

ADOS PAKISTAN LIMITED

**CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
DECEMBER 31, 2018**



COMPANY INFORMATION

CHIEF EXECUTIVE OFFICER

Mr. Zia Akbar Ansari

DIRECTORS

Mr. Jamal Akbar Ansari
Mr. Zia Akbar Ansari
Ms. Sabina Ansari
Mrs. Uzma Jamal
Mrs. 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. Shoobarana 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, 1st
Floor, G-253/A, Lquat Road, Rawalpindi.

REGISTERED OFFICE

2nd Floor, F.J Plaza, Block 2, Collage Road
Markaz F-7, P.O. Box 1416, Islamabad -
Pakistan
TEL: +92-51-2651365 & +92-51-2651701,
FAX +92-51-2651368,

SHARE REGISTRAR / TRANSFER AGENT

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

FACTORY(S)

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

DIRECTORS' REVIEW

The Board of Directors of Ados Pakistan Limited is pleased to announce the financial results for the half year ended December 31, 2018.

A comparison of key financial results of your Company's performance for the half year ended December 31, 2018 with the same period last year is as under:

Particulars	December 2018	December 2017
----- (Rupees) -----		
Sales – net	22,842,387	68,590,215
Gross profit	2,005,951	6,427,980

Major reasons for decline in revenue as stated in the earlier report:

- i. Protection to local industry was significantly diluted by Government of Pakistan reducing the import duty on finished products to only 10%. Given the fact that local industry is subjected to withholding of tax both at import of raw material and sale of finished goods, puts foreign overseas manufacturers at a significant advantage;
- ii. Dumping by Chinese manufacturers, who have been selling finished products against competitive international tenders at prices less than the raw material cost quoted at London Metal Exchange (LME);
- iii. Cameron's purchase by Schlumberger and exit of multinational companies like British Petroleum, OMV, BHP, OPI and others reduced Cameron's interest in the local market and they have yet to renew their licensing arrangement with the Company;
- iv. Oil & Gas Development Company Limited's (OGDCL) malicious change of rules requiring local manufacturers to have twenty (20) years post specific API certificate experience, denied the Company of its full right to bid against OGDCL tenders. The Company has post API certification experience of 18 years;

Following are the measures taken by the Company to improve the operational performance, sales volume, cash flow and financial position:

- i. Continue focusing on cost reduction activities;
- ii. Sourcing for new customers to improve sales volume;
- iii. Got exemption from withholding of tax under section 159(1)/153 on payment for goods from the Federal Board of Revenue (Attached as Annexure 5) and are initiating the process for recovery of refundable income tax which is required to improve the cash flow position of the Company;
- iv. Considering diversification in business operations;
- v. Focusing on getting orders for Re-fabrication of equipment from E & P companies operating in Pakistan; and
- vi. Our negotiation for the renewal of License with Cameron (Now a Schlumberger Company) is under process while we have make arrangements with Chinese Company M/s. Kerui Petroleum, in order to compete with the Chinese competitors.

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

The management has decided not to pay dividend for the period ended December 31, 2018 keeping in view future cash flow requirements of the company.



The Directors are grateful to the Company's shareholders, financial institutions and customers for their continued cooperation, support and patronage. The Directors acknowledge the relentless efforts, dedicated services, teamwork, loyalty and hard work of all the employees of the Company and hope their continued dedication shall further consolidate the Company and keep its growth abreast to face future challenges.

On behalf of the Board:



ZIA AKBAR ANSARI
CEO & DIRECTOR

Islamabad
February 28, 2019

ڈائریکٹرز کا جائزہ

اڈوس پاکستان لمیٹڈ کے بورڈ آف ڈائریکٹرز کو نصف مالی سال جس کا خاتمہ مورخہ 31 دسمبر 2018 کے مالی نتائج کا اعلان کر کے خوشی ہوئی۔

سابقہ سال کے اسی پیریڈ کا اس نصف مالی سال خاتمہ مورخہ 31 دسمبر 2018 کے ساتھ کلیدی نتائج کا مقابلہ مندرجہ ذیل ہے:

تفصیل	دسمبر 2018	دسمبر 2017
خالص سیلز	22,842,387 روپے	68,590,215 روپے
کل منافع	2,005,951 روپے	6,427,980 روپے

سیلز میں کمی جیسا کہ پہلی رپورٹ میں ذکر کیا گیا کی اہم وجوہات مندرجہ ذیل ہیں:

(۱) حکومت پاکستان کی جانب سے تیار شدہ مصنوعات پر صرف 10 فیصد درآمدگی ڈیوٹی عائد کرتے ہوئے مقامی صنعت کے تحفظ کو کمزور کیا گیا۔ حقیقت میں مقامی صنعت کو خام مال اور اس کے تیار شدہ مال دونوں پر ودہولڈنگ ٹیکس کا سامنا ہے جس کا زیادہ فائدہ غیر ملکی صنعت کاروں کو پہنچتا ہے۔

(۲) چینی صنعت کاروں کی جانب سے ڈمپنگ کرنا جو تیار شدہ مصنوعات کو مسابقتی انٹرنیشنل ٹینڈروں کے خام مال کی قیمت بحوالہ لندن میٹل ایکسچینج (ایل ایم ای) کی نسبت کم پر فروخت کر رہے ہیں

(۳) شلمبرجر کمپنی کی طرف سے کیمرون کمپنی کا خریدنا اور کثیر قومی کمپنیوں کا اخراج مثلاً برٹش پٹرولیم، او ایم وی، بی ایچ پی، او پی آئی اور دوسروں نے مقامی مارکیٹ میں کیمرون کے فائدے کو کم کیا اور ان کو ابھی تک کمپنی کے ساتھ لائسنس کے انتظام کا تجدید کرنا ہے۔

(۴) او جی ڈی سی ایل کمپنی کی جانب سے بدینتی کے ساتھ قواعد میں تبدیلی جس کا مقصد مقامی صنعت کاروں سے گزشتہ بیس سال کا تجربہ بشکل اے پی آئی سٹوکیٹ ماگنا تھا جس نے ہماری کمپنی کو او جی ڈی سی ایل کے ٹینڈروں میں اپنی پیش کشیں داخل کرنے کے لئے پورا حق دینے سے انکار کیا۔ ہماری کمپنی کے پاس گزشتہ اٹھارہ سال کا تجربہ بشکل اے پی آئی سٹوکیٹ ہے۔

کمپنی نے اپنی مالی حالت، کیش فلو، سیلز کا حجم اور آپریشنل پرفارمنس کی بہتری کے لئے مندرجہ ذیل اقدامات کئے ہیں:

(۱) اپنے اخراجات کی لاگت میں کمی پر فوکس کا جاری رکھنا۔

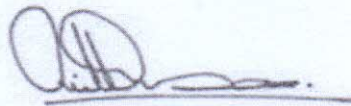
(۲) اپنی سیلز کے حجم میں بہتری کے لئے نئے کسٹمرز کو تلاش کرنا۔

(۳) ایف بی آر سے زیر دفعہ 153/159(1) اپنی مصنوعات پر ودہولڈنگ ٹیکس کی ادائیگی کے لئے استثناء حاصل کیا (انکس 5 منسلک ہذا ہے) اور ریفنڈ ایبل انکم ٹیکس کی دستیابی کے لئے کاروائی شروع کر رہے ہیں جو کمپنی کے کیش فلو کی پوزیشن کو بہتر بنانے کے لئے ضروری ہوتا ہے۔

- (۴) کمپنی کی بزنس کو متنوع شکل دینے کی کوشش کر رہے ہیں۔
- (۵) پاکستان کے اندر استعمال ہونے والے سازوسامان کی دوبارہ تیاری کے لئے ای اینڈ پی کمپنیوں سے آڈر لینے کے لئے توجہ مرکوز کر رہے ہیں۔
- (۶) کیمرون کمپنی (اب شلمبرجر کمپنی) کے ساتھ لائسنس کی تجدید کے لئے بات چیت جاری ہے جبکہ ہم نے چینی مقابلہ کنندگان کا مقابلہ کرنے کے لئے ایک چینی کمپنی کیروئی پٹرولیم اریینجمنٹ کی ہے۔
- ان اقدامات کی بدولت ادارے کو زیادہ قوی توقعات ہیں کہ کمپنی کے بہتر مستقبل کے لئے اپنی سرگرمیاں جاری رکھنے کے لئے اس کے پاس کافی وسائل موجود ہیں
- مستقبل میں کیش فلو کی ضرورت کے مد نظر کمپنی کی منج منٹ نے نصف مالی سال 31 دسمبر 2018 پر منافع نہ ادا کرنے کا فیصلہ کیا ہے۔

ڈائریکٹرز کمپنی کے حصہ داران، مالی ادارہ جات اور کسٹمرز کے شکرگزار ہیں کہ ان نے کمپنی کے آپریشن کو جاری رکھا، اس کو سپورٹ کیا اور اس کی سرپرستی کی۔ ڈائریکٹرز تسلیم کرتے ہیں کہ کمپنی کے ملازمین نے بے حد کوشش کی، مخلصانہ کوشش کی، ٹیم ورک میں سخت محنت کی اور امید ہے کہ کمپنی کو مضبوط بنانے کے لئے ان کا مسلسل خلوص جاری رکھا جائے گا اور مستقبل کے چیلنجوں کا مقابلہ کرنے کے لئے کمپنی کی ترقی کے لئے جاری رکھیں گے۔

بورڈ کی طرف سے



ضیاء اکبر انصاری
چیف ایگزیکٹو آفیسر - ڈائریکٹر

اسلام آباد، مورخہ 28 فروری، 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of ADOS Pakistan Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **ADOS Pakistan Limited** (the Company) as at **December 31, 2018** and the related condensed interim profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review. The figure of condensed interim unconsolidated Profit/Loss account and statement of comprehensive income for the three months' period ended December 31, 2018 and 2017 and have not been reviewed, as we are required to review only the cumulative figures for the six months' period ended December 31, 2018.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting except for.

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. 32,432,549 and negative operating and net cash flow of Rs. 5,892,778 and Rs. 3,743,209 respectively for the half year ended December 31, 2018. These conditions along with other matters as set forth in note indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter

The engagement partner on this audit resulting in this independent auditor's report is Waqas Waris.


GRANT THORNTON ANJUM RAHMAN

Chartered Accountant

Islamabad

Date: February 28, 2019

ADOS PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

		UN-AUDITED DECEMBER 31 2018	AUDITED JUNE 30 2018
Note		-----Rupees-----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	54,525,418	54,786,722
Long term loans and advances		476,536	504,597
Long term deposits		400,000	400,000
Deferred taxation	5	-	-
		55,401,954	55,691,319
CURRENT ASSETS			
Stores, spares and loose tools		-	-
Stock in trade		54,506,649	55,481,700
Trade debts	6	25,820,978	23,935,363
Advances		4,369,382	4,469,438
Trade deposits and short term prepayments		554,356	2,384,034
Accrued interest on saving accounts		7,452	34,062
Tax refunds due from the Government		138,893,515	137,597,461
Cash and bank balances		2,924,064	12,560,051
		227,076,395	236,462,109
TOTAL ASSETS		282,478,349	292,153,428
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
7,000,000 (June 30, 2018: 7,000,000) ordinary shares of Rs. 10 each		70,000,000	70,000,000
Issued, subscribed and paid up share capital		65,826,000	65,826,000
RESERVES			
Revenue reserve-unappropriated profit		16,480,665	48,913,214
TOTAL EQUITY		82,306,665	114,739,214
LIABILITIES			
NON-CURRENT LIABILITIES			
Employees' benefit obligation		6,644,868	5,913,130
		6,644,868	5,913,130
CURRENT LIABILITIES			
Trade and other payables		112,793,195	97,334,045
Profit payable on short term borrowings		546,921	145,254
Due to associated company	7	39,385,387	36,228,947
Short term borrowings	8	35,000,000	32,000,000
Unclaimed dividend		5,801,313	5,792,838
		193,526,816	171,501,084
TOTAL LIABILITIES		200,171,684	177,414,214
TOTAL EQUITY AND LIABILITIES		282,478,349	292,153,428

CONTINGENCIES AND COMMITMENTS
10

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE & DIRECTOR
DIRECTOR
CHIEF FINANCIAL OFFICER


ADOS PAKISTAN LIMITED
CONDENSED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE QUARTER AND SIX MONTHS ENDED DECEMBER 31, 2018

		Quarter ended		Six months ended	
	Note	December 31 2018	December 31 2017	December 31 2018	December 31 2017
-----Rupees-----					
Revenue		4,721,709	15,425,659	22,845,370	71,302,523
Sales tax		(2,983)	(1,240,678)	(2,983)	(2,712,308)
		4,718,726	14,184,981	22,842,387	68,590,215
Cost of sales/services		(11,795,815)	(12,257,303)	(20,836,436)	(62,162,235)
Gross (loss) / profit		(7,077,089)	1,927,678	2,005,951	6,427,980
Administrative expenses		(17,392,932)	(4,698,602)	(26,380,047)	(24,171,010)
Selling and distribution cost	9	-	(928,166)	-	(3,429,511)
Other operating expenses		(8,201,816)	(5,202,229)	(8,201,816)	(5,228,357)
Other income		1,156,531	78,487	2,169,494	662,877
Loss from operations		(31,515,307)	(8,822,832)	(30,406,419)	(25,738,021)
Financial cost		(1,718,830)	(2,755,553)	(1,740,601)	(2,914,588)
Loss before income tax		(33,234,136)	(11,578,385)	(32,147,019)	(28,652,609)
Taxation		(58,984)	21,811,419	(285,530)	1,766,014
(Loss) / profit for the period		(33,293,120)	10,233,034	(32,432,549)	(26,886,595)
Earning per share-basic and diluted	14	(5.06)	1.55	(4.93)	(4.08)

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE & DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

ADOS PAKISTAN LIMITED**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND SIX MONTHS ENDED DECEMBER 31, 2018**

	Quarter ended		Six months ended	
	December 31	December 31	December 31	December 31
	2018	2017	2018	2017
	-----Rupees-----			
(Loss) / profit for the period	(33,234,136)	10,233,034	(32,432,549)	(26,886,595)
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss)/income for the period	<u>(33,234,136)</u>	<u>10,233,034</u>	<u>(32,432,549)</u>	<u>(26,886,595)</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE & DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

ADOS PAKISTAN LIMITED
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018**

		DECEMBER 31 2018	DECEMBER 31 2017
	Note	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(32,147,019)	(28,652,609)
Adjustment for:			
Depreciation		4,153,692	4,625,267
Provision for employees' benefit obligation		731,738	691,553
Interest on bank accounts		(94,509)	(510,177)
Financial cost		1,740,601	2,914,588
		<u>6,531,522</u>	<u>7,721,231</u>
Operating Loss Before Working Capital Changes		(25,615,497)	(20,931,378)
(Increase)/decrease in current assets			
Stores, spares and loose tools		-	-
Stock in trade		975,051	(1,843,540)
Trade debts		(1,885,615)	75,308,295
Advances		100,056	(1,000)
Trade deposits and short term prepayments		1,829,678	(1,602,245)
		<u>1,019,170</u>	<u>71,861,510</u>
Increase/(decrease) in current liabilities			
Trade and other payables		15,459,152	(42,037,692)
Profit payable on short term borrowings		401,667	-
Due to associated company		3,156,440	-
Unclaimed dividend		8,475	-
Short term borrowings		3,000,000	-
		<u>22,025,734</u>	<u>(42,037,692)</u>
Cash (used in)/generated from operations		(2,570,593)	8,892,440
Financial cost paid		(1,740,601)	(2,914,588)
Tax paid		(1,581,584)	(9,795,441)
Gratuity paid		-	(93,485)
		<u>(3,322,185)</u>	<u>(12,803,514)</u>
Net cash used in operating activities		(5,892,778)	(3,911,074)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(3,892,389)	(814,221)
Profit realized on bank accounts		121,119	-
Long term loans and advances		28,061	928,516
Long term deposits		-	(18,000)
Net cash (used in)/generated from investing activities		(3,743,209)	96,295
Net decrease in cash and cash equivalents		(9,635,987)	(3,814,779)
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 period		2,924,064	18,304,642

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE & DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

ADOS PAKISTAN LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018**

	Issued, subscribed and paid up capital	Revenue reserves Unappropriated Profit/(loss) -----Rupees-----	Shareholders' equity
Balance as at July 01, 2017	65,826,000	142,066,284	207,892,284
Total comprehensive loss for the period			
Loss for the period	-	(26,886,595)	(26,886,595)
Other comprehensive income-net of tax	-	-	-
Balance as at December 31, 2017	65,826,000	115,179,689	181,005,689
Balance as at July 01, 2018	65,826,000	48,913,214	114,739,214
Total comprehensive loss for the period			
Loss for the period	-	(32,432,549)	(32,432,549)
Other comprehensive income-net of tax:	-	-	-
Balance as at December 31, 2018	65,826,000	16,480,665	82,306,665

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE & DIRECTOR


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 F-7, Islamabad. The Company has factory located in Hattar at Plot # 43, Phase III, Hattar Industrial Estate, Khyber Pukhtoonkhwa. Its shares are quoted on Pakistan Stock Exchange (PSX). The Company has been involved in the supply of oil and gas field related equipment, fabrication and refurbishment of equipment and spare parts used in oil and gas industry. The Company is also engaged in fabrication of vehicles in respect of bullet proofing protection.
- 1.2 The Company incurred substantial net loss after tax of Rs. 32,432,549 (2017: 26,886,595) and negative operating and net cashflows of Rs. 5,892,778 and Rs. 3,743,209 (2017: Rs. 3,911,074 and Rs. 3,814,779) respectively for the half year ended December 31, 2018, and the Company's net current assets are Rs. 33,549,579 (2017: Rs. 64,961,025) as at the half year-end due to weak turnover and profitability. These conditions indicate the existence of material uncertainty which may cast significant doubt on the ability of the Company to continue as going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

Major reasons for decline in revenue and profitability are i) Protection to local industry was significantly diluted by Government of Pakistan reducing the import duty on finished products to only 10%. Given the fact that local industry is subjected to withholding of tax both at import of raw material and sale of finished goods, puts foreign overseas manufacturers at a significant advantage. ii) Dumping by chinese manufacturers, who have been selling finished products against competitive international tenders at prices less than the raw material cost quoted at London Metal Exchange (LME), iii) Oil & Gas Development Company Limited's (OGDCL) malicious change of rules requiring local manufacturers to have twenty (20) years post specific American Petroleum Institute (API) certificate experience, denied Company of its full right to bid against OGDCL tenders. Company has post API certification experience of 18 years, iv) Cameron's purchase by Schlumberger and exit of multinational companies like British Petroleum, OMV, BHP, OPI and others reduced Cameron's interest in the local market and they have yet to renew their licensing arrangement with Company. The latest licensing arrangement expired on June 30, 2018 and v) Unilateral withdrawal of benefits granted under SRO 827/(I)2001 (SRO), the import of Engineering Goods (Control) Order, 2001 dated December 03, 2001 through executive orders by the Government of Pakistan without amending the subject SRO badly effects the Company being the local manufacturer of engineering goods.

Management approached CCP (Competition Commission of Pakistan) and OGDCL to address the unfair dumping and experience issues respectively and directors have directly and through their other businesses have injected large sums to sustain the Company and remain committed for further support.

2 STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of: International Accounting Standard (IAS) 34,

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Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and Provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2 This condensed interim financial information is unaudited and is being submitted to the shareholders in accordance with the requirements of Section 237 of the Companies Act 2017. This condensed interim financial information do not include all of the information required for annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2018. Comparative condensed interim balance sheet is extracted from annual financial statements as of June 30, 2018, whereas comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from unaudited condensed interim financial information for the period ended December 31, 2017.

3 ACCOUNTING POLICIES & ESTIMATES

The accounting policies, related judgments, estimates and assumptions adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the audited financial statements of the Company for the year ended June 30, 2018, except for the adoption of IFRS 15 "Revenue for contracts with customers" and IFRS 9 "Financial instruments". The revised accounting policy adapted by the management are as follows:

3.1 IFRS 15 - Revenue from Contracts with Customers

IFRS 15 "Revenue from Contracts with Customers" supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless the contracts are in scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to the contracts with their customers. The Company has assessed that significant performance obligation in contracts with customers are closely related and therefore are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new standard.

3.2 IFRS 9 - Financial Instruments

IFRS-9 'Financial instruments' has replaced IAS 39 'Financial instruments: Recognition and Measurement' for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for Financial instruments: classification and measurement; impairment; and hedge accounting. The Company has applied IFRS 9 retrospectively, with the initial application date of 1 July 2018 as notified by the securities and exchange commission of Pakistan (SECP). The Company's financial assets mainly include trade debts, loans and advances, long term loans, other ancillary deposits/receivables and bank balances held with commercial banks. The adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking except credit loss (ELC) approach. Expected credit loss (ELC) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest.

Considering the nature of the financial assets, the Company has applied the standard's simplified approach and has calculated ECL based on life time ECL. For this purpose, the management has conducted an exercise to assess the impairment of its financial assets using historical data and forward looking information. Based on such exercise, the Company has concluded that it is in compliance with the requirements of the new standard and that the impact of impairment on its financial assets (if any) is immaterial to this condensed interim consolidated financial statements.

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ADOS PAKISTAN LIMITED
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UN-AUDITED]
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018**

		Un-Audited 31-Dec-18 Rupees	Audited 30-Jun-18 Rupees
4 PROPERTY, PLANT AND EQUIPMENT	Note		
Opening net book value (NBV)		54,786,722	60,541,561
Additions during the period/ year		507,061	3,802,650
Capital work in progress	4.1	3,385,328	-
Disposal during the period/ year		-	(169,120)
		<u>58,679,111</u>	<u>64,175,091</u>
Depreciation charged during the period/ year		(4,153,692)	(9,388,369)
		<u>(4,153,692)</u>	<u>(9,388,369)</u>
Closing net book value (NBV)		<u>54,525,418</u>	<u>54,786,722</u>

4.1 Capital work in progress

Capital work in progress includes head office renovation expenses and fabrication division expenses incurred for relocation of fabrication / armouring division to Hattar plant.

5 DEFERRED TAXATION

Deferred tax asset of Rs. 34 million (June 30, 2018 : 31.341 million) has not been recognized due to uncertain realizability owing to the reasons mentioned in note 1.2 to these financial information.

		Un-Audited 31-Dec-18 Rupees	Audited 30-Jun-18 Rupees
6 TRADE DEBTS - UNSECURED			
Considered:			
- good		25,820,978	23,935,363
- doubtful		80,172,825	81,142,825
		<u>105,993,803</u>	<u>105,078,188</u>
Less: Provision for impairment in trade debts	6.1	<u>(80,172,825)</u>	<u>(81,142,825)</u>
Trade debts		<u>25,820,978</u>	<u>23,935,363</u>
6.1 Provision for impairment in trade debts			
Balance as at July 01		81,142,825	69,023,562
Reversal during the year		(970,000)	-
Provision made during the year		-	12,119,263
Less: Write off		-	-
Balance as at Dec 31		<u>80,172,825</u>	<u>81,142,825</u>

7 DUE TO ASSOCIATED COMPANY

Akbar Associates (Private) Limited	7.1	<u>39,385,387</u>	<u>36,228,947</u>
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7.1 This includes advances given to Akbar Associates (Private) Limited for expenses and on average outstanding balance, interest is charged at six monthly KIBOR plus 2.00%.

		Un-Audited 31-Dec-18 Rupees	Audited 30-Jun-18 Rupees
8 SHORT TERM BORROWING			
Bank Islami Pakistan Limited	8.1	<u>35,000,000</u>	<u>32,000,000</u>

8.1 Short term borrowing represents karobar finance facility which is available under profit arrangement against facility of Rs. 35 million. This facility is secured by ownership of karobar finance goods and 1st parri passu charge over present and future current and fixed assets of the Company amounting to Rs. 334 million. The per annum rate of profit is six month KIBOR + 1.75%.

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9 SELLING AND DISTRIBUTION EXPENSES

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

Un-Audited 31-Dec-18 Rupees	Audited 30-Jun-18 Rupees
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10 CONTINGENCIES AND COMMITMENTS

- 10.1 Capital expenditure contracted for but not incurred. 5,200,000
- 10.2 There are no major changes in the status of contingencies as reported in the annual financial statement for the year ended June 30, 2018.

11 RELATED PARTY TRANSACTIONS

Related parties comprise directors, key management personnel, major share holders and entities over which directors are able to exercise significant influence. Transactions with related parties other than those which have been disclosed in relevant notes to the accounts are disclosed as follows:

Six months ended	
December 31, 2018 Rupees	December 31, 2017 Rupees

Transactions with associates- Akbar Associates

- | | | |
|---|-----------|-----------|
| a) Marketing expenses are being paid to Akbar Associates (Private) Limited @ maximum of 5% of the revenue for marketing services rendered to the Company. | - | 3,429,511 |
| b) Non-sharing expenses paid on behalf of Akbar Associates (Private) Limited. | 61,060 | 3,174,916 |
| c) Expense paid on behalf of the Company by Akbar Associates (Private) Limited | 2,392,500 | - |

Transactions with key management personnel

Key management personnel remuneration includes the following expenses:

Short-term employee benefits

Remuneration to chief executive, directors and other executives	7,276,609	7,633,740
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Other benefits

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

12 FAIR VALUE MEASUREMENT

The carrying values of assets and liabilities approximated their fair value. The company did not led any financial instrument measured at fair value using the valuation methods defined in IFRS 13.

13 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statement for the year ended June 30, 2018.

Six months ended	
31-Dec-18 Rupees	31-Dec-17 Rupees

14 EARNING PER SHARE - BASIC AND DILUTED

Loss for the period after tax	(32,432,549)	(26,886,595)
Number of ordinary shares outstanding during the period	6,582,600	6,582,600
Earnings per share-Rupees	(4.93)	(4.08)

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

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ADOS PAKISTAN LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UN-AUDITED]
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018


15 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on FEBRUARY 28, 2019 by the Board of Directors of the Company.

16 GENERAL

16.1 Figures in this condensed interim financial information have been rounded off to the nearest rupee.

16.2 The comparative figures have been re-arranged and/ or reclassified, wherever necessary, for the purpose of comparison in the financial information *gt*



CHIEF EXECUTIVE & DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER