

**ADOS PAKISTAN LIMITED**

**CONDENSED INTERIM  
FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2019**



## **COMPANY INFORMATION**

### **CHIEF EXECUTIVE OFFICER**

Mr. Zia Akbar Ansari

### **DIRECTORS**

Mr. Zia Akbar Ansari  
Mr. Shehryar Akbar Ansari  
Mrs. Shoobarna Zia  
Mr. Asfandiyar Akbar Ansari  
Ms. Aysha Masood  
Mrs. Aylin Ansari  
Mr. Bakhtiyar Akbar Ansari  
Ms. Saboohi 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. Aylin Ansari- Member  
Ms. Saboohi Ansari - Member

### **HUMAN RESOURCE COMMITTEE**

Mrs. Shoobarna Zia – Member & Chairperson  
Ms. Saboohi Ansari– Member & Secretary  
Ms. Aysha Masood- Member  
Mrs. Aylin Ansari- Member  
Mr. Muhammad Fahd Shaffi - Member

### **AUDITORS**

Grant Thornton Anjum Rahman  
Chartered Accountants

### **BANKERS**

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

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



## **BANKERS**

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

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

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

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

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

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

## **LEGAL ADVISORS**

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

## **REGISTERED OFFICE**

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

## **SHARE REGISTRAR / TRANSFER AGENT**

JWAFFS Registrar Services (Private) Limited,  
407-408, Al 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.

## DIRECTORS' REVIEW REPORT TO THE MEMBERS

Gentlemen,

The Board of Directors of Ados Pakistan Limited is pleased to announce the financial results for the half year ended December 31, 2019.

A comparison of key financial results of your Company's performance for the half year ended December 31, 2019 with the same period last year is as under:

| Particulars         | December<br>2019     | December<br>2018 |
|---------------------|----------------------|------------------|
|                     | ----- (Rupees) ----- |                  |
| Sales – net         | 42,907,446           | 22,842,387       |
| Gross profit        | 209,324              | 2,005,951        |
| Loss for the period | (17,070,955)         | (32,432,549)     |

There is an increase in the revenue as compared to same period last year which is a positive sign and the management is hopeful to get more orders as overall economic situation will improve gradually.

1. As stated earlier, 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. The management wants to state that the loss for the half period ended December 31, 2019 amounting to Rs. 17,070,955 is due to low gross profit.
4. Keeping in view of the losses and negative operating cash flows, for the validity of the going concern assumption the management in continuation of measures as stated in the last reports, has employed the following additional measures in order to improve sales, reduce costs, and create a favorable cash flow:
  - i. Continue to optimize and reduce operating expenditure;
  - ii. Improving relationships with customers and providing more competitive prices;
  - iii. Focusing on getting orders for Re-fabrication of equipment from E & P companies operating in Pakistan;
  - iv. Recover tax refunds and longstanding receivables.

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 half year ended December 31, 2019 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, 2020

## ڈائریکٹرز رپورٹ برائے ممبران

اڈوس پاکستان لمیٹڈ کے بورڈ آف ڈائریکٹرز کو نصف مالی سال جس کا خاتمہ مورخہ 31 دسمبر 2019 کے مالی نتائج کا اعلان کر کے خوشی ہوئی۔

سابقہ سال کے اسی پیریڈ کا اس نصف مالی سال خاتمہ مورخہ 31 دسمبر 2019 کے ساتھ کلیدی نتائج کا مقابلہ مندرجہ ذیل ہے:

| تفصیل        | دسمبر 2019        | دسمبر 2018        |
|--------------|-------------------|-------------------|
| خالص سیلز    | 42,907,446 روپے   | 22,842,387 روپے   |
| مجموعی منافع | 209,324 روپے      | 2,005,951 روپے    |
| خالص نقصان   | (17,070,955) روپے | (32,432,549) روپے |

گذشتہ نصف مالی سال کی نسبت اس نصف مالی سال کی آمدن میں اضافہ ایک مثبت تبدیلی ہے۔ منجنت پر امید ہے کہ معاشی صورتحال بہتر ہونے کی وجہ سے نئے آرڈرز حاصل کر پائے گے۔

۱۔ جیسا 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۔ انتظامیہ یہ بتانا چاہتی ہے کہ اس نصف مالی سال یعنی 31 دسمبر 2019 تک کے نقصانات جو کہ مبلغ -17,070,955 روپے کم منافع کی وجہ سے ہیں۔

۴۔ نقصانات، اپریشنوں اور مجموعی کیش فلو میں منفی رجحان کے مدنظر اور جاری افتراضی تشویش کی درنگی کے لئے اور اپریشنل پرفارمنس اور کیش فلو مالی حالت کی بہتری کے لئے کمپنی کی منیج منٹ نے مندرجہ ذیل اقدامات اٹھانے کا ارادہ کیا ہے

- اخراجات میں کمی لانے والی سرگرمیوں پر توجہ کو جاری رکھنا۔
- صارفین کے ساتھ تعلقات کو بہتر بنائیں اور مسابقتی قیمتیں فراہم کریں۔
- پاکستان کے اندر استعمال ہونے والے ساز و سامان کی دوبارہ تیاری کے لئے ای اینڈ پی کمپنیوں سے آرڈر لینے کے لئے توجہ مرکوز کر رہے ہیں۔
- ٹیکس کی واپسی اور طویل عرصے کی وصولیاں کرنا۔



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 منیج منٹ نے نصف مالی سال 31 دسمبر 2019 پر منافع نہ اداء 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، 2020

## 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, 2019** and the related condensed interim statement of profit or loss, condensed interim statement of profit or loss and other 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 these interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months' period ended 31 December 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended 31 December 2019.

#### 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.

#### 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. 17,070,955 (December 2018: 32,432,549) during the period, resulting in accumulated losses of Rs. 36,210,578 (June 2019: 19,139,623) as at December 31, 2019, and as of that date the Company current liabilities exceeds to its current assets by Rs. 12,473,007. 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

Dated: February 28, 2020

**Chartered Accountants**

Member of Grant Thornton International Ltd.

Other offices in Lahore and Karachi



|   |    | Un-audited        | Audited       |
|---|----|-------------------|---------------|
|   |    | December 31, 2019 | June 30, 2019 |
| Note  |    | Rupees            |               |
| ASSETS  |    |                   |               |
| NON-CURRENT ASSETS  |    |                   |               |
| Property, plant and equipment                                       | 4  | 42,738,890        | 46,026,125    |
| Right of use asset  | 5  | 16,206,087        | -             |
| Intangible assets   |    | 1,525,432         | 1,694,924     |
| Long term loans and advances  |    | 415,536           | 480,536       |
| Long term deposits  |    | 400,000           | 400,000       |
| Deferred taxation   | 6  | -                 | -             |
|   |    | 61,285,945        | 48,601,585    |
| CURRENT ASSETS  |    |                   |               |
| Stores, spares and loose tools                                      |    | -                 | -             |
| Stock in trade  |    | 57,550,535        | 75,310,663    |
| Trade debts   | 7  | 22,670,564        | 12,590,637    |
| Advances  | 8  | 247,740           | 923,651       |
| Trade deposits and short term prepayments                           |    | 6,627,712         | 1,827,855     |
| Accrued interest on saving accounts                                 |    | 4,398             | 4,547         |
| Tax refunds due from the Government                                 |    | 133,275,095       | 139,208,073   |
| Cash and bank balances  |    | 4,479,283         | 1,561,811     |
|   |    | 224,855,327       | 231,427,237   |
| TOTAL ASSETS  |    | 286,141,271       | 280,028,822   |
| EQUITY AND LIABILITIES  |    |                   |               |
| SHAREHOLDERS' EQUITY  |    |                   |               |
| Authorized share capital  |    |                   |               |
| 7,000,000 (June 30, 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    |
| Revenue reserve-unappropriated profit                               |    | (36,210,578)      | (19,139,623)  |
|   |    | 29,615,422        | 46,686,377    |
| LIABILITIES   |    |                   |               |
| NON-CURRENT LIABILITIES   |    |                   |               |
| Employees' benefit obligation                                       |    | 7,193,967         | 6,322,948     |
| Lease liability   | 9  | 12,003,548        | -             |
|   |    | 19,197,515        | 6,322,948     |
| CURRENT LIABILITIES   |    |                   |               |
| Trade and other payables  |    | 47,392,083        | 111,151,760   |
| Current portion of lease liability                                  | 9  | 3,878,898         | -             |
| Profit payable on short term borrowings                             |    | -                 | 903,274       |
| Due to associated company   |    | -                 | 48,025,468    |
| Due to director   | 10 | 180,265,429       | -             |
| Short term borrowings   | 11 | -                 | 61,151,833    |
| Unclaimed dividend  |    | 5,791,925         | 5,787,162     |
|   |    | 237,328,334       | 227,019,497   |
| TOTAL EQUITY AND LIABILITIES  |    | 286,141,271       | 280,028,822   |

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


  
CHIEF FINANCIAL OFFICER


  
CHIEF EXECUTIVE


  
DIRECTOR

|                                    |    | Quarter ended December 31, |                     | Half year ended December 31, |                     |
|------------------------------------|----|----------------------------|---------------------|------------------------------|---------------------|
|                                    |    | 2019                       | 2018                | 2019                         | 2018                |
| Note                               |    | Rupees                     |                     |                              |                     |
| Revenue                            |    | 21,100,717                 | 4,721,709           | 44,612,037                   | 22,845,370          |
| Sales tax                          |    | (1,704,591)                | (2,983)             | (1,704,591)                  | (2,983)             |
|                                    |    | 19,396,126                 | 4,718,726           | 42,907,446                   | 22,842,387          |
| Cost of sales/services             |    | (21,196,640)               | (11,795,815)        | (42,698,122)                 | (20,836,436)        |
| <b>Gross profit</b>                |    | <b>(1,800,514)</b>         | <b>(7,077,089)</b>  | <b>209,324</b>               | <b>2,005,951</b>    |
| Administrative expenses            |    | (14,444,041)               | (17,392,932)        | (20,179,119)                 | (26,380,047)        |
| Selling and distribution expenses  | 12 | -                          | -                   | -                            | -                   |
| Other operating expenses           |    | (1,363,383)                | (8,201,816)         | (1,042,976)                  | (8,201,816)         |
| Other income                       | 13 | 14,766,218                 | 1,156,531           | 16,089,034                   | 2,169,494           |
|                                    |    | (1,041,206)                | (24,438,217)        | (5,133,061)                  | (32,412,369)        |
| <b>Loss from operations</b>        |    | <b>(2,841,720)</b>         | <b>(31,515,307)</b> | <b>(4,923,737)</b>           | <b>(30,406,419)</b> |
| Finance cost                       |    | (2,989,942)                | (1,718,830)         | (4,917,912)                  | (1,740,601)         |
| <b>Loss before income tax</b>      |    | <b>(5,831,662)</b>         | <b>(33,234,137)</b> | <b>(9,841,649)</b>           | <b>(32,147,019)</b> |
| Taxation                           |    | (6,876,636)                | (58,984)            | (7,229,306)                  | (285,530)           |
| <b>Loss for the period</b>         |    | <b>(12,708,298)</b>        | <b>(33,293,121)</b> | <b>(17,070,955)</b>          | <b>(32,432,549)</b> |
| Loss per share - basic and diluted | 18 | (1.93)                     | (5.06)              | (2.59)                       | (4.93)              |

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**[UN-AUDITED]**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

|   | Quarter ended December 31, |              | Half year ended December 31, |              |
|---|----------------------------|--------------|------------------------------|--------------|
|   | 2019                       | 2018         | 2019                         | 2018         |
|   | -----Rupees-----           |              |                              |              |
| Loss for the period                     | (12,708,298)               | (33,293,121) | (17,070,955)                 | (32,432,549) |
| Other comprehensive loss for the period | -                          | -            | -                            | -            |
| Total comprehensive loss for the period | (12,708,298)               | (33,293,121) | (17,070,955)                 | (32,432,549) |

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR



**ADOS PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS [UN-AUDITED]**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**



|   | Half year ended December 31, |              |
|---|------------------------------|--------------|
|   | 2019                         | 2018         |
|   | -----Rupees-----             |              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                              |              |
| Loss before income tax  | (9,841,649)                  | (32,147,019) |
| Adjustment for:   |                              |              |
| Depreciation  | 5,437,441                    | 4,153,692    |
| Amortization  | 169,492                      | -            |
| Provision for employees' benefit obligation                     | 871,019                      | 731,738      |
| Interest on bank accounts                                       | (23,387)                     | (94,509)     |
| Finance cost  | 4,917,912                    | 1,740,601    |
| Gain on disposal of property, plant and equipment               | (1,311,245)                  | -            |
|   | 10,608,732                   | 6,531,522    |
| <b>Operating profit / (loss) before working capital changes</b> | 767,083                      | (25,615,497) |
| <b>(Increase)/decrease in current assets</b>                    |                              |              |
| Stock in trade  | 17,760,128                   | 975,051      |
| Trade debts   | (10,627,427)                 | (1,885,615)  |
| Advances  | 675,911                      | 100,056      |
| Trade deposits and short term prepayments                       | (4,799,857)                  | 1,829,678    |
|   | 3,008,755                    | 1,019,170    |
| <b>Increase/(decrease) in current liabilities</b>               |                              |              |
| Trade and other payables  | (66,545,236)                 | 15,459,152   |
| Profit payable on short term borrowings                         | (903,274)                    | 401,667      |
| Due to associated company                                       | (48,025,468)                 | 3,156,440    |
| Unclaimed dividend  | 4,763                        | 8,475        |
| Due to director   | 180,265,429                  | -            |
| Short term borrowings   | (61,151,833)                 | 3,000,000    |
|   | 3,644,381                    | 22,025,734   |
| <b>Cash used in operations</b>                                  | 7,420,219                    | (2,570,593)  |
| Financial cost paid   | (3,789,079)                  | (1,740,601)  |
| Tax paid  | (2,032,102)                  | (1,581,584)  |
|   | (5,821,181)                  | (3,322,185)  |
| <b>Net cash used in operating activities</b>                    | 1,599,038                    | (5,892,778)  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                              |              |
| Additions to property, plant and equipment                      | (180,102)                    | (3,892,389)  |
| Sale proceeds from disposal of property, plant and equipment    | 1,410,000                    | -            |
| Profit realized on bank accounts                                | 23,536                       | 121,119      |
| Long term loans and advances                                    | 65,000                       | 28,061       |
| <b>Net cash generated from / (used in) investing activities</b> | 1,318,434                    | (3,743,209)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |                              |              |
| <b>Net increase / (decrease) in cash and cash equivalents</b>   | 2,917,472                    | (9,635,987)  |
| Cash and cash equivalents at the beginning of the year          | 1,561,811                    | 12,560,051   |
| <b>Cash and cash equivalents at the end of the period</b>       | 4,479,283                    | 2,924,064    |

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

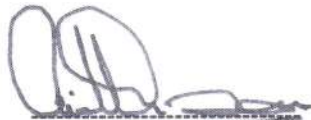
DIRECTOR

|  | Issued,<br>subscribed and<br>paid up share<br>capital | Revenue<br>reserves<br>Unappropriated<br>Profit/(loss) | Total        |
|--|---|--|--------------|
|  | -----Rupees-----                                      |  |              |
| Balance as at July 01, 2018 (Audited)              | 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 for period - net of tax |   | -  | -            |
| Balance as at December 31, 2018 (Un-audited)       | 65,826,000  | 16,480,665   | 82,306,665   |
| Balance as at July 01, 2019 (Audited)              | 65,826,000  | (19,139,623)   | 46,686,377   |
| Total comprehensive income for the period          |   |  |              |
| Loss for the period                                |   | (17,070,955)   | (17,070,955) |
| Other comprehensive income for period - net of tax |   | -  | -            |
| Balance as at December 31, 2019 (Un-audited)       | 65,826,000  | (36,210,578)   | 29,615,422   |

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR



**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. 17,070,955 (December 2018: 32,432,549) during the period, resulting in accumulated losses of Rs. 36,210,578 (June 2019: 19,139,623) as at December 31, 2019, and as of that date the Company's current liabilities exceeds its current assets by Rs. 12,473,007 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) sourcing for new customers to improve sales volume; (iii) pursuing the process for recovery of refundable tax, (iv) negotiated with associated company and get marketing expenses suspended for the year and (v) considering diversification in business operations. Based on the measures described above and the commitment of directors 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**

- 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** These condensed interim financial statements are un-audited and are being submitted to the members in accordance with the requirements of Section 237 of the Companies Act 2017 (the Act) and the listing regulation of Pakistan Stock Exchange. These condensed interim financial statements 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 statement of financial position is extracted from annual financial statements as of June 30, 2019, whereas comparative condensed interim statement of profit or loss, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from unaudited condensed interim financial statements for the six months ended December 31, 2018.

**3 SIGNIFICANTS ACCOUNTING POLICIES AND ESTIMATES**

The accounting policies, related judgments, estimates and assumptions adopted for the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the audited financial statements of the Company for the year ended June 30, 2019 except for the change in policy as described below:

**Changes in accounting standards, interpretations and amendments to approved accounting standards:**

IFRS 16 "leases" replaced IAS 17 "leases", the former lease accounting standard became effective on January 01, 2019. Under the new lease standard, assets lease by the Company are being recognized on the statement of financial position of the Company with a corresponding lease liability. As a rule, lease expenses are no longer recorded in the statement of profit or loss from July 01, 2019. Instead, depreciation and interest expenses are recorded stemming from the newly recognized lease assets and lease liabilities. In addition, leasing expenses are no longer presented as operating cash outflows in the statement of cash flows, but instead are included as part of the financing cash outflow. Interest expenses from the newly recognized lease liability are presented in the cash flow from operating activities.

**ADOS PAKISTAN LIMITED**
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UN-AUDITED]  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

The Company has adopted IFRS 16 using the modified retrospective approach. The impact of adoption of IFRS 16 is as follows:

|                           | June 30,<br>2019 | Impact of<br>IFRS 16<br>(Rupees) | July 01,<br>2019 |
|---------------------------|------------------|----------------------------------|------------------|
| <b>ASSETS</b>             |                  |                                  |                  |
| <b>NON-CURRENT ASSETS</b> |                  |                                  |                  |
| Right to use assets       | -                | 18,274,947                       | 18,274,947       |
| <b>LIABILITIES</b>        |                  |                                  |                  |
| lease liabilities         | -                | 18,274,947                       | 18,274,947       |

The Company, as a lessee, recognizes a right of use asset and a lease liability on the lease commencement date.

Upon initial recognition, the right of use asset is measured as the amount equal to initially measured lease liability adjusted for lease prepayments, initial direct cost, lease incentives and the discounted estimated asset retirement obligation. Subsequently, the right of use asset is measured at cost net of any accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the shorter of estimated useful lives of the right of use assets or the lease term.

The lease liability was measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the specific incremental borrowing rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

**Transition**

The Company adopted IFRS 16 from July 01, 2019. The Company adopted the standard using the modified retrospective approach. This means that comparatives are not restated.

The incremental rate applied to lease liabilities recognized on July 1, 2019 was 14.72 % per annum.

**Significant judgements upon adoption of IFRS 16**

IFRS 16 requires the Company to assess the lease term as the non-cancelable lease term in line with the lease contract together with the period for which the Company has extension options which the Company is reasonably certain to exercise and the periods for which the Company has termination options for which the Company is reasonably certain not to exercise those termination options.

Lease liabilities and Right of use assets recognized are as follows:

|  | (Rupees)    |
|--|-------------|
| <b>Lease liabilities</b>   |             |
| Operating lease commitments as at June 30, 2019                                      | 23,770,816  |
| Discounting effect using incremental borrowing rate                                  | (5,495,869) |
| Lease liability presented as:  | 18,274,947  |
| <b>Right of use assets</b>   |             |
| Present value of lease liability   | 18,274,947  |
| Right of use assets recognized on statement of financial position as at July 1, 2019 | 18,274,947  |
| <b>Right of use assets presented as:</b>   |             |
| Right to use asset   | 18,274,947  |

| Un-audited                                    | Audited       |
|---|---------------|
| December 31, 2019                             | June 30, 2019 |
| -----Rupees-----                              |               |
| Opening net book value                        | 46,026,125    |
| Additions during the period/ year             | 180,102       |
| Disposal during the period/ year              |               |
| -Cost   | (196,150)     |
| -Depreciation                                 | 97,395        |
|   | (98,755)      |
| Depreciation charged during the period / year | (3,368,581)   |
| Closing net book value                        | 42,738,890    |

**4 PROPERTY, PLANT AND EQUIPMENT**

|   |             |              |
|---|-------------|--------------|
| Opening net book value                        | 46,026,125  | 54,786,722   |
| Additions during the period/ year             | 180,102     | 3,892,389    |
| Disposal during the period/ year              |             |              |
| -Cost   | (196,150)   | (18,075,634) |
| -Depreciation                                 | 97,395      | 14,127,198   |
|   | (98,755)    | (3,948,436)  |
| Depreciation charged during the period / year | (3,368,581) | (8,704,550)  |
| Closing net book value                        | 42,738,890  | 46,026,125   |



**ADOS PAKISTAN LIMITED**
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UN-AUDITED]  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**
**5 RIGHT OF USE ASSET**

|   |
|---|
| Cost  |
| Depreciation charged during the period / year |
| Closing net book value                        |

| Un-audited<br>December 31, 2019 | Audited<br>June 30, 2019 |
|---------------------------------|--------------------------|
| -----Rupees-----                |                          |
| 18,274,947                      | -                        |
| (2,068,860)                     | -                        |
| 16,206,087                      | -                        |

**6 DEFERRED TAXATION**

Deferred tax asset of Rs. 25.219 million (June 30, 2019 : 36.488 million) has not been recognized due to uncertain realizability owing to the reasons mentioned in note 1.2 to these financial information.

**7 TRADE DEBTS - UNSECURED**
**Note**
**Considered:**

- good
- doubtful

**Less: Provision for impairment in trade debts  
Trade debts**

**7.1**

| Un-audited<br>December 31, 2019 | Audited<br>June 30, 2019 |
|---------------------------------|--------------------------|
| -----Rupees-----                |                          |
| 22,670,564                      | 12,590,637               |
| 80,172,824                      | 80,172,824               |
| 102,843,388                     | 92,763,461               |
| (80,172,824)                    | (80,172,824)             |
| 22,670,564                      | 12,590,637               |

**7.1 Provision for impairment in trade debts**

Balance as at July 01  
Reversal during the period / year  
Provision made during the period / year  
Less: Write off

**Balance as at Dec 31**

|            |            |
|------------|------------|
| 80,172,824 | 81,142,824 |
| -          | (970,000)  |
| -          | -          |
| -          | -          |
| 80,172,824 | 80,172,824 |

**8 ADVANCES**
**Advances - unsecured, considered good**

Short term-advances to suppliers  
Short term loans and advances to employees against salaries

|         |         |
|---------|---------|
| 212,180 | 902,591 |
| 35,560  | 21,060  |
| 247,740 | 923,651 |

**9 LEASE LIABILITY**

The Company has recognized lease liability under IFRS - 16 at the date of initial recognition, for leased previously classified as operating leased under IAS - 17 at the present value of the remaining leased payments using the Company's incremental borrowing rate of 14.72% at July 01, 2019 :

Lease liability  
Current portion of lease liability

| Un-audited<br>December 31, 2019 | Audited<br>June 30, 2019 |
|---------------------------------|--------------------------|
| -----Rupees-----                |                          |
| 15,882,446                      | -                        |
| (3,878,898)                     | -                        |
| 12,003,548                      | -                        |

**10 DUE TO DIRECTOR**

This include liabilities of the Company as on November 20, 2019 settled by director on behalf of the Company. Liabilities settled include short term running finance amounting to Rs 65,806,452, due to associated company amounting to Rs. 48,458,452 and trade creditor amounting to Rs. 56,135,675.

**11 SHORT TERM BORROWING**

Bank Islami Pakistan Limited

**Note**
**11.1**

| Un-audited<br>December 31, 2019 | Audited<br>June 30, 2019 |
|---------------------------------|--------------------------|
| -----Rupees-----                |                          |
| -                               | 61,151,833               |

**11.1** The Company is in negotiation with Bank Islami Pakistan Limited for renewal of credit facility limits. Bank Islami has currently 1st pari passu charge over present and future current and fixed assets of the Company amounting to Rs. 334 million.

**12 SELLING AND DISTRIBUTION EXPENSES**

Marketing expenses are being paid to Akbar Associates (Private) Limited, @ 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.

**13 OTHER INCOME**

This include gain of Rs. 10,875,120 realized on settlement of liability.

**14 CONTINGENCIES AND COMMITMENTS**

There are no major changes in the status of contingencies as reported in note 23 to the audited annual financial statement of the Company for the year ended June 30, 2019.

**15 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:

| Half year ended   |                   |
|-------------------|-------------------|
| December 31, 2019 | December 31, 2018 |
| -----Rupees-----  |                   |

**Transactions with associates- Akbar Associates (Pvt) Ltd**

Related party by virtue of common directorship till the change in Board composition on November 20, 2019.

|   |            |           |
|---|------------|-----------|
| Non-sharing expenses paid on behalf of Akbar Associates (Pvt) Limited.  | -          | 61,060    |
| Expense paid on behalf of the Company by Akbar Associates (Pvt) Limited | 433,050    | 2,392,500 |
| Bank receipts on behalf of chief executive officer                      | 65,806,449 | -         |

**Transactions with Director (CEO)**

|   |           |   |
|---|-----------|---|
| Stock purchased   | 8,000,000 | - |
| Fund transferred / expenses paid on behalf of Company - net | 1,856,754 | - |

**Transactions with key management personnel**

Key management personnel remuneration includes the following expenses:

**Short-term employee benefits**

|   |           |           |
|---|-----------|-----------|
| Remuneration to chief executive, executive directors and other executives | 7,154,439 | 7,276,609 |
|---|-----------|-----------|

**Other benefits**

In addition to the above, the chief executive and two executive directors have been provided with Company maintained vehicles and all other benefits and perquisites which are available to senior executives. Further, chief executive has also provided additional benefits of utilities, medical, travelling and fuel during the period. Certain executives are also provided with the Company maintained cars. No payment has been made to non executive directors during the period.

**16 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.

**17 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, 2019.

**18 EARNING PER SHARE - BASIC AND DILUTED**

|   |               |               |
|---|---------------|---------------|
| Loss for the period after tax                           | (17,070,955)  | (32,432,549)  |
| Number of ordinary shares outstanding during the period | 6,582,600     | 6,582,600     |
| <b>Loss per share-Rupees</b>                            | <b>(2.59)</b> | <b>(4.93)</b> |

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

| Half year ended   |                   |
|-------------------|-------------------|
| December 31, 2019 | December 31, 2018 |
| -----Rupees-----  |                   |

**ADOS PAKISTAN LIMITED**

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UN-AUDITED]  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

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**19 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue on FEBRUARY 28, 2020 by the Board of Directors of the Company.

**20 GENERAL**

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

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR