

ADOS PAKISTAN LIMITED

REPORT ON FIRST QUARTER ENDED SEPTEMBER 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, 1st
Floor, G-253/A, Lquat Road, Rawalpindi.

REGISTERED OFFICE

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

SHARE REGISTRAR / TRANSFER AGENT

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

FACTORY(S)

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

DIRECTOR'S REPORT TO THE MEMBERS

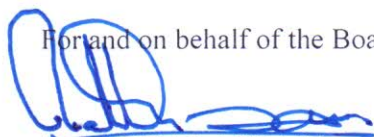
Gentlemen,

The Directors of the company take pleasure in placing before you the condensed interim financial statements for the first quarter ended September 30, 2019:

1. As stated earlier in the annual report, 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 lead 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.
2. 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.
3. Moreover, as stated earlier the management is seriously considering having a restructuring 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 resulting to achieve a sustainable growth.
4. The management wants to state that the loss for the quarter ended September 30, 2019 amounting to Rs.4,362,657/- is due to low sales volume.
5. Moreover, our cost reduction activities have improved our ability to manage cash flows with reduced sales volumes however; we have faced dumping activities by foreign firms for supply contracts with state owned companies.
6. 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:
 - a) Continue to optimize and reduce operating expenditure.
 - b) Improve credit facilities to ensure no cash flow gaps.
 - c) Improving relationships with customers and providing more competitive prices.
 - d) Recover tax refunds and longstanding receivables.
7. The management has decided not to pay interim dividend for the first quarter ended September 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.

For and on behalf of the Board



ZIA AKBAR ANSARI

CHIEF EXECUTIVE OFFICER & DIRECTOR

Islamabad, October 30, 2019

ڈائریکٹر رپورٹ برائے ممبران

حضرات: کمپنی کے ڈائریکٹر پہلے تین ماہ یعنی مورخہ 30 ستمبر 2019 تک کی عبوری مالی سٹیٹمنٹ پیش کرتے ہیں۔

- ۱- جیسا کہ سالانہ رپورٹ میں پہلے بیان کیا گیا ہے، 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 بقایا جات ادا ہوں اور ریکش فلو کی خلاء کو کم کیا جائے۔
- ۲- 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 ایکسپلوریشن فرم کے لیے انمول سمجھا ہے۔ اڈوس اپنے بہترین آلات کی تیاری اور تیل اور گیس سیکٹر میں فراہمی کے میشن کی تکمیل کی کوشش کرتا رہے گا۔
- ۳- اس کے علاوہ، مینجمنٹ کمپنی کی سینئر مینجمنٹ کی تشکیل نو کے بارے سنجیدگی سے غور کر رہی ہے اس سے مستقبل میں کمپنی کی ترقی مستحکم رکھی جاسکے گی۔
- ۴- انتظامیہ یہ بتانا چاہتی ہے کہ پہلے تین ماہ یعنی 30 ستمبر 2019 تک کے نقصانات جو کہ مبلغ 4,362,657/- روپے کم سیل کی وجہ سے ہیں۔
- ۵- اس کے علاوہ، ہماری اخراجات میں کمی کی سرگرمیوں نے فروخت میں کم مقدار کے ساتھ نقد بہاؤ کو منظم کرنے کی ہماری صلاحیت کو بہتر بنایا ہے۔ ہمیں سرکاری کمپنوں کے ساتھ فراہمی کے معاہدوں کے لیے غیر ملکی فرم کی جانب سے ڈمپنگ سرگرمیوں کا سامنا کیا ہے۔
- ۶- نقصانات، اپریشنوں اور مجموعی کیش فلو میں منفی رجحان کے مد نظر اور جاری افتراضی تشریح کی درستگی کے لئے اور اپریشنل پرفارمنس اور کیش فلو مالی حالت کی بہتری کے لئے کمپنی کی مینجمنٹ نے مندرجہ ذیل اقدامات اٹھانے کا ارادہ کیا ہے
 - (ا) اخراجات میں کمی لانے والی سرگرمیوں پر توجہ کو جاری رکھنا۔
 - (ب) کریڈٹ سہولت کو بہتر بنائیں تاکہ نقد رقم کے بہاؤ میں کوئی فرق نہ پڑے۔
 - (ت) صارفین کے ساتھ تعلقات کو بہتر بنائیں اور مسابقتی قیمتیں فراہم کریں۔
 - (ث) ٹیکس کی واپسی اور طویل عرصے کی وصولیاں کرنا۔
- ۷- انتظامیہ نے یہ فیصلہ کیا ہے کہ وہ پہلے تین ماہ یعنی مورخہ 30 ستمبر 2019 تک کی آمدن / حصہ نہیں دے گی تاکہ مستقبل میں کمپنی کیلئے درکار رقم استعمال کی جاسکے۔
- ۸- تجویز کردہ لیسٹیڈ کمپنی (کوڈ آف کارپوریٹ گورننس) ریگولیشن ۲۰۱۷ء کے سیکشن 20 اور مضمون VII کے مطابق ڈائریکٹر ٹریگ پروگرام کے مطابق عمل کرنے پر مینجمنٹ نے ارادہ کیا ہے۔

ڈائریکٹر صاحبان انتظامیہ، ملازمین، پرنسپل سپلائرز، بینکرز اور حصہ داران کے بھرپور تعاون پر شکر گزار ہیں۔



ضیاء اکبر انصاری
چیف ایگزیکٹو آفیسر و ڈائریکٹر

اسلام آباد 30 اکتوبر 2019

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



	Note	UN-AUDITED SEPTEMBER 30 2019	AUDITED JUNE 30 2019
		-----Rupees-----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		44,215,381	46,026,125
Intangible assets		1,610,178	1,694,924
Long term loans and advances		454,536	480,536
Long term deposits		400,000	400,000
Deferred taxation		-	-
		46,680,095	48,601,585
CURRENT ASSETS			
Stores, spares and loose tools		-	-
Stock in trade	4	60,727,403	75,310,663
Trade debts	5	28,623,454	12,590,637
Advances		828,755	923,651
Trade deposits and short term prepayments		6,122,530	1,827,855
Accrued interest on saving accounts		3,964	4,547
Tax refunds due from the Government		139,825,661	139,208,073
Cash and bank balances		1,570,834	1,561,811
		237,702,601	231,427,237
TOTAL ASSETS		284,382,696	280,028,822
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
7,000,000 (2019: 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		(23,502,280)	(19,139,623)
TOTAL EQUITY		42,323,720	46,686,377
LIABILITIES			
NON-CURRENT LIABILITIES			
Employees' benefit obligation		6,527,964	6,322,948
		6,527,964	6,322,948
CURRENT LIABILITIES			
Trade and other payables		117,326,713	111,151,760
Profit payable on short term borrowings		2,806,786	903,274
Due to associated company	6	48,458,518	48,025,468
Short term borrowings	7	61,151,833	61,151,833
Unclaimed dividend		5,787,162	5,787,162
		235,531,012	227,019,497
TOTAL LIABILITIES		242,058,976	233,342,445
TOTAL EQUITY AND LIABILITIES		284,382,696	280,028,822

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER



		Three month period ended	
	Note	SEPTEMBER 30 2019	SEPTEMBER 30 2018
		-----Rupees-----	
Revenue-net		23,511,320	18,123,661
Cost of sales/services	8	(21,501,482)	(9,040,621)
Gross profit		2,009,838	9,083,040
Administrative expenses		(5,414,671)	(8,987,115)
Other income		1,322,816	1,012,963
Profit (loss) from operations		(2,082,017)	1,108,888
Financial cost		(1,927,970)	(21,771)
Profit (loss) before income tax		(4,009,987)	1,087,117
Taxation		(352,670)	(226,546)
Profit (loss) for the period		(4,362,657)	860,571
Profit (loss) per share - basic and diluted	9	(0.66)	0.13

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE

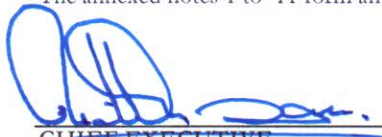

DIRECTOR


CHIEF FINANCIAL OFFICER

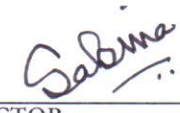


	Three month period ended	
	SEPTEMBER 30 2019	SEPTEMBER 30 2018
	-----Rupees-----	
Profit (loss) for the period	(4,362,657)	860,571
Other comprehensive income/(loss) for the period	-	-
Total comprehensive income (loss) for the period	(4,362,657)	860,571

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY [UN-AUDITED]
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2019



	Issued, subscribed and paid up capital	reserves Unappropriated Profit/(loss)	Shareholders' equity
		-----Rupees-----	
Balance as at July 01, 2018	65,826,000	48,913,214	114,739,214
Profit for the period ended September 30, 2018	-	860,571	860,571
Other comprehensive income for period - net of tax:		-	-
Balance as at September 30, 2018	65,826,000	49,773,785	115,599,785
Balance as at July 01, 2019	65,826,000	(19,139,623)	46,686,377
Loss for the period ended September 30, 2019		(4,362,657)	(4,362,657)
Other comprehensive income for period - net of tax:		-	-
Balance as at September 30, 2019	65,826,000	(23,502,280)	42,323,720

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



DIRECTOR

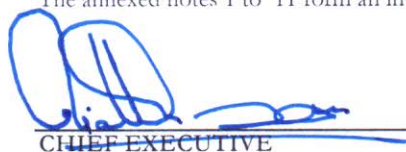


CHIEF FINANCIAL OFFICER



		Three month period ended	
		SEPTEMBER 30	SEPTEMBER 30
		2019	2018
Note		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
	Profit (loss) before income tax	(4,009,987)	1,087,117
	Adjustment for:		
	Depreciation	1,711,989	1,994,956
	Amortization	84,746	-
	Provision for employees' benefit obligation	205,016	215,710
	Interest on bank accounts	(10,988)	4,943
	Financial cost	1,927,970	21,771
	Loss/(gain) on disposal of property, plant and equipment- net	(1,311,245)	-
		2,607,488	2,237,380
	Operating (loss)/profit before working capital changes	(1,402,499)	3,324,497
	(Increase)/decrease in current assets		
	Stock in trade	14,583,260	311,459
	Trade debts	(16,032,817)	(1,522,867)
	Advances	94,896	(18,355)
	Trade deposits and short term prepayments	(4,294,675)	(1,082,542)
		(5,649,336)	(2,312,305)
	Increase/(decrease) in current liabilities		
	Trade and other payables	6,174,953	1,043,729
	Profit payable on short term borrowings	1,903,512	-
	Due to associated company	433,050	-
	Short term borrowings	-	-
		8,511,515	1,043,729
	Cash used in operations	1,459,680	2,055,921
	Financial cost paid	(1,927,970)	(21,771)
	Tax paid	(970,258)	(1,108,534)
	Gratuity paid	-	-
		(2,898,228)	(1,130,305)
	Net cash used in operating activities	(1,438,548)	925,616
CASH FLOWS FROM INVESTING ACTIVITIES			
	Additions to property, plant and equipment	-	(4,520,144)
	Sale proceeds from disposal of property, plant and equipment	1,410,000	-
	Profit realized on bank accounts	11,571	28,904
	Long term loans and advances	26,000	30,000
	Long term deposits	-	-
	Net cash used in investing activities	1,447,571	(4,461,240)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Unclaimed dividend	-	-
	Net cash used in financing activities	-	-
	Net decrease in cash and cash equivalents	9,023	(3,535,624)
	Cash and cash equivalents at the beginning of the year	1,561,811	12,560,051
	Cash and cash equivalents at the end of the period	1,570,834	9,024,427

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER



1 LEGAL STATUS AND OPERATIONS

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

2 BASIS OF PREPARATION

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, 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, 2019. Comparative condensed interim balance sheet is extracted from annual financial statements as of June 30, 2019, whereas comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from unaudited condensed interim financial information for the period ended September 30, 2018.

3 ACCOUNTING POLICIES & ESTIMATES

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of accounting policies, key sources of estimations, the methods of computation adopted in preparation of this condensed interim financial information are the same as those applied in preparation of financial statements of the company for the year ended June 30, 2019.

4 STOCK IN TRADE

	Un-audited 30-Sep-19 Rupees	Audited 30-Jun-19 Rupees
Raw materials	58,251,462	72,834,722
Finished goods	5,740,503	5,740,503
Stock in trade	63,991,965	78,575,225
Less: Provision for obsolete and slow moving stock	(3,264,562)	(3,264,562)
Stock in trade	60,727,403	75,310,663

5 TRADE DEBTS

Trade debts - unsecured

Considered

- good

- doubtful

Less: Provision for impairment in trade debts

Trade debts

28,623,454	12,590,637
80,172,824	80,172,824
108,796,278	92,763,461
(80,172,824)	(80,172,824)
28,623,454	12,590,637

6 DUE TO ASSOCIATED COMPANY

Akbar Associates (Private) Limited	6.1	48,458,518	48,025,468
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6.1 This represents amount payable to Akbar Associates (Private) Limited for expenditure paid on behalf of the Company.

7 SHORT TERM BORROWING

Short term borrowing facility represents karobar finance facility and import murabaha facility. 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%.

8 COST OF SALES/ SERVICES

	Three month period ended	
	30-Sep-19 Rupees	30-Sep-18 Rupees
Raw materials consumed	14,625,528	2,452,724
Salaries, wages and benefits	2,498,075	2,258,607
Factory rent	-	733,333
Repair and maintenance	-	188,650
Travelling and conveyance	6,850	96,670
Vehicle running and maintenance	3,200	26,640
Electricity, water and gas	474,046	583,123
Telephone and postage	13,948	14,819
Carriage and freight	161,900	428,040
Royalty and equipment rentals	505,325	173,499
Clearing and service charges	2,211,456	309,707
Other factory overheads	468,396	1,203,321
Depreciation	532,758	571,488
	<u>21,501,482</u>	<u>9,040,621</u>

9 EARNING PER SHARE - BASIC AND DILUTED

Profit (loss) for the period after	(4,362,657)	860,571
Number of ordinary shares outstanding during the period	6,582,600	6,582,600
Earnings per share	(0.66)	0.13

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

10 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 30, 2019 by the Board of Directors of the Company.


11 GENERAL

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

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR