,812,751	92,295,224	95,167,307	105,078,851	123,803,110
Pre-Tax Profit/(Loss)	(67,836,620)	(64,870,824)	(16,665,980)	9,330,230	12,238,693	31,128,934
After-Tax Profit/(Loss)	(68,562,908)	(91,983,625)	(32,357,445)	5,706,814	4,068,202	6,582,543
<b>Financial Position</b>						
Current Assets	231,427,217	236,462,309	351,641,844	398,194,022	611,023,349	732,634,653
Current Liabilities	227,019,497	171,501,084	228,275,824	228,437,493	384,967,433	526,896,527
Operating Fixed Assets	46,026,125	54,786,722	60,541,561	70,906,597	45,338,977	49,394,806
Total Assets	280,028,822	292,153,428	436,168,108	475,921,560	659,039,228	796,485,123
Employees' Benefit Obligation	8,322,948	5,913,130	5,095,162	6,956,551	6,552,524	6,031,220
Shareholders' Equity	46,686,377	114,739,214	207,892,284	240,527,516	267,519,271	263,557,376
<b>Ratios</b>						
Current Ratio	1.02	1.38	1.54	1.74	1.59	1.39
Gross Profit to Sales	0.83	12.79	21.60	15.50	18.11	17.10
Net Profit/(Loss) to Sales	(180.10)	(85.20)	(7.57)	0.93	0.70	0.91
Breakup Value per share (Rs.)	7.09	17.43	31.58	36.54	40.64	40.04
Earnings/(loss) per share-Basic (Rs.)	(10.42)	(13.97)	(4.92)	0.87	0.62	1.00

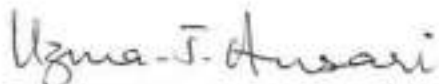
## CHAIRMAN'S REVIEW REPORT

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 reason for this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the company.

The composition of the Board of Directors reflects rich experience in the fields of business, engineering and Oil & 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.

For the Financial year ended June 30, 2019, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvements are an ongoing process leading to action plans. The overall assessment is based on an evaluation of integral components, including vision, mission and values, engagement in strategic planning, formulation of policies, monitoring the company's business activities, monitor financial resource management, effective fiscal oversight, equitable treatment of all employees and efficiency in carrying out the Board's responsibility.

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. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.



Mrs. Uzma Jamal  
Chairman – Board of Directors

Islamabad, October 07, 2019

## چیئر مین کی جائزہ رپورٹ

تجویز کردہ ایسٹڈ کمپنی (کوڈ آف کارپوریٹ گورننس) ریگولیشن ۲۰۱۷ء کے مطابق بورڈ اپنی طرف سے تیار کردہ میکانزم کے ذریعے اپنی کارکردگی کا جائزہ لیتا ہے۔ اس جائزہ کا مقصد بورڈ کی مکمل کارکردگی کو یقینی بنانا ہے اور توقعات کے مطابق معیارات کا تعین کرنا ہے جو کہ کمپنی کے سیاق و سباق کے مطابق ہے۔

انجینئرنگ اور جیل و گیس کی کاروباری فیملڈ میں بورڈ آف ڈائریکٹرز کے مرکب کا بہترین تجربہ ہے۔ بورڈ انتظامیہ کو حکمت عملی کی ہدایات فراہم کریں گے اور مقاصد کو حاصل کرنے کے لیے بورڈ اہداف کی منظوری اور مقابلے کے لیے بہترین ٹیم کی منظور کریں گے۔ بورڈ مینجمنٹ کی جانب سے تمام ریگولیٹری ضروریات کی تعمیل کو یقینی بنائے گے۔

مالی سال ۲۰۱۷-۱۸ء ۳۰ جون ۲۰۱۹ء کے لیے بورڈ لکھی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی ہے۔ بہتری ایک مستقل جاری رہنے والا عمل ہے جس کی مدد سے عملی منصوبہ بندیوں کو ممکن بنایا جاتا ہے۔ مجموعی جائزہ ضروری اجزاء کے انفرادی جائزے پر منحصر ہے جن میں دورانہ پیشی، نصب العین اور اقتدار، حکمت عملی کے بنانے میں کردار، پالیسی کی تشکیل، کمپنی میں جاری کاروباری سرگرمیوں کی نگرانی، مالیاتی وسائل کے انتظام کی نگرانی، موثر نگرانی، بورڈ کے کاروبار کو پورا کرنے میں ملازمین کے ساتھ منصفانہ سلوک اور بورڈ کی ذمہ داریوں کو موثر انداز سے پورا کرنا شامل ہیں۔

بورڈ کی مدد کمیٹیوں کے ذریعے کی جاتی ہے۔ آڈیٹ کمیٹی مالی سٹیٹمنٹ کا جائزہ لیتا ہے اور اس بات کو یقینی بناتا ہے کہ کمپنی کی مالی حیثیت بہترین ہے۔ یہ اندرونی معاملات کو موثر بنانے پر یقین رکھتا ہے۔ ایچ آر کمیٹی، ایچ آر پالیسی کے فریم ورک اور تجویز اور سینئر مینجمنٹ ٹیم کا جائزہ لیتی ہے۔ بورڈ اپنی ذمہ داری کو مناسب طریقے سے نبھاتا ہے۔ نان-ایگزیکٹو اور آزادانہ ڈائریکٹرز اہم فیصلوں میں برابر سے شرکت کرتے ہیں۔

Uzma T. Anwar

عظمیٰ جمال

چیئر مین بورڈ آف ڈائریکٹرز

اسلام آباد

۷ اکتوبر ۲۰۱۹ء

## 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, 2019 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and 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 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, 2019 and of the loss 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. 68,562,908 (2018: Rs. 91,983,625) and negative operating and net cash flow of Rs. 8,951,822 (2018: Rs. 6,238,836) and Rs. 10,998,240 (2018: Rs. 9,559,369) respectively for the year ended June 30, 2019. 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.

Following is the key audit matter:

<p>The Company has adopted IFRS 9 'Financial Instruments' with effect from July 01, 2018. The new standard requires to make provision for financial assets using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Company under IAS 39 'Financial Instruments: Recognition and Measurement'. Determination of ECL provision requires significant judgment and assumptions including consideration of historical events, current conditions and forecasts of future economic conditions.</p> <p>We have considered the first time application of IFRS 9 requirements as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.</p>	<p>We reviewed and understood the requirements of the IFRS 9. Our key audit procedures to review the application of IFRS 9 included, amongst others, review of the methodology developed and applied by the Company to estimate the ECL. We also evaluated the assumptions used in applying the ECL methodology based on historical information and other factors as relevant for such estimates.</p> <p>We, further, assessed the integrity and quality of the data used for ECL computation and checked the mathematical accuracy of ECL working.</p> <p>We also reviewed and assessed the impact and disclosures made in the financial statements with regard to the effect of adoption of IFRS 9.</p>
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#### 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 is 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 07, 2019



## **Independent Auditor's Review Report**

**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, 2019 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, 2019.

  
Grant Thornton Anjum Rahman

Chartered Accountants

Place: Islamabad

Date: October 07, 2019

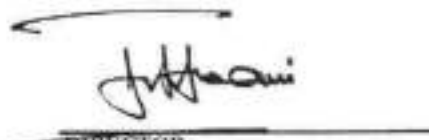
ADOS PAKISTAN LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2019



	Note	JUNE 30 2019	JUNE 30 2018
		Rupees	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	46,026,125	54,786,722
Intangible assets	7	1,694,924	-
Long term loans and advances	8	480,536	504,597
Long term deposits	9	400,000	400,000
Deferred taxation	10	-	-
		<b>48,601,585</b>	<b>55,691,319</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	11	-	-
Stock in trade	12	75,310,663	55,481,700
Trade debts	13	12,590,637	25,935,363
Advances	14	923,651	4,469,438
Trade deposits and short term prepayments	15	1,827,855	2,384,034
Accrued interest on saving accounts		4,547	34,062
Tax refunds due from the Government	16	139,208,073	137,597,461
Cash and bank balances	17	1,561,811	12,560,051
		<b>231,427,237</b>	<b>236,462,109</b>
<b>TOTAL ASSETS</b>		<b>280,028,822</b>	<b>292,153,428</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 7,000,000 (2018: 7,000,000) ordinary shares of Rs. 10 each		70,000,000	70,000,000
Issued, subscribed and paid up share capital	18	65,826,000	65,826,000
<b>RESERVES</b>			
Revenue reserve-unappropriated profit		(19,139,623)	48,913,214
<b>TOTAL EQUITY</b>		<b>46,686,377</b>	<b>114,739,214</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Employers' benefit obligation	19	6,322,948	5,913,130
		<b>6,322,948</b>	<b>5,913,130</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	20	111,151,760	97,354,045
Profit payable on short term borrowings		903,274	145,254
Due to associated company	21	48,025,468	36,228,947
Short term borrowings	22	61,151,833	32,000,000
Unclaimed dividend		5,787,162	5,792,838
		<b>227,019,497</b>	<b>171,501,084</b>
<b>TOTAL LIABILITIES</b>		<b>233,342,445</b>	<b>177,414,214</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>280,028,822</b>	<b>292,153,428</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	23		

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

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

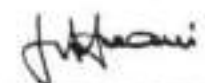
ADOS PAKISTAN LIMITED  
STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED JUNE 30, 2019



	Note	JUNE 30 2019	JUNE 30 2018
		Rupees	
Revenue-net	24	38,068,978	107,962,144
Cost of sales/services	25	(37,754,419)	(94,149,393)
<b>Gross profit</b>		<b>314,559</b>	<b>13,812,751</b>
Selling and distribution expenses	26	-	-
Administrative expenses	27	(46,003,236)	(61,374,319)
Other operating expenses	28	(19,382,164)	(14,102,896)
Other income	29	1,752,106	1,117,012
<b>Loss from operations</b>		<b>(63,318,735)</b>	<b>(60,547,452)</b>
Financial cost	30	(4,517,885)	(4,323,372)
<b>Loss before income tax</b>		<b>(67,836,620)</b>	<b>(64,870,824)</b>
Taxation	31	(726,288)	(27,112,801)
<b>Loss for the year</b>		<b>(68,562,908)</b>	<b>(91,983,625)</b>
Loss per share - basic and diluted	32	(10.42)	(13.97)

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

  
\_\_\_\_\_  
CHIEF EXECUTIVE

  
\_\_\_\_\_  
DIRECTOR

  
\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

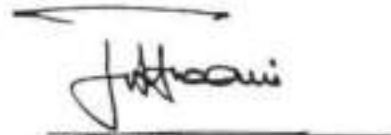
ADOS PAKISTAN LIMITED  
 STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED JUNE 30, 2019



	JUNE 30 2019	JUNE 30 2018
	Rupees	
Loss for the year	(68,562,908)	(91,983,625)
Re-measurement gain/(loss) on employees retirement benefits	510,071	(1,169,445)
Deferred tax charge on re-measurement loss on employees retirement benefits	-	-
Re-measurement of plan obligations - net of tax	510,071	(1,169,445)
Other comprehensive income/(loss) for the year	510,071	(1,169,445)
<b>Total comprehensive loss for the year</b>	<b>(68,052,837)</b>	<b>(93,153,070)</b>

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

  
 \_\_\_\_\_  
 CHIEF EXECUTIVE

  
 \_\_\_\_\_  
 DIRECTOR


  
 \_\_\_\_\_  
 CHIEF FINANCIAL OFFICER

ADOS PAKISTAN LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019



	Note	JUNE 30 2019	JUNE 30 2018
		Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before income tax		(67,836,620)	(61,670,824)
Adjustment for:			
Depreciation	6.2	8,704,550	9,441,924
Amortization	7	188,326	-
Provision for doubtful receivables	13.1	-	12,119,263
Provision for employees' benefit obligation	19	1,489,962	1,360,141
Interest on bank accounts	29	(127,216)	(200,493)
Financial cost	30	4,517,885	4,323,372
Loss/(gain) on disposal of property, plant and equipment- net		394,331	(53,558)
		<u>15,167,838</u>	<u>24,990,642</u>
Operating (loss)/profit before working capital changes		(52,668,782)	(37,880,172)
(Increase)/decrease in current assets			
Stock in trade		(19,828,963)	2,823,799
Trade debts		11,344,726	90,532,774
Advances		3,545,787	(4,452,662)
Trade deposits and short term prepayments		556,179	943,064
		<u>(4,382,271)</u>	<u>89,847,875</u>
Increase/(decrease) in current liabilities			
Trade and other payables		13,445,492	11,678,617
Profit payable on short term borrowings		758,020	43,749
Due to associated company		11,796,321	3,584,467
Short term borrowings		29,151,831	(68,000,000)
		<u>55,151,864</u>	<u>(52,693,167)</u>
Cash used in operations		(1,899,187)	(725,464)
Financial cost paid		(4,517,885)	(4,323,372)
Tax paid		(2,336,900)	(507,585)
Gratuity paid		(197,850)	(682,415)
		<u>(7,052,635)</u>	<u>(5,515,372)</u>
Net cash used in operating activities		(8,951,822)	(6,238,836)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(3,892,389)	(3,802,650)
Sale proceeds from disposal of property, plant and equipment		3,554,305	169,120
Additions in intangible assets		(1,883,250)	-
Profit realized on bank accounts		156,731	614,287
Long term loans and advances		24,061	114,323
Long term deposits		-	(400,000)
Net cash used in investing activities		(2,040,742)	(3,304,920)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Unclaimed dividend		(5,676)	(13,613)
Net cash used in financing activities		(5,676)	(15,613)
Net decrease in cash and cash equivalents		(10,998,240)	(9,559,369)
Cash and cash equivalents at the beginning of the year		12,560,051	22,119,421
Cash and cash equivalents at the end of the year		<u>1,561,811</u>	<u>12,560,051</u>

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

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

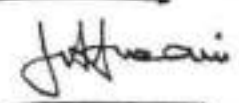
ADOS PAKISTAN LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2019



	Issued, subscribed and paid up capital	reserves	Shareholders'
		Unappropriated Profit/(loss) Rupees	equity
Balance as at July 01, 2017	65,826,000	142,066,284	207,892,284
Comprehensive income for the year			
Loss for the year ended June 30, 2018	-	(91,983,625)	(91,983,625)
Other comprehensive income for the year:			
Re-measurement gain/(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)
Balance as at June 30, 2018	65,826,000	48,913,214	114,739,214
Balance as at July 01, 2018	65,826,000	48,913,214	114,739,214
Loss for the year ended June 30, 2019	-	(68,562,908)	(68,562,908)
Other comprehensive income for the year:			
Re-measurement gain/(loss) on employees retirement benefits	-	510,071	510,071
Deferred tax charge on re-measurement loss on employees retirement benefits	-	-	-
Re-measurement of plan obligations - net of tax	-	510,071	510,071
Balance as at June 30, 2019	65,826,000	(19,139,623)	46,686,377

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

  
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CHIEF EXECUTIVE

  
\_\_\_\_\_  
DIRECTOR

  
\_\_\_\_\_  
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 I-7, Islamabad. The geographical location of factory of the Company is Plot # 43, Phase III, Hamar Industrial Estate, Khyber Pukhtoonkhwa. The Company has closed its other factory located at Plot # 292, Street # 3, Industrial Area, I-9/3 Islamabad. 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. 68,562,908 (2018: Rs. 91,583,625) and negative operating and net cashflows of Rs. 8,931,822 (2018: Rs. 6,238,836) and Rs. 10,998,240 (2018: Rs. 9,559,369) respectively for the year ended June 30, 2019, and the Company's net current assets have been reduced from Rs. 64,961,923 to Rs. 4,407,740 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 realize 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) availability of credit facility from bank, (iii) sourcing for new customers to improve sales volume; (iv) initiated the process for recovery of refundable tax from Government (v) negotiated with associated company and get marketing commission suspended for another period of one 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 of the Company 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 Standards) 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.

**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**

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these financial statements.

In addition to the above, the following two new standards have become applicable to the Company effective July 1, 2018:

- IFRS 9 'Financial instruments' – This standard replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It also includes an expected credit losses model that replaces IAS 39 incurred loss impairment model. On July 1, 2018 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories (i.e. mainly financial assets previously classified as 'loans and receivables' have now been classified as 'amortised cost').
- IFRS 15 'Revenue from contracts with customers' – This standard introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognize revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

The changes laid down by these standards do not have any significant impact on these financial statements of the Company. However, related changes to the accounting policies have been made in these unconsolidated financial statements.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective from the dates mentioned below:

	Effective date (annual periods beginning on or after)
IFRS 9 Financial instruments (Amendments)	January 1, 2019
IFRS 16 Leases	January 1, 2019
IAS 1 Presentation of financial statements (Amendments)	January 1, 2019
IAS 8 Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2019
IAS 12 Income taxes (Amendments)	January 1, 2019
IAS 19 Employee benefits (Amendments)	January 1, 2019
IAS 23 Borrowing costs (Amendments)	January 1, 2019
IAS 28 Investments in Associates and Joint Ventures (Amendments)	January 1, 2019
IFRIC 23 Uncertainty over Income tax treatment	January 1, 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application except for IFRS 16 - 'Leases'. The Company is currently evaluating the impact of changes laid down by IFRS 16 and its effect on financial statements.

### 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 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.

### 4.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except- Employees' benefit obligation (refer note 4.11).

### 4.2 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 Company of Directors view the Company's operation as one reportable segment.

### 4.3 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 re-valued.

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.

#### **Impairment of 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.

#### **4.4 Intangible assets**

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Subsequent cost on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization is provided on reducing balance method over the estimated useful lives of intangible assets. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off.

The Company reviews the useful lives of intangible assets on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of intangibles with the corresponding effect on the amortization charge and impairment. The rate of amortization on intangible assets is 20%.

#### **4.5 Financial instruments**

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

#### **4.6 Financial Assets**

The Company classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

##### **(i) Amortised Cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

##### **(ii) Fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### **(iii) Fair value through profit or loss**

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

#### 4.7 Financial Liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss; and
- other financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

##### a) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

##### b) Amortised cost

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the statement of profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

##### Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

##### Impairment of financial assets:

The Company assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

- Trade debts
- Loans, advances and deposits
- Cash and bank balances

##### General approach for loans, advances and deposits and cash and bank balances

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward-looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognized when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognized without a change in the expected cash flows, although typically expected cash flows do also change, and expected credit losses are rebased from 12 month to lifetime expectations.

##### Simplified approach for trade debts

The Company recognizes life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

As the Company applies simplified approach in calculating ECLs for trade debts, the Company does not track changes in credit risk, but instead recognized a loss allowance based on life time ECLs at each reporting date. ECLs on these financial assets are estimated using a provision matrix approach adjusted for forward looking factors specific to the debtors and economic environment.

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

**4.8 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 statements 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.

**4.9 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.

**4.10 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.

**4.11 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 raising finances under mark up arrangements.

**4.12 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 statement of comprehensive income in which case the related deferred tax is also charged or credited directly to the statement of statement of 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.

**4.13 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, 2019. The results of current valuation are summarized in note 20.

The actuarial gains or losses at each evaluation date are charged to statement of 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.

**4.14 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.

**4.15 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.

**4.16 Revenue recognition**

Revenue from operations of the Company are recognized when the goods or services are provided, and thereby the performance obligations are satisfied. Company's contract performance obligations are fulfilled at point in time when goods or services are provided to customer as the control is transferred is transferred to customer. The Company recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as 'advances from customers' in the statement of financial position.

Scrap sales and miscellaneous receipts are recognized on realized amounts.

Interest income is recorded on a time proportional basis.

Revenue is recognized at the fair value of the consideration to which the Company expects to be entitled in exchange for transferring goods or services.

**4.17 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.

**4.18 Equity and dividend payments**

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

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 Company 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.

**4.19 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.

**4.20 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.

**4.21 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.

**4.22 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 or loss on a straight-line basis over the period of the lease.

**5 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.



ADDOS PAKISTAN LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

6. PROPERTY, PLANT & EQUIPMENT

Particulars	Factory		Lease hold improvements	Plant and machinery	Tools and lab equipment	Office equipment	Furniture and fixture	Carpets and curtains	Vehicles	Total
	Lease hold land	building on lease hold land								
<b>Cost</b>	<b>Rupees</b>									
	<b>2019</b>									
<b>Balance as at July 01, 2018</b>	15,663,368	28,817,986	2,276,329	84,290,913	6,460,580	11,140,116	3,003,457	143,111	54,808,770	206,604,630
Additions	-	-	3,305,328	-	204,816	17,245	225,000	-	-	3,892,389
Disposals	-	(8,575,634)	-	-	-	-	-	-	(9,500,000)	(18,075,634)
<b>Balance as at June 30, 2019</b>	<b>15,663,368</b>	<b>20,242,352</b>	<b>5,661,657</b>	<b>84,290,913</b>	<b>6,725,396</b>	<b>11,157,361</b>	<b>3,228,457</b>	<b>143,111</b>	<b>45,308,770</b>	<b>192,424,385</b>
<b>Accumulated Depreciation</b>										
	<b>2019</b>									
<b>Balance as at July 01, 2018</b>	(9,164,578)	(25,735,566)	(75,878)	(72,516,721)	(5,494,551)	(5,709,905)	(2,574,376)	(229,692)	(30,417,041)	(151,817,006)
Disposals	-	7,381,303	-	-	-	-	-	-	6,245,895	14,127,198
Depreciation for the year	(649,880)	(21,5113)	1,117,156)	(1,177,456)	(112,051)	(544,314)	(66,709)	(1,340)	(4,822,140)	(8,704,550)
<b>Balance as at June 30, 2019</b>	<b>(9,814,458)</b>	<b>(18,567,776)</b>	<b>(1,193,834)</b>	<b>(73,693,777)</b>	<b>(5,606,602)</b>	<b>(6,254,219)</b>	<b>(2,641,076)</b>	<b>(131,032)</b>	<b>(28,493,286)</b>	<b>(146,395,266)</b>
<b>Carrying amount as at June 30, 2019</b>	<b>5,848,910</b>	<b>1,674,576</b>	<b>4,468,823</b>	<b>10,597,136</b>	<b>1,118,794</b>	<b>4,903,142</b>	<b>587,381</b>	<b>12,079</b>	<b>16,815,484</b>	<b>46,029,125</b>
<b>Cost</b>	<b>2018</b>									
<b>Balance as at July 01, 2017</b>	15,663,368	28,817,986	-	84,290,913	6,460,580	10,323,795	3,003,457	143,111	54,167,890	202,971,100
Additions	-	-	2,276,329	-	-	716,321	-	-	810,000	3,892,650
Disposals	-	-	-	-	-	-	-	-	(69,120)	(69,120)
<b>Balance as at June 30, 2018</b>	<b>15,663,368</b>	<b>28,817,986</b>	<b>2,276,329</b>	<b>84,290,913</b>	<b>6,460,580</b>	<b>11,140,116</b>	<b>3,003,457</b>	<b>143,111</b>	<b>54,808,770</b>	<b>206,604,630</b>
<b>Accumulated Depreciation</b>										
	<b>2018</b>									
<b>Balance as at July 01, 2017</b>	(8,442,490)	(25,223,383)	-	(71,208,033)	(5,387,215)	(5,119,130)	(2,526,689)	(128,202)	(24,304,397)	(142,429,530)
Disposals	-	-	-	-	-	-	-	-	53,555	53,555
Depreciation for the year	(722,086)	(512,183)	(75,878)	(1,308,288)	(107,316)	(590,775)	(47,687)	(1,400)	(6,076,199)	(9,441,923)
<b>Balance as at June 30, 2018</b>	<b>(9,164,578)</b>	<b>(25,735,566)</b>	<b>(75,878)</b>	<b>(72,516,321)</b>	<b>(5,494,551)</b>	<b>(5,709,905)</b>	<b>(2,574,376)</b>	<b>(129,602)</b>	<b>(30,417,041)</b>	<b>(151,817,006)</b>
<b>Carrying amount as at June 30, 2018</b>	<b>6,498,790</b>	<b>3,082,420</b>	<b>2,200,451</b>	<b>11,774,592</b>	<b>966,029</b>	<b>5,430,211</b>	<b>429,081</b>	<b>13,419</b>	<b>24,391,720</b>	<b>54,786,722</b>

6.1 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 Sindh Development Authority (SDA) on a lease term basis of 99 years. A civil suit has been filed by Sarban Textile Mills Limited against Chairman SDA and others for allotment of the same to the Company, further explained in note: 23.2

		2019 Rupees	2018 Rupees
<b>6.2 Depreciation charge for the year has been allocated as under:</b>			
Cost of sales/services	Note: 25	2,196,949	2,649,895
Administrative expenses	Note: 27	6,507,601	6,792,029
		<u>8,704,550</u>	<u>9,441,924</u>

6.3 The Company's immovable fixed assets consists of land located at Plot # 43, Phase III, Hattar Industrial Estate, Khyber Pakhtoonkhwa having 10 acres in Industrial Area of Hattar.

**7 INTANGIBLE ASSETS**

		2019 Rupees	2018 Rupees
Opening net book value		-	-
Additions during the year	Note: 7.1	1,883,250	-
Amortization charged during the year		(188,326)	-
Closing net book value		<u>1,694,924</u>	<u>-</u>

7.1 The value of intangible asset include design packages module for oilfield equipment design and drawing.

**8 LONG TERM LOANS AND ADVANCES**

		2019 Rupees	2018 Rupees
Considered good - Secured			
Loans to employees	Note: 8.1	480,536	504,597

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/granting.

**9 LONG TERM DEPOSITS**

		2019 Rupees	2018 Rupees
Security deposit		400,000	400,000
Margin deposits and bid money- doubtful		813,861	813,861
		<u>1,213,861</u>	<u>1,213,861</u>
Less: Provision for impairment	Note: 9.1	(813,861)	(813,861)
Long term deposits		<u>400,000</u>	<u>400,000</u>
<b>9.1 Provision for impairment</b>			
Opening balance		813,861	813,861
- Additions during the year		-	-
- Reversal during the year		-	-
Closing balance		<u>813,861</u>	<u>813,861</u>

**10 DEFERRED TAXATION**

Deferred tax asset of Rs. 36.488 million (2018: Rs. 31.341 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**

		2019 Rupees	2018 Rupees
Stores		926,907	926,907
Loose tools		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	Note: 11.1	(1,653,593)	(1,653,593)
Stores, spares and loose tools		<u>-</u>	<u>-</u>
<b>11.1 Provision for obsolete and slow moving items</b>			
Opening balance		1,653,593	1,653,593
- Additions during the year		-	-
- Reversal during the year		-	-
Closing balance		<u>1,653,593</u>	<u>1,653,593</u>

12 STOCK IN TRADE

	2019 Rupees	2018 Rupees	
Raw materials	Note: 12.1	72,834,722	52,382,841
Work in progress		-	3,105,413
Finished goods		5,740,503	3,238,008
<b>Stock in trade</b>		<b>78,575,225</b>	<b>58,746,262</b>
Less: Provision for obsolete and slow moving stock	Note: 12.2 & 12.3	(3,264,562)	(3,264,562)
<b>Stock in trade</b>		<b>75,310,663</b>	<b>55,481,700</b>
12.1 This includes inventory in transit (raw material) amounting to Rs. 20,066 million against confirmed order of customer.			
12.2 Provision for obsolete and slow moving items - Raw material			
Opening balance		1,780,562	1,780,562
- Additions during the year		-	-
- Reversal during the year		-	-
Closing balance		<u>1,780,562</u>	<u>1,780,562</u>
12.3 Provision for obsolete and slow moving items - Finished goods			
Opening balance		1,484,000	1,484,000
- Additions during the year		-	-
- Reversal during the year		-	-
Closing balance		<u>1,484,000</u>	<u>1,484,000</u>

13 TRADE DEBTS

	2019 Rupees	2018 Rupees	
<b>Trade debts - unsecured</b>			
Considered			
- good		12,590,637	23,935,363
- doubtful		80,172,824	81,142,825
		<u>92,763,461</u>	<u>105,078,188</u>
Less: Provision for impairment in trade debts	Note: 13.1	(80,172,824)	(81,142,825)
<b>Trade debts</b>		<b>12,590,637</b>	<b>23,935,363</b>
13.1 Provision for impairment in trade debts			
Balance as at July 01		81,142,825	69,023,562
Provision made during the year	Note: 27.4	-	12,119,263
Less: Reversal made during the year		(970,090)	-
<b>Balance as at June 30</b>		<b>80,172,824</b>	<b>81,142,825</b>

13.2 The status of past dues relating to trade debts has been disclosed in note 36.2 (b).

14 ADVANCES

	2019 Rupees	2018 Rupees	
<b>Advances - unsecured, considered good</b>			
Short term-advances to suppliers		902,591	4,453,106
Short term loans and advances to employees against salaries		21,060	16,332
<b>Advances</b>		<b>923,651</b>	<b>4,469,438</b>

15 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2019 Rupees	2018 Rupees	
Margin deposits and bid money	Note: 15.1	547,500	547,500
		<u>547,500</u>	<u>547,500</u>
Prepayments		1,280,355	1,836,534
<b>Trade deposits and short term prepayments</b>		<b>1,827,855</b>	<b>2,384,034</b>

15.1 This represents bid money of Rs. 0.547 million (2018: 0.547 million) deposited against tender for oil and gas field equipment and amounting of vehicles for different projects.

16 TAX REFUNDS DUE FROM THE GOVERNMENT

	2019 Rupees	2018 Rupees	
Opening balance		137,318,855	140,300,928
Deducted at source during the year		1,879,732	11,179,267
Workers' welfare fund adjustment		-	(10,414,322)
Less: provision for taxation	Note: 31	(726,288)	(3,747,018)
<b>Advance tax - net of provision</b>		<b>138,472,299</b>	<b>137,318,855</b>
Sales tax refunds		738,774	278,606
<b>Tax refundable</b>		<b>139,211,073</b>	<b>137,597,461</b>

**17 CASH AND BANK BALANCES**

	2019 Rupees	2018 Rupees
Cash in hand	2,264	8,689
Cash at banks:		
Local currency:		
Savings accounts	Note: 17.1 & 17.2	1,455,044
Current accounts		4,542,594
Foreign currency current accounts	2,767	1,331,386
<b>Cash and bank balances</b>	<b>1,561,811</b>	<b>12,560,051</b>

17.1 The range of interest on these saving accounts is 3.00 % - 7.00 % per annum (2018: 3.00 % - 7.00 % per annum).

17.2 This includes an amount of Rs. 1.2 million (2018: 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.

2019 Number	2018 Number		2019 Rupees	2018 Rupees
6,582,600	6,582,600	Ordinary shares of Rs. 10 each issued and fully paid in cash	65,826,000	65,826,000
		Note: 18.1		

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

**19 EMPLOYEES' BENEFIT OBLIGATION**

	2019 Rupees	2018 Rupees
Employees' gratuity	6,322,948	5,913,130
The employees' benefit obligation as at the balance sheet date are as follows:		
Present value of defined benefit obligation	6,322,948	5,913,130
<b>Net liability at the end of the year</b>	<b>6,322,948</b>	<b>5,913,130</b>
Movement in the present value of defined benefit obligation (DBO) is as follows:		
Present value of DBO at the beginning of the year	5,913,130	5,095,762
Current service cost	983,434	1,031,567
Interest cost	506,528	328,573
Benefit payable	(415,801)	(1,640,126)
Benefit paid	(154,272)	(72,091)
Remeasurements:		
Actuarial losses from changes in financial assumptions	30,614	7,497
Experience adjustments	(540,685)	1,161,948
<b>Present value of defined benefit obligation at the end of the year</b>	<b>6,322,948</b>	<b>5,913,130</b>
Expense recognized in profit and loss account:		
Current service cost	983,434	1,031,567
Interest cost	506,528	328,573
<b>Provision of employees' benefit</b>	<b>1,489,962</b>	<b>1,360,140</b>
Expense is recognized in the following line items in profit and loss account:		
Cost of sale/services	Note: 25.2	1,095,560
Administrative expenses	Note: 27.1	394,402
		1,489,962
Principal actuarial assumptions used were as follows:		
Discount rate per annum	14.25%	9.00%
Expected rate of increase in eligible salary per annum	13.25%	8.00%
Mortality rate	SLIC 2001-2005 Mortality table	SLIC 2001-2005 Mortality table
Average expected remaining working life time of employees	8 years	9 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.

	2019	2018	2017	2016	2015
	Rupees				
Present value of defined benefit obligation	6,322,948	5,913,130	5,095,762	4,720,844	4,720,844

**Sensitivity analysis:**

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased/decreased as a result of a change in respective assumptions by one percent.

	Employees' benefit obligation	
	Effect of 1% increase	Effect of 1% decrease
	Rupees	Rupees
Discount rate	7,197,743	8,465,932
Future salary increase	8,465,932	7,187,897

**20 TRADE AND OTHER PAYABLES**

	2019	2018
	Rupees	Rupees
Creditors - unsecured	77,495,959	75,749,346
Accrued liabilities	25,850,720	13,448,873
Employees' benefit payable	4,579,747	4,207,524
Advance from customer	2,687,700	2,687,700
Taxes payable	490,903	1,193,870
Other liabilities	46,732	46,732
<b>Trade and other payables</b>	<b>111,151,760</b>	<b>97,334,045</b>

20.1 This include advance received from Saudi Relief Fund, amounting to Rs. 1.35 million (2018: Rs. 1.35 million) for the supply of rotary drilling rigs, the adjustment of which is subject to pending litigation as disclosed in note 23.1 to the financial statements and remaining amount represents advances received from customers pertaining to armouring of

**20.2 Workers' Profit Participation Fund**

Balance as at July 01	-	93,523
Charge for the year	-	-
Interest for the year	-	8,121
Transfer to fund during the year	-	(101,644)
<b>Balance as at June 30</b>	<b>-</b>	<b>-</b>

**21 DUE TO ASSOCIATED COMPANY**

	2019	2018
	Rupees	Rupees
Akbar Associates (Private) Limited	48,025,468	36,228,947

21.1 This represents amount payable to Akbar Associates (Private) Limited for expenditure paid on behalf of the Company.

**22 SHORT TERM BORROWINGS**

	2019	2018
	Rupees	Rupees
Short term borrowings	61,151,833	32,000,000

22.1 Short term borrowing facility represents karobar finance facility and import murabaha facility which are availed 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 Company issued performance guarantees in favour of different entities amounting to Rs. 25.718 million (2018: Rs. 47.06 million) which are outstanding at the year end.

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 filed

an appeal 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 Sathad 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, 2006 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.

**24 REVENUE-NET**

	2019 Rupees	2018 Rupees
Gross sales	38,071,961	111,005,510
Sales tax	(2,983)	(3,043,366)
Revenue-net of sales tax	38,068,978	107,962,144
<b>Revenue-net</b>	<b>38,068,978</b>	<b>107,962,144</b>

**25 COST OF SALES/ SERVICES**

		2019 Rupees	2018 Rupees
Raw materials consumed	Note: 25.1	10,167,814	49,481,866
Salaries, wages and benefits	Note: 25.2	12,341,301	17,343,336
Factory rent		733,333	5,280,000
Repair and maintenance		260,999	691,535
Travelling and conveyance		282,401	772,288
Vehicle running and maintenance		72,517	162,725
Electricity, water and gas		1,790,911	2,550,166
Telephone and postage		184,961	115,043
Carriage and freight		904,450	2,753,619
Royalty and equipment rentals	Note: 25.3	2,617,881	2,199,274
Clearing and service charges		2,211,485	5,037,123
Other factory overheads		3,989,417	5,112,523
Depreciation	Note: 6.2	2,196,949	2,649,895
<b>Cost of sales/ services</b>		<b>37,754,419</b>	<b>94,149,393</b>

	2019	2018
	Rupees	Rupees
<b>25.1 Raw materials consumed</b>		
Opening balance as on July 01	52,382,841	55,200,086
Add: Purchases during the year	30,619,695	46,664,821
	<u>83,002,536</u>	<u>101,864,907</u>
Less: Closing balance as on June 30	(72,834,722) <i>Note: 12</i>	(52,382,841)
<b>Raw materials consumed</b>	<b>10,167,814</b>	<b>49,481,866</b>

25.2 These include an amount in respect of employees' benefit obligation of Rs. 1,095,560 (2018: Rs.986,102) (refer to note: 19).

25.3 This includes an amount of Rs. 2,021,300 (2018: Rs. 1,890,881 ), (USD 14,500 (2018: USD 14,500)) paid to American Petroleum Institute (API), a professional training and certification programs service providers as royalty, on account of monogram annual fee.

**26 SELLING AND DISTRIBUTION EXPENSES**

	2019	2018
	Rupees	Rupees
Marketing expenses <i>Note: 26.1</i>	-	-
<b>Selling and distribution expenses</b>	<b>-</b>	<b>-</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 prior and current year, resultantly no marketing expenses are incurred during the year.

**27 ADMINISTRATIVE EXPENSES**

	2019	2018
	Rupees	Rupees
Salaries and other benefits <i>Note: 27.1</i>	11,263,937	8,425,073
Directors' remuneration	10,068,225	12,794,684
Travelling and conveyance	4,171,271	6,129,731
Rent, rate and taxes	5,008,227	5,545,127
Legal and professional charges	2,244,404	113,687
Fee and subscription	773,643	701,112
Electricity, gas and water	660,217	370,846
Repair and maintenance	1,322,596	1,166,440
Insurance	931,066	1,322,565
Printing, stationery and periodicals	394,213	785,216
Postage, telex and telephone	603,438	1,128,083
Entertainment and staff welfare	647,052	1,831,249
Depreciation <i>Note: 6.2</i>	6,507,601	6,792,029
Amortization	188,326	-
Auditors' remuneration <i>Note: 27.2</i>	645,000	645,000
Donations <i>Note: 27.3</i>	336,986	1,358,985
Provision and write offs <i>Note: 27.4</i>	-	12,119,263
Miscellaneous expenses	237,934	145,231
<b>Administrative expenses</b>	<b>46,003,236</b>	<b>61,374,319</b>

27.1 These include an amount in respect of employees' benefit obligation of Rs. 394,402 (2018: Rs. 374,039) (refer to note: 19).

**27.2 Auditors' remuneration**

	2019	2018
	Rupees	Rupees
Annual audit fee	425,000	425,000
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>645,000</b>

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

27.4 Provision and write-offs		2019	2018
		Rupees	Rupees
	Provision for doubtful debts	-	12,119,263
	Provision and write-offs	-	12,119,263
<b>28 OTHER OPERATING EXPENSES</b>			
		2019	2018
		Rupees	Rupees
	Net exchange loss	18,987,833	14,102,896
	Loss on disposal	394,331	-
	Other operating expenses	19,382,164	14,102,896
<b>29 OTHER INCOME</b>			
		2019	2018
		Rupees	Rupees
<b>Income from financial assets</b>			
	Interest income - banks	156,731	614,287
	Recovery of doubtful trade debt	970,000	-
		1,126,731	614,287
<b>Income from non-financial assets</b>			
	Scrap sale	203,375	502,725
	Other income	422,000	-
		625,375	502,725
	Other income	1,752,106	1,117,012
<b>30 FINANCIAL COST</b>			
		2019	2018
		Rupees	Rupees
	Interest on Workers' Profit Participation Fund	-	8,121
	Profit against short term borrowings	4,260,019	3,966,070
	Bank charges	257,866	349,181
	Financial cost	4,517,885	4,323,372
<b>31 TAXATION</b>			
		2019	2018
		Rupees	Rupees
<b>Current</b>			
	- for the year	475,862	1,349,527
	- prior year	250,426	2,397,491
		726,288	3,747,018
<b>Deferred tax</b>			
		-	23,365,783
	Income tax expense	726,288	27,112,801
<b>31.1 Relationship between tax expense and accounting profit:</b>			
		2019	2018
		Rupees	Rupees
	Turnover	38,068,978	107,962,144
	1.25 % of turnover	1.25%	1.25%
	Tax on turnover	475,862	1,349,527
	Tax impact of prior year income tax	250,426	2,397,491
	Tax impact of deferred tax charged	-	23,365,783
	Actual tax expense net	726,288	27,112,801
<b>32 LOSS PER SHARE - BASIC AND DILUTED</b>			
		2019	2018
		Rupees	Rupees
	Loss for the year - Rupees	(68,562,908)	(91,983,625)
	Number of ordinary shares outstanding during the year	6,582,600	6,582,600
	Loss per share-Rupees	(10.42)	(13.97)

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

**33 RELATED PARTY TRANSACTIONS**

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

	2019 Rupees	2018 Rupees
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**33.1 Transactions with Akbar Associates (Private) Limited**

Related party by virtue of common directorship and shareholding of 1.61%

Expense paid by Akbar Associates (Private) Limited 11,796,521 3,584,468

**33.2 Transactions with key management personnel**

The transaction with key personnel are disclosed in note 34.

The related party status of outstanding balances as at balance sheet date are included in relevant notes to the financial statements.

**33.3 Names of associated companies or related parties or undertakings, with whom the Company had not entered into transactions or had no agreements or arrangements in place during the financial year are as follows:**

Name of related party	Basis of relationship	Percentage of shareholding 2019
Petroling (Pvt.) Limited	Associate and common directorship	N/A
Razvi Mining (Pvt.) Limited	Associate and common directorship	N/A
Akbar Tahreb (Pvt.) Limited	Associate and common directorship	N/A
Akbar Chemicals (Pvt.) Limited	Associate and common directorship	N/A
Akbar Petroleum (Pvt.) Limited	Associate and common directorship	N/A
Akbar Trailer Manufacturing Company (Pvt.) Limited	Associate and common directorship	N/A
Akbar Vasal (Pvt.) Limited	Associate and common directorship	N/A
Herbonics (Pvt.) Limited	Associate and common directorship	N/A
A-One Grinding (Pvt.) Limited	Associate and common directorship	N/A

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

	Chief Executive		Directors		Executives	
	2019	2018	2019	2018	2019	2018
	Rupees		Rupees		Rupees	
Managerial remuneration	3,999,996	3,999,996	4,599,996	4,599,996	3,246,000	2,946,000
Travelling expenses	1,281,483	2,500,000	186,750	-	-	350,000
Gratuity	-	-	-	-	2,950,909	2,260,304
	5,281,479	6,499,996	4,786,746	4,599,996	6,196,909	5,556,304
<b>Number of persons</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>

In addition to the above, the chief executive and an executive director has been provided with one vehicle 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 employment or emoluments.

**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 respectively.

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- 37.1(a), 37.1(b) and 37.1(c) respectively.

**(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:

	2019 Rupees	2018 Rupees
Financial assets	12,593,404	25,266,749
Financial liabilities	(77,495,959)	(75,749,346)
<b>Short-term exposure</b>	<b>(64,902,555)</b>	<b>(50,482,597)</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 + 28.390 /- 12.390 change of the US Dollar exchange rate for the year ended June 30, 2019 (2018: A + 5.066 /- 11.794) 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. If the Pak Rupee had strengthened against the US Dollar by 28.390 (2018: 5.066), then this would have had the following impact:

	2019 Rupees	2018 Rupees
Net result for the year	(4,888,405)	2,103,041

If the Pak Rupee had weakened against the US Dollar by 12.390 (2018: 11.794), then this would have had the following impact:

	2019 Rupees	2018 Rupees
Net result for the year	(11,201,116)	(4,896,368)

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 fair value or future cash flow of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to change in market interest as the Company has external short term borrowings on floating interest rates. Also, the Company has utilized funds out of saving accounts in bank. Amount payable to Akbar Associates (Private) Limited is not exposed to the risk of changes in market interest rate as the Company does not pay interest on this amount.

	2019 %	2018 %	2019 Rupees	2018 Rupees
<b>Effective interest rate</b>				
<b>Financial assets</b>				
Bank balances	3.00 to 7.00 %	3.00 to 7.00 %	1,455,044	6,677,382
<b>Financial liabilities</b>				
Due to associated company			48,025,468	36,228,947
Short term borrowing	14.55-14.74%	8.72%	61,151,833	32,000,000
Profit payable on short term borrowing	14.55-14.74%	8.72%	903,274	145,254
			<u>110,080,575</u>	<u>68,374,201</u>
<b>On balance sheet gap</b>			<u>(108,625,531)</u>	<u>(61,696,819)</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, 2019.

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, loans and 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 debts are petroleum companies which have good credit worthiness, and employees who are also contractually bonded 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. 15,599,280 (2018: Rs. 42,008,260), the financial assets of Rs. 14,150,184 (2018: Rs. 36,486,725) are subject to credit risk.

(a) Exposure to credit risk

	2019 Rupees	2018 Rupees
Classes of financial assets - carrying amounts		
Bank balances	1,559,547	12,551,362
Trade debts	12,590,637	23,935,363
Loans, advances and deposits	1,449,096	5,521,535
	<u>15,599,280</u>	<u>42,008,260</u>

The maximum exposure to credit risk for financial assets at the reporting date by type of counterparty was:

	2019 Rupees	2018 Rupees
Companies - Petroleum	12,590,637	23,935,363
Banks and financial institutions	1,559,547	12,551,362
	<u>14,150,184</u>	<u>36,486,725</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.

36.2.1 Trade receivables

The aging of trade debts at the reporting date was:

	2019 Rupees		2018 Rupees	
	Gross debts	Allowance for ECL	Gross debts	Allowance for ECL
<b>Neither past due nor impaired:</b>				
Not more than 1 month	12,565,959	-	16,989,282	-
<b>Past due but not impaired:</b>				
More than 1 month but not more than 6 months	24,678	-	6,946,082	-
More than 6 months but not more than 1 year	-	-	-	-
More than 1 year but not more than 3 years	-	-	-	-
More than 3 years	89,172,824	80,172,824	81,142,824	81,142,825
	<u>92,763,461</u>	<u>80,172,824</u>	<u>105,078,188</u>	<u>81,142,825</u>

	2019 Rupees	2018 Rupees
<b>Fast due - Credit worthiness in terms of default</b>		
Customers with no defaults in the past one year	12,590,637	23,935,363
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	-	-
	<u>12,590,637</u>	<u>23,935,363</u>

Majority of companies includes multinationals which have good credit worthiness.

**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	2019 Rupees	2018 Rupees
A-1+	JCR-VIS	15,310	5,845,024
A1	PACRA	-	5,658,005
A-1	PACRA	1,439,734	1,048,334
		<b>1,455,044</b>	<b>12,551,363</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 requirements.

The 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, 2019:	Within 1 months	More than 1 to 6 months	More than 6 to 12 months
Trade and other payables	-	30,968,101	77,495,959
Due to associated company	-	-	48,025,468
Profit payable on short term borrowings	-	903,274	-
Short term borrowings	-	61,151,833	-
Unclaimed dividend	5,787,162	-	-
	<b>5,787,162</b>	<b>93,023,208</b>	<b>125,521,427</b>

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

June 30, 2018:	Within 1 months	More than 1 to 6 months	More than 6 to 12 months
Trade and other payables	-	18,896,999	75,749,346
Due to associated company	-	-	36,228,947
Profit payable on short term borrowings	-	145,254	-
Short term borrowings	-	31,000,000	-
Unclaimed dividend	5,792,838	-	-
	<b>5,792,838</b>	<b>51,042,253</b>	<b>111,978,293</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 Company shall manage its liquidity crunch by applying the measures stated in note 1.2 to the financial

**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:

		2019 Rupees	2018 Rupees
<b>Financial assets at amortized cost</b>			
- Trade debts	Note: 15	12,590,637	25,935,363
- Bank balances	Note: 17	1,559,547	12,551,362
		<b>14,150,184</b>	<b>38,486,725</b>

		2019 Rupees	2018 Rupees
<b>Financial liabilities</b>			
<b>Financial liabilities measured at amortized cost</b>			
- Trade and other payables	Note: 20	108,464,060	94,646,345
- Due to associated company	Note: 21	48,025,468	36,228,947
- Profit payable on short term borrowings		903,274	145,254
- Short term borrowings	Note: 22	61,151,833	32,000,000
- Unclaimed dividend		5,787,162	5,792,838
		<b>224,331,797</b>	<b>168,813,384</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.

	2019 Rupees	2018 Rupees
Total equity	46,686,377	114,739,214
- Cash and bank balances	(1,561,811)	(12,560,051)
<b>Capital</b>	<b>45,124,566</b>	<b>102,179,163</b>
Total equity	46,686,377	114,739,214
<b>Overall financing</b>	<b>46,686,377</b>	<b>114,739,214</b>
<b>Capital-to-overall financing ratio</b>	<b>0.97</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 27.85% (2018: 82.4%) of the total sales of the Company.
- 100% (2018: 100%) of the Company's sales relate to customers in Pakistan.
- All non-current assets of the Company as at June 30, 2019 are located in Pakistan.
- Two (2018: Five) of the Company's customers having net sales aggregating Rs. 34.364 million (2018: Rs.100.13 million) contributed towards 90.26% (2018: 92.75%) of the Company's sales. One (2018: One) customers individually exceeded 46.06% (2018: 10%) of total sales.

ADOS PAKISTAN LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
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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 reorganization 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. at 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

	Carrying Amount		Fair Value				
	Amortized cost	Other Financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>Rupees</b>							
<b>June 30, 2019</b>							
<b>Non-current assets</b>							
Security deposit	400,000	-	400,000	-	-	-	-
<b>Current assets</b>							
Trade debt - considered good	12,590,637	-	12,590,637	-	-	-	-
Accrued interest on saving accounts	4,547	-	4,547	-	-	-	-
Bank balances	1,559,547	-	1,559,547	-	-	-	-
	<b>14,554,731</b>		<b>14,554,731</b>				
<b>Current liabilities</b>							
Trade and other payables	-	108,464,060	108,464,060	-	-	-	-
Due to associated company	-	48,025,468	48,025,468	-	-	-	-
Trade payable on short term borrowings	-	903,274	903,274	-	-	-	-
Undivided dividend	-	5,787,162	5,787,162	-	-	-	-
Short term borrowings	-	61,151,833	61,151,833	-	-	-	-
		<b>224,331,797</b>	<b>224,331,797</b>				



NOTES TO THE FINANCIAL STATEMENTS  
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	Carrying Amount		Fair Value				
	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Rupiah							
<b>June 30, 2018</b>							
<b>Non-current assets</b>							
Security deposit	400,000	-	400,000	-	-	-	-
<b>Current assets</b>							
Trade debts - considered good	23,935,363	-	23,935,363	-	-	-	-
Trade debts - considered doubtful	34,062	-	34,062	-	-	-	-
Trade receivable on short term borrowing	12,551,362	-	12,551,362	-	-	-	-
Bank balances	-	-	-	-	-	-	-
	36,920,787	-	36,920,787	-	-	-	-
<b>Current liabilities:</b>							
Trade and other payables	-	94,646,345	94,646,345	-	-	-	-
Due to associated company	-	36,228,947	36,228,947	-	-	-	-
Markup accrued	-	145,254	145,254	-	-	-	-
Undeclared dividend	-	5,792,806	5,792,806	-	-	-	-
Short term borrowing	-	32,000,000	32,000,000	-	-	-	-
	-	168,813,384	168,813,384	-	-	-	-



**40 NUMBER OF EMPLOYEES**

	2019 Number	2018 Number
Number of employees at the year end	50	80
Average number of employees	52	99

**41 GENERAL**

**41.1 General and corresponding figures**

Amounts have been rounded to the nearest rupee unless otherwise stated. Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There were 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 <sup>02</sup>, 2019.

CHIEF EXECUTIVE

DIRECTOR

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 34<sup>th</sup> Annual General Meeting of the  
company to be held on \_\_\_\_\_ and at any adjournment thereof.  
Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

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.

