

Annual Report June 30, 2020





COMPANY INFORMATION

CHIEF EXECUTIVE OFFICER

Mr. Zia Akbar Ansari

DIRECTORS

Mr. Zia Akbar Ansari
Mrs. Shoobarna Zia
Mr. Shehryar Akbar Ansari
Mr. Asfandyar Akbar Ansari
Mr. Bakhtiyar Akbar Ansari
Mrs. Aylin Ansari
Ms. Aysha Masood
Ms. Suboohi
Mr. Muhammad Fahd Shafi

COMPANY SECRETARY

Ms. Sabina Ansari

CHIEF FINANCIAL OFFICER

Mr. Ali Imran Haider Bokhari

AUDIT COMMITTEE

Mr. Muhammed Fahd Shafi - Member
Mrs. Aylin Ansari- Member
Ms. Suboohi - Member

HUMAN RESOURCE COMMITTEE

Mrs. Shoobarna Zia – Member & Chairperson
Ms. Suboohi Ansari – Member & Secretary
Ms. Aysha Masood - Member
Mrs. Aylin Ansari - Member
Mr. Muhammad Fahd Shafi - 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 Ameerah 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.



CORPORATE PROFILE

ADOS Pakistan is a state-of-the-art API Specification-5CT, Specification-6A, Specification-6D Specification 7-1 and Specification 12 F licensed manufacturing facility in Pakistan with a solid commitment to quality indigenous manufacturing of critical service capital intensive oilfield equipment with a guaranteed aftermarket support. In addition to API certifications, Ados is also licensed by Cameron to manufacture their wellhead & Xmas tree product range and Tenaris for manufacturing their RTS premium thread connection.

Our in-house consultants, engineers, machinists, fabricators and welders form a solid core of basic expertise, which along with international technical support and licensing agreements with the world's most reputable manufacturers has enabled ADOS Pakistan Limited to manufacture, repair and maintain the following range of oilfield equipment with guaranteed aftermarket support and service.

1. WELLHEAD ASSEMBLIES

Made from cast or forged steel or alloys thereof, used in Oil & Gas Wells, both land & off-shore, for retaining different size of casings, from 30 OD to 5 OD and upto 10,000 psi working pressure & 350 F operating temperatures.

- Casing Spools slip-on or flanged end for Casing sizes ranging from 30 to 5 OD
- Casing Hangers for casing sizes ranging from 20 to 5 OD.
- Side outlet Valves either gate or ball valves in sizes ranging from 1-13/16 to 7-1/16 ID.
- Side outlet flanges blind or with bull plugs in sizes ranging from 1-13/16 to 7-1/16 ID.
- Other accessories, Risers, Mud lines & Suspension Systems

2. TUBING HEAD X-MAS TREE ASSEMBLIES

Designed to be used for production of Oil or Gas from the Oil & Gas wells to be mounted on the wellhead, both land & offshore. Made from forged steel or alloys thereof, standard or clad with special corrosion resistant alloys. Conventional type or solid block type Assembly rated up to 10,000-psi working pressure.

- Tubing Spools made from forged steel or steel alloys, standard or clad with tubing hangers, both for single or multiple well completions. Side outlets with Valves or Flanges rated up to 10,000-psi working pressure ranging from 1-13/16 to 7-1/16 ID.
- Secondary Seal Assemblies with P-seal or other seals incorporated in 2.1 or separately as a flange or adapter.
- Tubing Spool Adapters. Single or Double Studded or through Hole Type.
- Crosses, Tees and Adapters all studded with ring grooves.
- X-Mas Tree Assemblies standard or Solid Block consisting of one or more Standard or cavity Valves ranging in sizes from 1-13/16 to 7-1/16 ID.
- Chokes adjustable or fixed including rotary type with accessories.
- X-Mas Tree Caps & Weld on Flanges.
- Other Wellhead Accessories.



3. SOCONDARY SEALS, DOUBLE STUDED ADAPTERS & FLANGES.

Made from forged steel or steel alloys, Standard or Cladded with or without integral seals rated up to 10,000-psi working pressure.

- Double Studded Adapters from 26-3/4 ID to 1-13/16 ID in various combinations.
- Through Bore Adapters from 26-3/4 ID to 1-13/16 ID.
- 3.1 & 3.2 with integral single or double seal.
- Reducer Flange.
- Weld-on Flanges etc.
- Other Accessories.

4. CHOKE & KILL MANIFOLD ASSEMBLY

Production & Drilling chokes both manual and hydraulic operated with crosses, bends & tees. All mounted or unitized o skid as one assembly rated up to 10,000-psi working pressure.

- Production Test Manifolds.
- Drilling Choke and Kill Manifolds.
- Stand Pipe Manifolds.
- Control Manifolds.
- Other Manifolds & accessories.

5. ROTARY DRILLING EQUIPMENT

- Integral & weld blade or replaceable Sleeve type stabilizers.
- Drill String Subs.
- Kelly Saver Subs.
- Bit Subs.
- Tool Joints / Drill Pipes.
- Junk Subs.
- Pup Joints.
- Drill Collars.

6. Seismic Drilling Rigs

- Man portable Seismic Drilling Rigs with Down Hole Hammer.
- Trailer Mounted Seismic Drilling Rigs with Down Hole Hammer.
- Truck Mounted Seismic Drilling Rigs with Down Hole Hammer.

7. General Fabrication & Machining:

- Storage Vessels & Tanks.
- Discrete & Overt Armoring of Vehicles.
- Caravans both skid & wheel mounted.
- Jig fixtures for automobile manufacturing plants.
- Weld neck & beveled end flanges.
- Shafts, fittings, plugs & engine heads.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 35th Annual General Meeting of the shareholders of ADOS Pakistan Limited will Insha'Allah be held on Wednesday, October 28, 2020 at 11.00 A.M at its registered office at 2nd Floor, Block-2, FJ-Plaza, College Road, Markaz F-7, Islamabad to transact the following business:

ORDINARY BUSINESS:

- i) To confirm the minutes of 34th Annual General Meeting held on October 28, 2019.
- ii) To receive, consider and adopt the Audited Financial Statements for the year ended June 30, 2020 together with Director's and Auditor's report therein.
- iii) To appoint auditors for the year ending June 30, 2021 and to fix their remuneration.
- iv) To transact any other business with the permission of chair.

By Order of the Board

SABINA ANSARI
Company Secretary

Islamabad: October 07, 2020

Corona virus Contingency Planning for Annual General Meeting (AGM):

In wake of prevalent COVID-19 pandemic situation the shareholders are encouraged to participate in the AGM through electronic facility organized by the Company. For this facility the shareholders are requested to get themselves registered with M/s. JWAFS Registrar Services (Pvt.) Ltd. at least 48 hours before the time of AGM at jwaffs@live.com. The shareholders will be able to login and participate in the AGM proceedings after completing for verification and identification of the shareholders. The login facility will be opened at 10:30 a.m. on October 28, 2020 enabling the participants to join the proceedings which will start at 11.00 a.m sharp. The shareholders are requested to provide the information as per below format. The details of the video link will be sent to the shareholders on the email address provided in the below table:

Sr. No	Name of the Shareholder	CNIC Number	Folio Number	Cell Number	Email Address

Notes:

- i) **Closure of Share Transfer Books:** Share Transfer Books will remain closed from October 22, 2020 to October 28, 2020 [Both days inclusive]. Transfers received at Share Registrar, M/s JWAFS Registrar Services (Private) Limited, 407-408, Al-Ameera Center, Shahrah -e-Iraq, Saddar, Karachi at the close of business on October 21, 2020 will be treated in time for the purpose of attending the Annual General Meeting and payment of Dividend.
- ii) **Attending the AGM in person or through Proxy:** A member entitled to attend and vote at the General Meeting may appoint a person/representative as proxy to attend and vote on his behalf at the meeting. The instrument of proxy must be received at the registered office of the Company not less than 48 hours before the time of holding the meeting. In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting. The individual members or representatives of corporate members of the Company in CDC must bring

original CNIC or passport and CDC Account and Participant Number to prove identity and verification at the time of meeting.

- iii) **Postal Ballot:** Members may exercise their right to vote be means of postal ballot i.e. by post through electronic mode subject to the requirements of section 143-145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.
- iv) **Change of Address:** Shareholders are also requested to notify any change in their address to the Company's share Registrars M/s JWAFS Registrar Services (Pvt.) Limited.
- v) **Submission of CNIC:** Individual shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier to the Company's share registrar, Central Depository of Pakistan Limited.
- vi) **Unclaimed Dividend:** Pursuant to section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it become due payable shall vest with Federal Government after compliance of procedures prescribed under the Companies Act, 2017.
- vii) **Withholding tax on Dividend:** The current rates of tax deduction on dividend payments under section 150 of the Income Tax Ordinance, 2001 are as follows:
 - a) For persons appearing in Active Taxpayers List 15%
 - b) For persons not appearing in Active Taxpayers List 30%
- viii) **Payment of Cash Dividend Electronically (Mandatory):** Section 242 of the Companies Act, 2017 requires that the listed companies shall pay cash dividend only through electronic mode directly into bank account designated by the shareholders. SECP vide its notification SRO 1145(I)/2017 has also issued the Companies (Distribution of Dividends) Regulations, 2017 whereby every shareholder shall be responsible to provide valid information pertaining to its designated bank account to disburse any dividend payable in cash only through electronic mode directly into the bank account designated by the entitled shareholders. Further, Shareholders are again requested to submit a copy of their CNIC (if not provided) to the registered office of the Company or to the Company's share registrar.
- ix) **Distribution of Annual Audited Accounts via Email (Optional):** Pursuant to the provisions of section 223(6) of the Companies Act, 2017, the companies are permitted their annual financial statements, along with auditor's report, directors' report etc. (Annual Report) and the notice of annual general meeting to its shareholders by email. Shareholders of the company who wish to receive the Company's Annual report and Notices of annual general meeting by email are requested to provide completed the completed electronic communication form (available on the company's website) to the Company's share registrar, Central Depository Company of Pakistan Limited.
- x) **Circulation of Annual Audited Accounts via CD/USB/DVD:** Pursuant to the directions given by the Securities & exchange Commission of Pakistan through SRO 470(1)/2016 dated May 31, 2016 that has allowed the companies to circulate its Annual Audited Accounts to its members through CD/USB/DVD at their registered addresses. Shareholders who wish to receive hardcopy of Financial Statements shall have to fill the standard request form which is available on the company's website (www.ados.com.pk) and send us to the Company address.
- xi) **Annual Audited Accounts on Company Website:** SECP has issued an SRO No. 634(I)/2014 whereby every listed company shall maintain a functional website of the

Company. In compliance of the said SRO, we would like inform our shareholders that annual report of the Company for the year ended June 30, 2020 has been placed on Company's website (www.ados.com.pk) for information and access of the shareholders.

xii) Video Conferencing Facility: If the Company receives consent (as stated below) from members holding aggregate 10% or more shareholding, residing in geographical location to participate in the meeting through video conference at least seven (7) days prior to the date of extra ordinary general meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard, please fill the following and send at registered address of the Company:

I/we, _____ of _____, being a member of ADOS Pakistan Limited, holder of _____ ordinary share(s) as per registered Folio/CDC Account /No _____ hereby opt for video conference facility at _____. Signature of member _____.

نوٹس برائے سالانہ اجلاس عام

بذریعہ ہذا نوٹس مطلع کیا جاتا ہے کہ ایڈوس پاکستان لمیٹڈ کے حصص داران کا پینتیسواں سالانہ اجلاس عام بدھ ۲۸ اکتوبر ۲۰۲۰ کو بوقت صبح ۱۱:۰۰ مندرجہ ذیل کاروباری لین دین کے معاملات پر رجسٹرڈ دفتر، سیکنڈ فلور، ایف جے پلازہ، کالج روڈ، ایف۔ ۷ مرکز، اسلام آباد میں قرار پایا ہے۔

عمومی کاروبار

- ۱۔ ۲۸ اکتوبر ۲۰۱۹ کو منعقدہ چوبیسواں سالانہ اجلاس کے منٹ کی تصدیق کرنا۔
- ۲۔ ۳۰ جون ۲۰۲۰ کو اختتام پذیر سال کے لیے آڈٹ شدہ مالی سٹیٹمنٹ بمع ڈائریکٹر اور آڈیٹرز کی رپورٹ کی وصولی، زیر غور کرنا اور اس کو قبول کرنا۔
- ۳۔ ۳۰ جون ۲۰۲۱ء سال کے لیے آڈیٹرز کو مقرر کرنا اور ان کا معاوضہ طے کرنا۔

بحکم بورڈ آف ڈائریکٹرز

سیدہ انصاری

کمپنی سیکرٹری

اسلام آباد: ۰۷ اکتوبر ۲۰۲۰

سالانہ اجلاس عام (AGM) کیلئے کروٹا وائرس کی بابت حکم عملی:

مرجہ COVID-19 عالمی وبا صورتحال کے تناظر کی روشنی میں ہدایت کی جاتی ہے کہ حصص یافتگان سالانہ اجلاس عام میں کمپنی کی طرف سے ترتیب دی گئی الیکٹرانک سہولت کے ذریعے شامل ہوں۔ سالانہ اجلاس عام میں بذریعہ الیکٹرانک سہولت شامل ہونے کیلئے حصص یافتگان کو درخواست کی جاتی ہے کہ وہ اپنے آپ کو M/S JWAFS Registrar Services (Pvt.) Ltd کے ساتھ jwaffs@live.com پر سالانہ اجلاس عام کے وقت سے کم از کم 48 گھنٹے پہلے رجسٹرڈ کروائیں۔ حصص یافتگان کی تصدیق اور شناخت ہونے کے بعد وہ Login ہو سکیں گے اور سالانہ اجلاس عام میں شرکت کر سکیں گے۔ لاگ۔ ان کی سہولت مورخہ ۲۸ اکتوبر ۲۰۲۰ کو بوقت 10:30 بجے صبح کھول دی جائے گی تاکہ امیدوار کارروائی میں شرکت کر سکیں جس کا آغاز بوقت 11:00 صبح کر دیا جائے گا۔ حصص یافتگان سے درخواست ہے کہ وہ درج ذیل انداز میں معلومات فراہم کریں۔ ویڈیولنک کی تفصیل حصص یافتگان کی طرف سے درج ذیل ٹیبل میں مہیا کی گئی ای۔ میل پر بھیج دی جائے گی۔

نمبر شمار	نام حصص یافتہ	شناختی کارڈ نمبر	فولیو نمبر	موبائل نمبر	ای۔ میل ایڈریس

۱۔ حصص کی منتقلی کی کتاب بند۔

حصص کی منتقلی کی کتاب ۲۲ اکتوبر ۲۰۲۰ سے ۲۸ اکتوبر ۲۰۲۰ (بشمول دونوں دن) بند رہے گی۔ ٹرانسفر شیٹ رجسٹرار کی موصولی میسرز JWAFS رجسٹرار سروسز (پرائیویٹ) لمیٹڈ، ۳۰۷-۳۰۸، ال امیر اسینٹر، شاہراہ عراق، صدر، کراچی میں ۲۱ اکتوبر ۲۰۲۰ کو کاروباری وقت ختم ہونے تک موصول ہونے والی منتقلی پر بروقت عمل ہوگا جس کا مقصد اس سالانہ اجلاس میں بیان ہوگا۔

۲۔ اجلاس میں شرکت دار رکن یا وہ کسی نمائندے کو مقرر۔

اجلاس میں شرکت دار رکن ووٹ ڈالنے کا اہل ہے یا وہ کسی نمائندے کو مقرر کر سکتا ہے کہ وہ اس کی جگہ تقریر، موجودگی یا ووٹ دینے کا مجاز ہے مقرر کردہ نمائندہ کے پاس مختار نامہ پر دستخط ہونے چاہیے یا پھر نوٹری سے تصدیق شدہ مختار نامہ کمپنی کے رجسٹرڈ آفس میں اجلاس سے تقریباً ۲۸ گھنٹے پہلے جمع کروانے ہونگے۔ کاروباری ادارہ کے معاملہ میں، بورڈ آف ڈائریکٹرز کی قرارداد یا مختار نامہ جس پر نامزد شخص کے نمونہ کے دستخط موجود ہوں وہ اجلاس کے موقع پر پیش کریں گے۔ انفرادی شرکت دار یا کاروباری ادارہ سینٹرل ڈیپازٹری کمپنی نمائندہ کو اجلاس کے موقع پر اصل شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا کھاتہ

نمبر CDC پیش کر کے شناخت کروانی ہوگی۔

۳ پوسٹل بیلٹ

اراکین پوسٹل بیلٹ کا استعمال ووٹ کے حق کے لیے کر سکتے ہیں کمپنی ایکٹ ۲۰۱۷ کے سیکشن ۱۳۵-۱۳۳ اور پوسٹل بیلٹ ریگولیشن ۲۰۱۸ کے تحت یہ قابل عمل ہے۔

۴ ایڈریس کی تبدیلی

حصص یافتگان کو درخواست کی جاتی ہے کہ وہ اپنے ایڈریس کی تبدیلی کمپنی میمبر JWAFS رجسٹرار سروسز (پرائیویٹ) لمیٹڈ کو اطلاع کریں۔

۵ شناختی کارڈ کی فراہمی (لازمی)

انفرادی حصص داران کو ایک دفعہ شناختی کارڈ کی نقل کی فراہمی کی یاد دہانی کروائیں اگر پہلے کمپنی کے حصص کی رجسٹرار، سینٹرل ڈپازٹری پاکستان لمیٹڈ، کے وقت مہیا نہیں کیا گیا۔

۶ غیر دعویدار منافع

سیکشن ۲۳۳ کمپنی ایکٹ ۲۰۱۷ کے تحت کوئی بھی حصص یا منافع کا اعلان کمپنی کی طرف سے کیا جائے اور وہ تین سال کے لیے غیر دعویدار یا بلا معاوضہ ہو تو اس کی منتقلی کمپنی ایکٹ ۲۰۱۷ کے تحت وفاقی حکومت کو جائے گا۔

۷ منافع پر دودھولہ ٹیکس

مالی ایکٹ ۲۰۱۹، جو کہ یکم جولائی ۲۰۱۹ کو موثر ہوا ہے منافع کی رقم سے ٹیکس کی کوٹن سیکشن ۱۵۰ آف انکم ٹیکس آرڈیننس ۲۰۰۱ کے مطابق ہوگی جیسا کہ نیچے بیان کیا گیا ہے۔

وہ لوگ جو ٹیکس ادا کرنے والی فہرست میں آتے ہیں ۱۵ فیصد

وہ لوگ جو ٹیکس ادا کرنے والی فہرست میں نہیں آتے ہیں ۳۰ فیصد

۸ الیکٹرانک طور پر نقد منافع کی ادائیگی (لازمی)

سیکشن ۲۳۳ آف کمپنی ایکٹ ۲۰۱۷ کے تحت حصص داران کے بینک اکاؤنٹ میں منافع کی منتقلی بذریعہ الیکٹرانک ہوں۔ حصص دار سے درخواست ہے کہ وہ مکمل نام، فوئیو نمبر، ای بی اے این، اکاؤنٹ کا عنوان اور مکمل پتہ کمپنی کو فراہم کریں۔ ایس ای سی پی نے ایس آر او نمبر ۱۳۰۱ (ای) ۵۳۱۱ (ا) کوٹینیز (منافع کی تقسیم کے ضابطے ۲۰۱۷ کے تحت حصص دار سے درخواست ہے کہ وہ مکمل نام، فوئیو نمبر، ای بی اے این، اکاؤنٹ کا عنوان اور مکمل پتہ کمپنی کو فراہم کریں۔ مزید، حصص دار سے درخواست ہے شناختی کارڈ نقول رجسٹرڈ دفتر یا رجسٹرار سروسز میں جمع کریں۔

۹ بذریعہ ای میل سالانہ رپورٹ کی تقسیم

سیکشن (۶) ۲۳۳، کمپنی ایکٹ ۲۰۱۷ کے تحت کمپنیوں کو ان کی سالانہ مالی اسٹیٹمنٹ، آڈیٹ رپورٹ اور ڈائریکٹرز رپورٹ وغیرہ کی اجازت ہے۔ (سالانہ رپورٹ) اور سالانہ اجلاس عام کانوٹس بذریعہ ای میل حصص داران کو کرنا۔ کمپنی کے حصص داران جو چاہتے ہیں کہ ان کو کمپنی کی سالانہ رپورٹ اور نوٹس برائے سالانہ اجلاس عام ان کو ای میل کے ذریعہ مہیا ہو تو اس سے درخواست ہے کہ وہ کمپنی کی ویب سائٹ پر مکمل معلومات مرکزی ڈپازٹری کمپنی آف پاکستان لمیٹڈ کو فراہم کریں۔

۱۰ سالانہ آڈٹ شدہ کھاتوں کی گردش بذریعہ سی ڈی ایو ایس بی ایو ڈی وی ڈی

سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے مہیا کردہ ہدایات کے تحت بذریعہ ایس آر او ۲۰۱۶ (۱) ۳۷۰ تاریخ ۳۱ مئی ۲۰۱۶ نے اجازت دی ہے کہ کمپنی سالانہ آڈٹ شدہ کھاتوں کی گردش بذریعہ سی ڈی ایو ایس بی ایو ڈی وی ڈی رجسٹرڈ پتے پر کر سکتے ہیں حصص ہولڈرز کو مالی اسٹیٹمنٹ کی ہارڈ کاپی چاہیے ہو تو وہ اس فارم کو نقل کریں گا جو کہ کمپنی کی ویب سائٹ پر دستیاب ہے www.ados.com.pk اور اس کو واپس کمپنی میں بھیجے گا۔

۱۱ سالانہ آڈٹ شدہ کھاتوں کی گردش بذریعہ ویب سائٹ

ایس ای سی پی نے ایس آر او نمبر ۱۳۰۱ (ای) ۶۳۳ جہاں ہر کمپنی اپنی ویب سائٹ کو برقرار رکھے گی اس سلسلے میں ایس آر او نے کہا، ہم پسند کریں گے کہ حصص

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

AS AT JUNE 30, 2020

Number of Shareholders	Shareholding From	-	To	Total Number of Shares Held
84	1	-	100	3801
613	101	-	500	300490
49	501	-	1000	46988
39	1001	-	5000	106610
4	5001	-	10000	31000
3	10001	-	15000	41011
6	15001	-	20000	112500
2	20001	-	25000	43000
1	25001	-	30000	26000
1	40001	-	45000	40500
2	45001	-	50000	98000
1	70001	-	75000	72000
1	250001	-	255000	250500
1	550001	-	555000	551500
3	676001	-	681000	2040200
1	2815001	-	2820000	2818500
811				6582600

Note: The slabs not applicable have not been shown.

Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage %
Financial Institutions	3	50700	00.77%
Individuals	806	6530899	99.21%
Joint Stock Companies	2	1001	00.02%
	811	6582600	100%

**Statement of Compliance
with Listed Companies (Code of Corporate Governance) Regulations, 2019**

Name of Company: ADOS Pakistan Limited

Year ending: 30th June 2020

ADOS Pakistan Limited (the "Company") has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 (the "Regulations") in the following manner:

1. The total number of directors are nine (09) as per the following:
 - a. Male: 05
 - b. Female: 04

2. The composition of the Board is as follows:

a) Independent Director

- (1) Mr. Muhammad Fahd Shafi

b) Non-Executive Director

- (1) Mr. Bakhtiyar Akbar Ansari

c) Executive Directors

- (1) Mr. Zia Akbar Ansari
- (2) Mr. Shehryar Akbar Ansari
- (3) Mr. Asfandiyar Akbar Ansari

d) Female (Non-Executive Directors)

- (1) Ms. Suboohi Ansari
- (2) Mrs. Shoobarna Zia
- (3) Mrs. Aylin Ansari
- (4) Mrs. Aysha Masood

Board current tenure will expire on October 20, 2020.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of Companies Act, 2017 (the "Act") and the Regulations.

7. The meetings of the Board were presided over by the Chairman and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. In terms of regulation 19 of the Regulations Code, the Companies are required to ensure that at least half of the directors on their board have acquired the prescribed certification under Director Training Program by June 30, 2020. Status of directors training is as follow:
 - Three (3) directors are exempt from directors training on based of having required education and experience i.e. Mr. Zia Akbar Ansari, Mrs. Shoobarna Zia and Ms. Suboohi Ansari.
 - Four (4) directors namely Mr. Asfandiyar Akbar Ansari, Mr. Bakhtiyar Akbar Ansari, Mrs. Aysha Masood and Mrs. Aylin Ansari have filled the casual vacancy on November 20, 2019 after resignation of four directors namely Mr. Jamal Akbar Ansari, Mrs. Uzma Jamal, Ms. Sabina Ansari and Mr. Taha Akbar Ansari (three out of four directors resigned were exempt); and
 - Two (2) directors namely Mr. Shehryar Akbar Ansari and Mr. Muhammad Fahd will acquire the training under the DTP within the time prescribed in regulation 19(1).
10. The Board has approved appointment of chief financial officer (CFO), company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief executive officer (CEO) and chief financial officer (CFO) duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:
 - a) **Audit Committee**

(1) Mr. Muhammad Fahd Shaffi	: Chairman & Member
(2) Mrs. Aylin Ansari	: Member
(3) Ms. Suboohi Ansari	: Member
 - b) **Human Resource and Remuneration (HR&R) Committee**

(1) Mrs. Shoobarna Zia Ansari	: Chairman & Member
(2) Ms. Suboohi	: Member & Secretary
(3) Mrs. Aysha Masood	: Member
(4) Mrs. Aylin Ansari	: Member
(5) Mr. Muhammad Fahd Shafi	: Member
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/ yearly) of the Committees for the year, which ended on June 30, 2020, was as per following:

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

15. The Board has set up an effective internal audit function.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of regulations 3, 6, 7, 8, 27, 33 and 36 of the Regulations have been complied with.



Mrs. Shoobarna Zia Ansari
Chairman – Board of Directors

Date: October 07, 2020

DIRECTOR'S REPORT TO THE MEMBERS

Gentlemen,

The Directors of the company take pleasure in placing before you the 35th Annual Report together with the Audited Accounts, Auditor's Report, Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019 and Auditor's Review Report on it thereon.

The financial results for the year ended June 30, 2020 are as follows:

	2020	2019
	------(Rupees)-----	
Loss after Taxation	(28,223,970)	(68,562,908)
Other Comprehensive Income for the year	920,918	510,071
Un-appropriated Profit/(Loss) brought forward	(19,139,623)	48,913,214
	(46,442,675)	(19,139,623)
Basic and Diluted Earnings per share	(4.29)	(10.42)

1. ADOS Pakistan has established a strong market presence in the past few decades of operations. And our inherent advantages in the local market have deemed us invaluable to exploration firms in Pakistan. ADOS shall continue to fulfill its mission of being the premier equipment manufacturer and supplier to the oil & gas sector.
2. The management wants to state that the loss for the year ended June 30, 2020 amounting to Rs. 28,223,970 is due to weak turnover and low profitability.
3. ADOS Pakistan still holds a significant market share with big E&P firms, however, due to the nation's current financial situation, aggravated due to COVID-19 pandemic, E&P firms have not been honoring payment terms, which leads many aged invoices. These delayed payments incur additional costs for ADOS and result in cash flow gaps. We have been working closely with all clients to ensure that current receivables are settled in order to reduce cash flow gaps.
4. As stated before, the Pakistani Oil & Gas industry experienced a recession like situation since 2017-18 due to recession in oil and gas industry worldwide. Our cost reduction activities have improved our ability to manage cash flows with reduced sales volumes. We have also faced dumping activities by foreign firms for supply contracts with state owned companies, ADOS Pakistan is also pursuing matters relating to enforcement of anti-dumping tools in order to protect local firms and ensure fair competition.
5. Keeping in view of the losses for 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. In financial year 2019-20 the management of the company has executed the plan to perform cost reduction activities, increasing sales from existing customers & addition of new customers, increasing revenue sources, focused on securing orders which have a low working capital requirement along with lower turnaround times. The exact details of said plans have been

shared in the directors' report for financial year 2018-19. This plan has proven to be successful, as a result of which the Company has reduced its loss for the year by a substantial amount, despite the current COVID-19 crisis and resulting Oil & Gas crisis being faced globally. However, the combination of the current COVID-19 crisis and global oil crisis has led to a drastic reduction in the drilling activities being conducted in Pakistan. As ADOS manufacturer's products for Pakistan based E&Ps, the performance of the company directly correlates with the exploration activity in the country. Furthermore, protections provided to local manufacturers have slowly been withdrawn, and foreign suppliers who receive export rebates up to 18% are dumping goods in Pakistan at the expense of the local industry. We have taken up the matter with the relevant authorities, and the future growth in sales of the company is dependent on external factors. Additionally, large clients such as ENI & Weatherford have announced their departure from the Pakistan market, this will have a negative impact on sales as well. The management is actively exploring opportunities to utilize the existing capability to service other industries/markets. The management is putting forth its best efforts in order to survive in these unforeseeable circumstances.

The Directors & Management have a reasonable expectation that the Company has adequate resources to continue its activity for the foreseeable future.

6. The management has decided not to pay dividend for the year ended June 30, 2020 keeping in view future cash flow requirements of the company.
7. The management fully intends to comply with the requirement of Director's training program as per the Listed Companies (Code of Corporate Governance) Regulations, 2019 as required under section 19 of Chapter VI.

The Directors' takes this opportunity to thank the management, workers principal sponsors, bankers and to the most the shareholders for their endless cooperation and support.

STATEMENT ON CORPORATE GOVERNANCE

- i. The Board is pleased to certify that:
- ii. A vision and mission statement monitoring the effectiveness of the company's governance practices and overall corporate strategy for the company is prepared, adopted and reviewed as and when deemed appropriate by the board.
- iii. A formal code of conduct is in place that promotes ethical culture in the company and prevents conflicts of interest in their capacity as member of the board, senior management and other employees. The board takes appropriate steps to disseminate code of conduct throughout the company along with supporting policies and procedures.
- iv. Adequate systems and controls are in place for identification and redressal of grievances arising from unethical practices.
- v. A system of sound internal control is established, which is effectively implemented and maintained at all levels within the company.
- vi. A formal and effective mechanism is put in place for an annual evolution of the Board's own performance, members of the Board and of its committees.

- vii. The financial statements prepared by the management of the listed Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- viii. Proper books of accounts of the listed Company have been maintained.
- ix. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- x. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and financial statements together with notes thereto have been drawn in conformity with Companies Act, 2017.
- xi. There are reasonable expectations that the company has adequate resources to continue as a going concern.
- xii. There has been no material departure from the best practices of corporate governance.
- xiii. The company's revenue has slightly increased as of previous year with a consequent increase in gross profitability. The low turnover is due to decrease in the orders received during the year.
- xiv. The management is hopeful that with the stability gradually coming into the economy and especially to Oil & Gas sector the exploration process by the E & P companies operating in Pakistan will generate orders and thus will stable the future development of the company.
- xv. The company fully supports green environment and put in place measures of plantation to reduce pollution.
- xvi. The Company fully supports and is actively complying with its corporate social responsibilities.
- xvii. All necessary steps are being taken by the Directors to ensure the effectiveness of the Company's internal financial control systems up to and including the date of approval of financial statements. This has regard to all material controls, including financial, operational and compliance controls that could affect the company's business.
- xviii. On recommendation of Audit Committee the Board recommends appointment of Grant Thornton Anjum Rehman, Chartered Accountants to continue as external auditors of the Company for the year ending June 30, 2021.
- xix. Key financial statistics for the last six years have been given separately.
- xx. Pattern of shareholding of the Company in accordance with section 227(2)(f) of the Companies Act, 2017 is attached to this report.

Composition of the Board:

1. The total number of directors are nine (09) as per the following:
 - a. Male: 05
 - b. Female: 04

2. The composition of the Board is as follows:

- a) **Independent Director**
 - (1) Mr. Muhammad Fahd Shafi
- b) **Non-Executive Director**
 - (1) Mr. Bakhtiyar Akbar Ansari
- c) **Executive Directors**
 - (1) Mr. Zia Akbar Ansari
 - (2) Mr. Shehryar Akbar Ansari
 - (3) Mr. Asfandiyar Akbar Ansari
- d) **Female (Non-Executive) Directors**
 - (1) Ms. Suboohi
 - (2) Mrs. Shoobarna Zia
 - (3) Mrs. Aylin Ansari
 - (4) Mrs. Aysha Masood

Board current tenure will expire on October 20, 2020.

BOARD COMMITTEES:

- a) **Audit Committee**

(1) Mr. Muhammad Fahd Shaffi	: Chairman & Member
(2) Mrs. Aylin Ansari	: Member
(3) Ms. Suboohi	: Member
- b) **Human Resource and Remuneration (HR&R) Committee**

(1) Mrs. Shoobarna Zia Ansari	: Chairman & Member
(2) Ms. Suboohi	: Member & Secretary
(3) Mrs. Aysha Masood	: Member
(4) Mrs. Aylin Ansari	: Member
(5) Mr. Muhammad Fahd Shafi	: Member

BOARD MEETINGS & ANNUAL GENERAL MEETING [AGM]:

During the year Six (6) board meetings and an AGM were held. Attendance by each Director & CEO is as follows:

Name of Directors & CEO	Attendance
Mr. Zia Akbar Ansari	06
Mr. Jamal Akbar Ansari (Ex-Director)	03
Ms. Sabina Ansari (Ex-Director)	06
Ms. Suboohi	06
Mrs. Uzma Jamal (Ex-Director)	03
Mrs. Shoobarna Zia	06
Mr. Taha Akbar Ansari (Ex-Director)	03
Mr. Shehryar Akbar Ansari	06
Mr. Muhammad Fahd Shaffi	06
Mr. Asfandiyar Akbar Ansari	03
Mrs. Aysha Masood	03
Mrs. Aylin Ansari	03
Mr. Bakhtiyar Akbar Ansari	03

EARNINGS PER SHARE:

Earnings / (Loss) per share for the year ending June 30, 2020 is Rs. (4.29)

REMUNERTAIION POLICY OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS:

Currently, no salary or allowance/benefit etc. of any kind is available to the non-executive and independent directors of the Company.

CORPORATE SOCIAL RESPONSIBILITY (CRS):

ADOS endeavors to be a responsible corporate citizen, being aware of its social obligations, it continues to proactively promote, develop and maintain medical, social and welfare activities for the benefit of local communities through donations.

CATEGORIES AND PATERN OF SHARE HOLDING:

The Categories and Pattern of Shareholding as required by the Companies Act, 2017 is attached with this report. Additional information is given, as under:

Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage %
Financial Institutions	3	50700	00.77%
Individuals	806	6530899	99.21%
Joint Stock Companies	2	1001	00.02%
	811	6582600	100%

Financial Institutions:

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

Ihsan Cotton Products (Private) Limited	1000	0.015
Maple Leaf Capital Limited	1	0.000

Directors, CEO, and their Spouse

Mr. Zia Akbar Ansari	CEO/Director	2818500	42.82
Mrs. Shoobarna Zia Ansari	Director	22000	00.34
Ms. Saboohi	Director/CS	20000	0.30
Mr. Shehryar Akbar Ansari	Director	680200	10.33
Mrs. Muhammad Fahd Shaffi	Director	100	0.002
Mr. Aysha Masood	Director	100	0.002
Mr. Asfandiyar Akbar Ansari	Director	680000	10.33
Mr. Aylin Ansari	Director	100	0.002
Mr. Bakhtiyar Akbar Ansari	Director	680000	10.33

The CEO, Directors, Company Secretary, CFO and their spouses have made no sale/purchase of Company's shares during the financial year ended June 30, 2020, except Mr. Zia Akbar Ansari, Mr. Shehryar Akbar Ansari, Mr. Asfandiyar Akbar Ansari and Mr. Bakhtiyar Akbar Ansari has acquired 453750, 680000, 680000 and 551000 shares from Mr. Jamal Akbar Ansari respectively, while, Mr. Bakhtiyar Akbar Ansari has acquired 23000 and 106000 shares from Mrs. Uzma Jamal and Akbar Associates (Pvt.) Limited respectively, further Mrs. Aysha Masood and Mrs. Aylin Ansari has acquired 100 shares each from Mr. Taha Akbar Ansari during the financial year.

Moreover, the directors of the company have not been appointed as a director in more than seven other listed Companies and no spouse of the directors of the company is involved in the business of brokerage.

Shareholders holding ten percent or more voting interest in the Company:

	Shares held
Mr. Zia Akbar Ansari	2818500
Mr. Shehryar Akbar Ansari	680200
Mr. Asfandiyar Akbar Ansari	680000
Mr. Bakhtiyar Akbar Ansari	680000

For and on behalf of the Board


ZIA AKBAR ANSARI
 CHIEF EXECUTIVE OFFICER & DIRECTOR

Islamabad, October 07, 2020

ڈائریکٹرز رپورٹ برائے ممبران

حضرات:

کمپنی کے ڈائریکٹرز کو آپ کے سامنے پینتیسواں سالانہ (35) سالانہ رپورٹ بمعہ آڈٹ شدہ اکاؤنٹس، ایڈیٹر کی رپورٹ، لسٹڈ کمپنیوں میں موجود سٹینٹ آف کمپلائنس (کوڈ آف کارپوریٹ گورننس) سال 2019 اور ایڈیٹر کی ریویو رپورٹ رکھ کر خوشی ہے مالی سال کے مالی نتائج جو 30 جون، سال 2020 کو حاصل ہوئے کی تفصیل درج ذیل ہے:

سال 2019	سال 2020	ٹیکس دینے کے بعد خسارہ
روپے (68,562,908)	روپے (28,223,970)	مالی سال کے دوسرے جامع خسارے
روپے 510,071	روپے 920,918	سابقہ غیر تخصّص منافع
روپے 48,913,214	روپے (19,139,623)	بنیادی اور مخفف آمدنی فی حصہ:
روپے (19,139,623)	روپے (46,442,675)	
روپے (10.42)	روپے (4.29)	

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

۲۔ مینجمنٹ جون 2020، 30 کے نقصانات جو کہ 28,223,970 روپے کے ہیں جس کی وجہ کم فروخت کا حجم اور کم منافع ہیں

۳۔ ایڈوس پاکستان کے پاس ابھی بھی بڑی ای اور پی فرم کے ساتھ اہم حصص ہے قومی مالی حالات جو کہ COVID-19 عالمی وبا 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 ایڈوس کے کیش فلو میں خلاء آیا ہے ہم اپنے تمام گاہکوں کے ساتھ کام کر رہے ہیں تاکہ بقایا جات ادا ہوں اور رکیش فلو کی خلاء کو کم کیا جائے۔

۴۔ جیسا پہلے بیان کیا گیا ہے پاکستان تیل اور گیس صنعت نے 2017-2018 سے خسارے کا تجربہ کر رہی ہے 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 کمپنیوں کے ساتھ فراہمی کے معاہدوں کے لیے غیر ملکی فرم کی جانب سے ڈمپنگ سرگرمیوں کا سامنا کیا ہے۔ ایڈوس پاکستان نے فیصلہ کیا ہے کہ وہ نیشنل ٹیریف کمیشن کے ساتھ مل کر شکایت کریں گے ایٹنی ڈمپنگ آلات کے خلاف ایکشن لیں اور مقامی فرم کو برابر مقابلے کے لیے یقینی بنائے۔

۵۔ کمپنی کے متوقع نقصانات کا تخمینہ ایک اندازے پر متعین کیا گیا ہے جس سے پتہ چلتا ہے کہ کمپنی کا کیش فلو کتنا متوقع ہے اور اس متوقع کیش فلو میں سے گورنمنٹ سے کتنے قابل واپسی ٹیکس کی وصولی ہوگی اور حصص یافتگان (ڈائریکٹرز) کی طرف سے کتنی مالی معاونت ہوگی، جس سے کمپنی کے معاملات چلائے جاسکتے ہیں۔ لاگت کم کرنے کیلئے اقدامات کرنے، موجودہ گاہک صاحبان کو فروخت بڑھانے، نئے گاہک بنانے، آمدن کے وسائل بڑھانے، اُن آرڈرز کو لینے پر توجہ مرکوز رکھنے، جن میں سرمایہ کم لگتا ہے اور جن کا ٹرن اراؤنڈ ٹائم بھی کم ہے، کی بابت مالی سال 2019-2020 میں کمپنی کی انتظامیہ نے ایک پلان تشکیل دیا۔ مذکورہ پلان کی اصل تفصیل ڈائریکٹرز کی رپورٹ برائے مالی سال 2018-19 میں دی جا چکی ہے۔ یہ پلان کامیاب ثابت ہوا جس کے نتیجے میں موجودہ COVID 19 اور تیل و گیس کے بحران جس نے پوری دنیا کو اپنی پلٹ میں لیا ہوا ہے، کے باوجود بھی کمپنی کو سال میں خاطر خواہ کم نقصان ہوا تاہم، موجودہ کوویڈ 19 بحران اور عالمی سطح پر تیل کے بحران کے امتزاج کی وجہ سے پاکستان میں ہونے والی سوراخ کرنے والی سرگرمیوں میں زبردستی واقع ہوئی ہے۔ بطور ای ڈی او ایس کارخانہ دار کی مصنوعات پاکستان پر مبنی ای اینڈ پی ایس کے لئے، کمپنی کی کارکردگی براہ راست ملک میں تیل کی سرگرمی سے منسلک ہے۔ مزید برآں، مقامی مینوفیکچررز کو فراہم کی جانے والی حفاظت آہستہ آہستہ واپس لے لی گئی ہے، اور غیر ملکی سپلائرز جو 18 فیصد تک برآمد میں چھوٹ وصول کرتے ہیں وہ مقامی صنعت کی قیمت پر پاکستان میں سامان پھینک رہے ہیں۔ ہم نے یہ معاملہ متعلقہ حکام کے ساتھ اٹھایا ہے، اور کمپنی کی فروخت میں مستقبل میں اضافے کا انحصار بیرونی عوامل پر ہے۔ مزید برآں، ENI اور Weatherford جیسے بڑے مؤکلوں نے پاکستان مارکیٹ سے علیحدگی کا اعلان کیا ہے، اس کا فروخت پر بھی منفی اثر پڑے گا۔ انتظامیہ موجودہ صلاحیتوں کو دیگر صنعتوں/منڈیوں کی خدمت کے لئے استعمال کرنے کے لئے سرگرمی سے تلاش کر رہی ہے۔ انتظامیہ ان غیر متوقع حالات میں اپنی سرگرمیاں جاری رکھنے

کے لئے اپنی بہترین کوششیں کر رہی ہے۔

ڈائریکٹر اور کمپنی کی مینجمنٹ کو مناسب اور مضبوط توقعات ہیں کہ کمپنی اپنے پاس کافی وسائل کی بدولت بہتر مستقبل کے لئے اپنی سرگرمیاں جاری رکھ سکتی ہے۔

۶۔ مستقبل کے کیش فلو اور کمپنی کی ضروریات کو مد نظر رکھتے ہوئے مینجمنٹ نے فیصلہ کیا ہے کہ 30 جون 2020 کے سال میں اختتام میں منافع ادا نہیں کیا جائے گا۔

۷۔ تجویز کردہ لیسٹیڈ کمپنی (کوڈ آف کارپوریٹ گورننس) ریگولیشن ۲۰۱۹، کے سیکشن ۱۱۹ اور مضمون ۷۱ کے مطابق ڈائریکٹر ٹریگ پروگرام کے مطابق عمل کرنے پر مینجمنٹ نے ارادہ کیا ہے۔

ڈائریکٹر نے اس موقعے میں مینجمنٹ، ورکر پرنسپل سپونسر، بینکر اور حصص داران کے تعاون اور حمایت کرنے پر ان کا شکریہ ادا کرتے ہیں۔

کارپوریٹ گورننس پر بیان:

- (ا) بورڈ تصدیق کرتے ہوئے خوشی محسوس کرتا ہے۔
- (ب) کمپنی کے حکمرانی طریق کار کی تاثیر اور کمپنی کے لئے کارپوریٹ حکمت عملی کی نگرانی کرنے والا وژن اور مشن بیان بورڈ کے ذریعہ جب مناسب سمجھا جاتا ہے تو تیار، جانڈہ اور اپنا لیا جاتا ہے۔
- (ت) ایک باضابطہ ضابطہ اخلاق موجود ہے جو کمپنی میں اخلاقی ثقافت کو فروغ دیتا ہے بورڈ حمایتی پالیسیاں طریقہ کار کے ساتھ ساتھ پوری کمپنی میں ضابطہ اخلاق کو پھیلانے کے لئے مناسب اقدامات کرتا ہے۔
- (ث) غیر اخلاقی طریقوں سے پیدا ہونے والی شکایات کی نشاندہی اور ان کے لئے کافی سسٹم اور کنٹرول موجود ہے۔
- (ج) اندرونی کنٹرول کا نظام قائم کیا گیا ہے جو کمپنی کے اندر ہر سطح پر موثر طریقے سے نافذ اور برقرار ہے۔
- (چ) بورڈ کی اپنی کارکردگی بورڈ کے ممبران اور اس کی کمیٹیوں کے سالانہ ارتقا کے لئے ایک باضابطہ اور موثر طریقہ کار وضع کیا گیا ہے۔
- کہ مالی بیانات جو لسٹڈ کمپنیوں کی مینجمنٹ نے تیار کئے ہیں وہ معاملات، اپریشنوں کے نتائج، کیش فلو اور اکوئیٹی میں تبدیلیوں کے بارے میں اچھے ہیں۔
- (ح) لسٹڈ کمپنیوں کے اکاؤنٹس کے لئے مناسب رجسٹر مرتب کئے گئے ہیں۔
- (خ) تخمینوں کے حساب اور مالی بیانات کی تیاری میں لگاتار مناسب اکاؤنٹنگ پالیسیاں اپنائی گئی ہیں جو معقول اور غلطندانہ ہیں۔
- (د) پاکستان میں مروجہ انٹرنیشنل فنانشل رپورٹنگ معیار کو مالی بیانات کی تیاری میں اپنایا گیا ہے بمعہ نوٹس جو کمپنی ایکٹ 2017 کے مطابق ہیں۔
- (ڈ) اندرونی مالیاتی کنٹرول بالکل ٹھیک ہے جس کو مکمل طور پر لاگو کیا گیا ہے اور جس کی نگرانی کی گئی ہے
- (ذ) معقول توقعات پائی جاتی ہیں کہ کمپنی کے پاس کافی وسائل ہیں جس سے وہ اپنے اپریشنز جاری رکھ سکتی ہے۔
- (ر) کارپوریٹ گورننس کی بہترین پریکٹس کی وجہ سے کسی میٹرل (مواد) کی رواگتی نہیں پائی جاتی۔
- (ڑ) گذشتہ سال کے مقابلے میں کمپنی کی آمدن میں اضافہ واقع ہوئی ہے۔ اس مالی سال کے دوران آرڈرز کی وصولی میں کمی، سیلز کی کمی کا واقع ہونا ہے۔
- (س) کمپنی کی مینجمنٹ پرامید ہے کہ تیل کی قیمتوں میں استحکام کے ساتھ پاکستان میں جاری ای اینڈ پی کمپنیوں کی طرف سے ایکسپوریشن میں تیزی آئی گی جس وجہ سے کمپنی کو آرڈرز موصول ہوں گے جس وجہ سے کمپنی کی ترقی کا مستقبل بھی پائیدار ہوگا۔ کمپنی کی مینجمنٹ سیلز کے حجم میں بہتری کے لئے اپنی برنس کو مختلف انواع میں تقسیم پر توجہ مرکوز کر رہی ہے۔
- (ش) کمپنی سربز ماحول کو مکمل سپورٹ کرتی ہے اور شجرکاری میں شامل ہے تاکہ آلودگی میں کمی لائی جاسکے۔
- (ص) کمپنی کارپوریٹ کی سماجی ذمہ داریوں کو مکمل سپورٹ کرتی ہے اور ان پر عملی طور پر عملدرآمد کر رہی ہے۔

(ض) ڈائریکٹرز تمام ضروری اقدامات اٹھا رہے ہیں تاکہ کمپنی کا انٹرنل کنٹرول سسٹم بمعہ مالی بیانات کی منظوری کی تاریخ کو پر اثر اور جدید بنایا جاسکے بشمول میٹرل کنٹرول، مالی بیانات، اپریشنل اور عملدرآمد کنٹرول جو کمپنی کی بزنس کو پر اثر بنائیں۔

(ط) آڈٹ کمیٹی کی سفارش پر بورڈ گرانٹ تھورنٹن انجم رحمان چارٹرڈ اکاؤنٹنٹس کی تعیناتی کی سفارش کرتا ہے کہ وہ کمپنی کے اکسپوزس آڈیٹرز کے طور مالی سال اختتام 30 جون سال 2021 کے لئے اپنی خدمات جاری رکھیں۔

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

(ع) کمپنی میں شیئر ہولڈنگ کا طریقہ سیکشن (f) 227(2) کمپنی قانون 2017 کے مطابق ہے جو رپورٹ ہذا کے ساتھ منسلک ہے۔

بورڈ کی تشکیل

(1) ڈائریکٹر کی کل تعداد نو ہے۔

(ا) مرد پانچ

(ب) عورت چار

(2) بورڈ کی تشکیل مندرجہ ذیل ہے۔

آزاد ڈائریکٹر

☆ مسٹر محمد فہد شفیع

غیر ایگزیکٹو ڈائریکٹر

☆ مسٹر بختیار اکبر انصاری

ایگزیکٹو ڈائریکٹر

☆ مسٹر ضیاء اکبر انصاری

☆ مسٹر شہر یار اکبر انصاری

☆ مسٹر اسفندیار اکبر انصاری

غیر ایگزیکٹو ڈائریکٹر (عورت)

☆ مس صہجی

☆ مسز شوبارہ ضیاء

☆ مسز عائشہ مسعود

☆ مسز آملین انصاری

بورڈ موجودہ دور اقتدار 20 اکتوبر 2020 پر ختم ہو جائے گا۔

بورڈ کمیٹی

آڈٹ کمیٹی

ممبر چیئرمین

☆ مسٹر محمد فہد شفیع

ممبر

☆ مس صہجی

ممبر

☆ مسز آملین انصاری

انسانی وسائل اور معاوضے کمیٹی

☆ مس صبوحی	ممیر سیکرٹری
☆ مسز شوبارہ ضیاء	ممیر چیئرمین
☆ مسز عائشہ مسعود	ممیر
☆ مسز آملین انصاری	ممیر
☆ مسٹر محمد فہد شفیع	ممیر

بورڈ کے اجلاس اور سالانہ جنرل اجلاس

مالی سال کے دوران اے جی ایم اور ای او جی ایم کے چھ عدد اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر اور سی او او کی حاضریوں کی تفصیل مندرجہ ذیل ہے :

تعداد حاضری	نام ڈائریکٹر اور سی او او
06	☆ مسٹر ضیاء اکبر انصاری
03	☆ مسٹر جمال اکبر انصاری (سابقہ ڈائریکٹر)
06	☆ مس سبنہ انصاری (سابقہ ڈائریکٹر)
06	☆ مس صبوحی
03	☆ مسز عظمیٰ جمال (سابقہ ڈائریکٹر)
06	☆ مسز شوبارہ ضیاء
03	☆ مسٹر طلحہ اکبر انصاری (سابقہ ڈائریکٹر)
06	☆ مسٹر شہریار اکبر انصاری
06	☆ مسٹر محمد فہد شفیع
03	☆ مسٹر اسفندیار اکبر انصاری
03	☆ مسز عائشہ مسعود
03	☆ مسز آملین انصاری
03	☆ مسٹر بختیار اکبر انصاری

فی حصہ آمدنی:

فی حصہ آمدنی برائے مالی سال اختتام 30 جون سال 2020 (4.29) روپے ہے۔

کارپوریٹ اجتماعی ذمہ داریاں :

اڈوس پوری کوشش کرتی ہے کہ وہ ایک ذمہ دار کارپوریٹ شہری ہے جو اس کے اجتماعی فرائض سے آگاہ ہے اور یہ ترقی، میڈیکل، اجتماعی اور رفاہ عامہ کی ترویج کے لئے اپنی سرگرمیوں کو جاری رکھے ہے تاکہ لوکل کمیونٹی کو عطیات کے ذریعے فائدہ پہنچا سکے۔

شیر ہولڈنگ کی اقسام اور طریقہ :

شیر ہولڈنگ کی اقسام اور ان کا طریقہ کمپنی ایکٹ 2017 کے مطابق بتایا گیا ہے جو رپورٹ ہذا کے ساتھ منسلک ہے۔ اضافی معلومات درج ذیل ہیں:

شیر ہولڈنگ کی اقسام	شیر ہولڈرز کی تعداد	شیرز جو لئے گئے	فیصد
مالیاتی ادارے	3	50700	00.77%
افراد	807	6530899	99.21%
جائٹ شاٹ کمپنیاں	3	1001	00.02%
ٹوٹل	814	6582600	100%
مالیاتی ادارے	شیرز کے مالک	فی صد	
☆ نیشنل بینک آف پاکستان	50000	0.760	
☆ بینکز اکویٹی لمیٹڈ	400	0.006	
☆ ایشین ڈویلپمنٹ بینک	300	0.004	
جائٹ شاٹ کمپنیاں			
☆ احسان کاٹن پروڈکٹس (پرائیویٹ) لمیٹڈ	1000	0.015	
☆ میپل لف کمپنیل لمیٹڈ	1	0.000	

ڈائریکٹرز، سی ای او اور ان کے شریک حیات:

42.82	2818500	سی ای او/ڈائریکٹر	مسٹر ضیاء اکبر انصاری
10.33	680200	ڈائریکٹر	مسٹر شہر یار اکبر انصاری
10.33	680000	ڈائریکٹر	مسٹر اسفندیار اکبر انصاری
0.34	22000	ڈائریکٹر	مسز شوبار انہ ضیاء
0.002	100	ڈائریکٹر	مسز عائشہ مسعود
0.30	20000	ڈائریکٹر / سی ایس	مس صوبی
0.002	100	ڈائریکٹر	مسز آنکلین انصاری
10.33	680000	ڈائریکٹر	مسٹر بختیار اکبر انصاری
0.002	100	ڈائریکٹر	مسٹر محمد فہد شفیع

سی ای او، کمپنی سیکرٹری، سی ایف او اور ان کے شریک حیات نے مالی سال اختتام 30 جون 2020 کے دوران کمپنی کے شیرز کی خرید و فروخت نہیں کی۔ ماسوائے محترم ضیاء اکبر انصاری، محترم شہر یار اکبر انصاری، اسفندیار اکبر انصاری اور محترم بختیار اکبر انصاری کے، 453750,680000,680000

اور 551000 حصص بالترتیب جمال اکبر انصاری سے حاصل کیے ہیں۔ جبکہ محترم بختیار اکبر انصاری نے مسز عظمیٰ جمال اور اکبر ایسوسی ایٹس (پرائیویٹ) لمیٹڈ سے 23000 اور 106000 بالترتیب حاصل کیے ہیں۔ مزید یہ کہ مسز عائشہ مسعود اور مسز عائشہ انصاری نے 100 حصص محترم طہی اکبر انصاری سے حاصل کیے ہیں۔ مزید یہ کہ کمپنی کے ڈائریکٹرز کو دوسری ساتھ عدد لفظ کمپنیوں میں بطور ڈائریکٹر تعینات نہیں کیا گیا اور ان کا کوئی شریک حیات بروکریج کی بزنس میں شریک نہیں۔

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

شیئرز کی ملکیت کی تعداد

2818500

680200

680000

680000

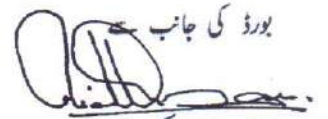
نام

مسٹر ضیاء اکبر انصاری

مسٹر شہر یار اکبر انصاری

مسٹر اسفندیار اکبر انصاری

مسٹر بختیار اکبر انصاری

بورڈ کی جانب سے


دستخط ضیاء اکبر انصاری

چیف ایگزیکٹو / ڈائریکٹر

اسلام آباد 07 اکتوبر 2020

SIX YEARS AT A GLANCE

	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Operating Results						
Sales	73,893,573	38,068,978	107,962,144	427,290,524	613,951,665	580,257,047
Gross Profit	10,163,452	314,559	13,812,751	92,295,224	95,167,307	105,078,851
Pre-Tax Profit/(Loss)	(20,422,603)	(67,836,620)	(64,870,824)	(16,665,980)	9,330,230	12,238,693
After-Tax Profit/(Loss)	(28,223,970)	(68,562,908)	(91,983,625)	(32,357,445)	5,706,814	4,068,202
Financial Position						
Current Assets	209,397,332	231,427,237	236,462,109	351,641,844	398,194,022	611,023,349
Current Liabilities	227,273,503	227,019,497	171,501,084	228,275,824	228,437,493	384,967,433
Operating Fixed Assets	39,327,195	46,026,125	54,786,722	60,541,561	70,906,597	45,338,977
Total Assets	264,980,487	280,028,822	292,153,428	436,168,108	475,921,560	659,039,228
Employees' Benefit Obligation	6,077,674	6,322,948	5,913,130	5,095,762	6,956,551	6,552,524
Shareholders' Equity	19,383,325	46,686,377	114,739,214	207,892,284	240,527,516	267,519,271
Ratios						
Current Ratio	0.92	1.02	1.38	1.54	1.74	1.59
Gross Profit to Sales	13.75	0.83	12.79	21.60	15.50	18.11
Net Profit/(Loss) to Sales	(38.20)	(180.10)	(85.20)	(7.57)	0.93	0.70
Breakup Value per share (Rs.)	2.94	7.09	17.43	31.58	36.54	40.64
Earnings/(loss) per share-Basic (Rs.)	(4.29)	(10.42)	(13.97)	(4.92)	0.87	0.62

CHAIRMAN'S REVIEW REPORT

I am pleased to welcome you at the 35th Annual General Meeting of your company and present on behalf of the board of directors, the annual report for the year ended June 30th 2020 along with my review on the performance of your company.

The calendar year of 2020 is proving to be an abnormal year with the devastating impact of pandemic (covid-19) over global economies are still prevailing in both manufacturing and service business industries.

The Board evaluates its own performance through a mechanism developed by it. The reason for this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the company.

For the Financial year ended June 30, 2020, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvements are an ongoing process leading to action plans. The overall assessment is based on an evaluation of integral components, including vision, mission and values, engagement in strategic planning, formulation of policies, monitoring the company's business activities, monitor financial resource management, effective fiscal oversight, equitable treatment of all employees and efficiency in carrying out the Board's responsibility

The composition of the Board of Directors reflects rich experience in the fields of business, engineering and Oil & Gas sector. The Board provides strategic direction to the management and is available for guidance. The Board approves the goals and ensures that a competent and energetic team is in position to achieve the goals set. The Board ensures compliance of all regulatory requirements by the Management.

The Board is ably assisted by its Committees. The Audit Committee reviews the financial statements and ensures that the accounts fairly represent the financial position of the Company. It also ensures effectiveness of internal controls. The HR Committee overviews HR policy framework and recommends selection and compensation of senior management team. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.

On behalf of the board of directors of your company .I would like to take this opportunity of acknowledging the devoted an sincere services of all employees and thankful to our shareholders



Mrs. Shoobarna Zia
Chairman – Board of Directors

Islamabad, October 07, 2020

چیئر مین کی جائزہ رپورٹ

مجھے خوشی ہے کہ آپ کے سامنے بینیتسواں سالانہ اجلاس عام کہ موقع پر میں آپ کا استقبال کر رہی ہوں اور مالی نتائج جو 30 جون، سال 2020 پر آپ کی کمپنی کی کارکردگی سالانہ رپورٹ اپنے جائزہ کے ساتھ بورڈ آف ڈائریکٹرز کی جانب سے پیش کر رہا ہوں۔

2020 کا کیلنڈر سال ایک غیر معمولی سال ثابت ہو رہا ہے COVID-19 عالمی وبا صورتحال نے عالمی معیشتوں کو شدید متاثر کیا ہے۔ مینوفیکچرنگ اور سروس بزنس دونوں صنعتوں میں کاروبار کے مستقبل پر عدم تحفظ اور ان کے ناپید ہونے کا احساس اب بھی غالب ہے۔

بورڈ اپنی طرف سے تیار کردہ میکانزم کے ذریعے اپنی کارکردگی کا جائزہ لیتا ہے۔ اس جائزہ کا مقصد بورڈ کی مکمل کارکردگی کو یقینی بنانا ہے اور توقعات کے مطابق معیارات کا تعین کرنا ہے جو کہ کمپنی کے سیاق و سباق کے مطابق ہے۔

مالی سال برائے 30 جون 2020 کے لیے بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی ہے۔ بہتری ایک مستقل جاری رہنے والا عمل ہے جس کی مدد سے عملی منصوبہ بند یوں کو ممکن بنایا جاتا ہے۔ مجموعی جائزہ ضروری اجزاء کے انفرادی جائزے پر منحصر ہے جن میں دورانہی، نصب العین اور اقدار، حکمت عملی کے بنانے میں کردار، پالیسیز کی تشکیل، کمپنی میں جاری کاروباری سرگرمیوں کی نگرانی، مالیاتی وسائل کے انتظام کی نگرانی، موثر نگرانی، بورڈ کے کاروبار کو پورا کرنے میں ملازمین کے ساتھ منصفانہ سلوک اور بورڈ کی ذمہ داریوں کو موثر انداز سے پورا کرنا شامل ہیں۔

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

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

اس موقع پر میں آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے تمام ملازمین کی پر خلوص اور بے لوث خدمات کا تہ دل سے معترف ہوں اور ہمارے کاروباری شراکت داروں کا شکریہ ادا کرتی ہوں۔



مسز شوبارنہ ضیاء

چیئر مین بورڈ آف ڈائریکٹرز

اسلام آباد

۷ اکتوبر 2020

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Ados Pakistan Limited

**Review Report on the Statement of Compliance
contained in Listed Companies (Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Ados Pakistan Limited (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.


Grant Thornton Anjum Rahman
Chartered Accountants
Islamabad
October 07, 2020

INDEPENDENT AUDITOR'S REPORT

To the members of ADOS Pakistan Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **ADOS Pakistan Limited** (the Company), which comprise the statement of financial position as at June 30, 2020 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the loss, the comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern

We draw attention to note 1.2 which indicates that the Company has incurred substantial net loss after tax of Rs. 28,223,970 (2018: Rs. 68,562,908) resulting in total accumulated losses of Rs. 46,442,675 (Rs. 19,139,623) while current liabilities exceed current assets by Rs. 17,786,171 at the end. These conditions along with other matter as set forth in note indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

<p>International Financial Reporting Standard 16 “Leases” (IFRS 16) became applicable for the first time for the preparation of the Company’s annual financial statements for the year ended June 30, 2020. The Company has adopted IFRS 16 retrospectively with effect from July 1, 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in IFRS16.</p> <p>The application of the new standard gave rise to a right of use assets of Rs. 18,274,947 measured at the amount equal to the lease liability. Corresponding lease liability of Rs 18,274,947 were measured at the present value of the remaining lease payments, discounted using the Company’s incremental borrowing rate as of July 01, 2019. The measurement of the right-of-use assets and lease liabilities is based on assumptions such as discount rates and the lease terms including termination and renewal options. Hence, this is considered a key matter.</p> <p>The lease related disclosure included in Notes to the unconsolidated financial statements are as follows:</p> <ul style="list-style-type: none"> • The transitional impact of IFRS 16 is disclosed in note 3.2 to the financial statements; and • The lease related information has been disclosed in notes 7 and 21 to the financial statements. 	<p>Our audit procedures in this area included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding and evaluated the Company’s implementation process, including the review of the updated accounting policy and policy elections in accordance with IFRS 16; • We evaluated management assumptions, specifically the assumptions used to determine the discount rate, lease term and measurement principal; • Tested the factual inputs and calculation of the right-of-use asset and lease liability calculated by the management for lease contract; • Performed substantive procedures on the statement of profit or loss and the statement of financial position balances that were subject to the effect of IFRS 16; and • Assessed the modified retrospective application and adequacy of the Company’s disclosures of the impact of the new standard in the financial statements.
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Information Other than the Financial Statements and Auditor’s Report Thereon

Management is responsible for other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deducted at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Grant Thornton Anjum Rahman
Grant Thornton Anjum Rahman
Chartered Accountants
Place: Islamabad
October 7, 2020

ADOS PAKISTAN LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

		June 30, 2020	June 30, 2019
Note		-----Rupees-----	
ASSETS ~			
NON-CURRENT ASSETS			
Property, plant and equipment	6	39,327,195	46,026,125
Right of use asset	7	14,213,848	-
Intangible assets	8	1,355,940	1,694,924
Long term loans and advances	9	286,172	480,536
Long term deposits	10	400,000	400,000
Deferred taxation	11	-	-
		55,583,155	48,601,585
CURRENT ASSETS			
Stores, spares and loose tools	12	-	-
Stock in trade	13	57,294,108	75,310,663
Trade debts	14	11,261,654	12,590,637
Advances	15	577,119	923,651
Trade deposits and short term prepayments	16	2,682,621	1,827,855
Accrued interest on saving accounts		3,688	4,547
Tax refunds due from the Government	17	135,880,809	139,208,073
Cash and bank balances	18	1,697,333	1,561,811
		209,397,332	231,427,237
TOTAL ASSETS		264,980,487	280,028,822
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Authorized share capital		70,000,000	70,000,000
7,000,000 (June 30, 2019: 7,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid up share capital	19	65,826,000	65,826,000
Revenue reserve-unappropriated profit/(loss)		(46,442,675)	(19,139,623)
		19,383,325	46,686,377
LIABILITIES			
NON-CURRENT LIABILITIES			
Employees' benefit obligation	20	6,077,674	6,322,948
Lease liability	21	12,245,985	-
		18,323,659	6,322,948
CURRENT LIABILITIES			
Trade and other payables	22	43,125,707	111,151,760
Current portion of lease liability	21	3,459,824	-
Due to director and associated company	23	174,896,047	48,025,468
Profit payable on short term borrowings		-	903,274
Short term borrowings	24	-	61,151,833
Unclaimed dividend		5,791,925	5,787,162
		227,273,503	227,019,497
TOTAL EQUITY AND LIABILITIES		264,980,487	280,028,822
CONTINGENCIES AND COMMITMENTS			
	25		

The annexed notes 1 to 43 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE

DIRECTOR

ADOS PAKISTAN LIMITED
 STATEMENT OF PROFIT OR LOSS
 FOR THE YEAR ENDED JUNE 30, 2020

		June 30, 2020	June 30, 2019
	Note	-----Rupees-----	
Revenue-net	26	73,893,573	38,068,978
Cost of sales/services	27	(63,730,121)	(37,754,419)
Gross profit		10,163,452	314,559
Selling and distribution expenses	28	-	-
Administrative expenses	29	(43,015,208)	(46,003,236)
Other operating expenses	30	(778,000)	(19,382,164)
Other income	31	19,275,132	1,752,106
		(24,518,076)	(63,633,294)
Loss from operations		(14,354,624)	(63,318,735)
Finance cost	32	(6,067,979)	(4,517,885)
Loss before income tax		(20,422,603)	(67,836,620)
Taxation	33	(7,801,367)	(726,288)
Loss for the year		(28,223,970)	(68,562,908)
Loss per share - basic and diluted	34	(4.29)	(10.42)

The annexed notes 1 to 43 form an integral part of these financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

ADOS PAKISTAN LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019
	-----Rupees-----	
Loss for the year	(28,223,970)	(68,562,908)
Re-measurement gain on employees benefits obligation	920,918	510,071
Deferred tax charge on re-measurement gain on employees benefits obligation	-	-
Other comprehensive income for the year	920,918	510,071
	-	-
Total comprehensive loss for the year	(27,303,052)	(68,052,837)

The annexed notes 1 to 43 form an integral part of these financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

ADOS PAKISTAN LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

		June 30, 2020	June 30, 2019
	Note	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(20,422,603)	(67,836,620)
Adjustment for:			
Depreciation	6.2	10,782,645	8,704,550
Amortization	8	338,984	188,326
Provision and write offs	29.4	547,500	-
Provision for employees' benefit obligation	20	1,753,627	1,489,962
Interest income on banks	31	(49,550)	(127,216)
Interest on lease liability	32	2,215,862	4,517,885
(Gain) / loss on disposal of property, plant and equipment		(2,467,514)	394,331
		13,121,554	15,167,838
Operating loss before working capital changes		(7,301,049)	(52,668,782)
(Increase)/decrease in current assets			
Stock in trade		18,016,555	(19,828,963)
Trade debts		781,484	11,344,726
Advances		346,532	3,545,787
Trade deposits and short term prepayments		(854,766)	556,179
		18,289,805	(4,382,271)
Increase/(decrease) in current liabilities			
Trade and other payables		(68,197,899)	13,445,492
Profit payable on short term borrowings		(903,274)	758,020
Due to directors and associated company		126,870,579	11,796,521
Unclaimed dividend		4,763	(5,676)
Short term borrowings		(61,151,833)	29,151,833
		(3,377,664)	55,146,190
Cash generated from / (used in) operations		7,611,092	(1,904,863)
Profit paid on short term borrowings		-	(4,517,885)
Interest paid on lease liability		(2,215,862)	-
Tax withheld / paid		(5,209,877)	(2,336,900)
Profit realized on bank accounts		50,409	156,731
Long term loans and advances		194,364	24,061
Employees benefit obligations paid		(170,364)	(197,850)
		(7,351,330)	(6,871,843)
Net cash generated from / (used in) operating activities		259,762	(8,776,706)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(180,102)	(3,892,389)
Addition in intangible asset		-	(1,883,250)
Sale proceeds from disposal of property, plant and equipment		2,625,000	3,554,105
Net cash generated from / (used in) investing activities		2,444,898	(2,221,534)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liability		(2,569,138)	-
Net cash used in financing activities		(2,569,138)	-
Net increase / (decrease) in cash and cash equivalents		135,522	(10,998,240)
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 year		1,697,333	1,561,811

The annexed notes 1 to 43 form an integral part of these financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

ADOS PAKISTAN LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid up share capital	Revenue reserves Unappropriated Profit/(loss)	Total
	-----Rupees-----		
Balance as at July 01, 2018	65,826,000	48,913,214	114,739,214
Comprehensive income for the year			
Loss for the year ended June 30, 2019	-	(68,562,908)	(68,562,908)
Other comprehensive income for the year	-	510,071	510,071
	65,826,000	(19,139,623)	46,686,377
Balance as at July 01, 2019	65,826,000	(19,139,623)	46,686,377
Comprehensive income for the year			
Loss for the year ended June 30, 2020	-	(28,223,970)	(28,223,970)
Other comprehensive income for the year	-	920,918	920,918
Balance as at June 30, 2020	65,826,000	(46,442,675)	19,383,325

The annexed notes 1 to 43 form an integral part of these financial statements.



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 geographical location of factory of the Company is 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, service for fabrication and refurbishment of equipment and supply of spare parts used in oil and gas industry. The Company is also engaged in fabrication of vehicles in respect of bullet proofing protection.

1.2 Going concern

The Company incurred substantial net loss after tax of Rs. 28,223,970 (2019: Rs. 68,562,908) resulting in total accumulated losses of Rs. 46,442,675 (2019: Rs. 19,139,623) and current liabilities exceeded current assets by Rs. 17,786,171 at the year-end due to weak turnover and profitability. These conditions indicate the existence of material uncertainty which may cast significant doubt on the ability of the Company to continue as going concern and therefore it may be unable to 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, in current financial year, management has executed the plans to perform cost reduction activities, increasing sales from existing customers and addition of new customers, increasing revenue sources, focused on securing orders which have a low working capital requirement along with lower turnaround times. This plan has proven to be successful, as a result of which the Company has reduced its loss for the year by a substantial amount, despite the current COVID - 19 crisis and resulting Oil & Gas crisis being faced globally. Based on the success of this plan, management will continue on the same path, with continual corrections and improvements based on the dynamic real world situation. In addition, a plan to improve the Company's liquidity is underway, and management expects positive results in the upcoming financial year. The management is confident in the Company's ability to meet its obligations, and is putting forward our best efforts to strive towards profitability regardless of external market shocks. Further management through following measures intends to improve the Company's operational performance, cash flow and financial position: (i) Reaching the finalization process for recovery of refundable income tax from Government; (ii) Taking steps for recovery of long outstanding receivables and have been able to recover some of them subsequently; (iii) Continue focusing on cost reduction activities, including reduction of personnel costs and general administrative expenses; (iv) Focusing orders for Re-fabrication of equipment from E & P companies operating in Pakistan; and (v) Improving relationship with customers and providing more competitive prices.

Based on the measures described above and the commitment of Directors, management has a reasonable expectation that the Company has adequate resources to continue its activity for the foreseeable future.

2 BASIS OF PREPARATION**2.1 Statement of compliance**

These financial statements of the Company have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except employees benefit obligation which is measured at present value of DBO determined through actuarial valuation.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statement are presented in Pakistani Rupees, which is the Company's functional and presentational currency. All financial information presented in Pakistani Rupees is rounded to nearest rupee, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

3 STATUS OF STANDARDS AND INTERPRETATIONS

3.1 New accounting standards, interpretations and amendments applicable during the year

There are certain standards amendments and interpretations that are mandatory for accounting periods beginning July 01, 2019 and are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statement except IFRS 16 as explained in note 3.2

3.2 IFRS 16 - Leases

The Company has adopted IFRS 16 for the first time for the annual reporting period commencing July 1, 2019.

This new standard replaces IAS 17 "Leases" along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases – Incentives' and SIC 27 'Evaluating the Substance of Transactions involving the Legal Form of a Lease').

Under the new lease standard, leased assets by the Company are being recognized on the statement of financial position of the Company with a corresponding liability. As a rule, lease expenses are no longer recorded in the statement of profit or loss from July 1, 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 expense from the newly recognized lease liability is presented in the cash flow from operating activities. The Company has assessed that this treatment will only apply to its rented offices. The Company has adopted the standard using modified retrospective approach from July 1, 2019, under which the Company has recognized right of use assets and lease liabilities at the date of initial recognition for leases previously classified as operating leases under IAS 17 at the present value of the remaining lease payments using the Company's incremental borrowing rate at the initial application date. The Company has opted to measure the right of use assets at an amount equal to the lease liabilities. Accordingly, no adjustment to equity has been made in these financial statements on adoption of the new policy and the comparative figures presented for 2019 have not been restated, i.e., it is presented, as previously reported, under IAS 17 and related interpretations. The incremental rate applied to lease liabilities recognized on July 1, 2019 was 14.72% per annum.

The impact of adoption of IFRS 16 is as follows:

	June 30, 2019	Impact of IFRS 16	July 1, 2019
	-----Rupees-----		
Assets			
Non-current assets			
Right of use assets - property plant and equipment	-	18,274,947	18,274,947
Non-current liabilities			
Lease liability	-	15,705,809	15,705,809
Current liabilities			
Current portion of lease liability	-	2,569,138	2,569,138
	-	18,274,947	18,274,947
Commitment reconciliation			Rupees
Operating lease commitments as at June 30, 2019			24,403,500
Discounting effects using incremental borrowing rate			(6,128,553)
Lease liability recognised on July 1, 2019			18,274,947

81

3.3 Standards, interpretations and amendments to accounting and reporting standards not yet effective

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

	Effective date (annual periods beginning on or after)
IFRS 3 Business Combinations - Definition of a Business (Amendments)	January 1, 2020
IFRS 7 Financial Instruments: Disclosures: Amendments regarding pre-replacement issues in the context of IBOR reform	January 1, 2020
IFRS 16 Leases - Amendments to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification	January 1, 2020
IAS 1 Presentation of Financial Statements - Amendments regarding the definition of materiality	January 1, 2020
IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include then assessing whether a contract is onerous	January 1, 2022
IAS 16 Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the assets for its intended use	January 1, 2022
IFRS 9 Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 1, 2023

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Following new standards and interpretation have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

- IFRS 1 First time Adoption of International Financial Reporting Standards
- The following interpretation issued by IASB have been waived of by SECP:
- IFRIC 12 Service concessions arrangements

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Operating segments

Operating segments are reported in a manner consistent with internal reporting by management of the Company. The management has determined that the Company has a single reportable segment as the Company of Directors view the Company's operation as one reportable segment.

4.2 Property, plant and equipment

Property, plant and equipment are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. Subsequently, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses if any, except leased hold land held for business use is stated at leased amount less amortized amount.

Material residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

Depreciation is provided on reducing balance method to write down cost less accumulated residual value of property, plant and equipment over the estimated useful lives of the assets at rates specified below.

Lease hold land	
• Factory building on leasehold land	10%
• Plant and machinery	10-20%
• Tools and lab equipment	10%
• Office equipment	10%
• Furniture and fixtures	10%
• Carpets and curtains	10%
• Vehicles	10%
• Lease hold Improvements	20%

Depreciation on additions is charged from the month of acquisition and on disposals up to the month the asset is in use. Maintenance and normal repairs are charged to profit or loss as and when incurred. Major renewals and improvements are capitalized.

Residual values are determined by the management as the amount it expects it would receive currently for an item of property, plant and equipment if it was already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful lives.

Useful lives are determined by the management based on the expected usage of assets, physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Disposal of non-current assets

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss. The net gain or loss arising from the sale of non-current assets is generally included in "other income" or "other operating expense" in the statement of profit or loss.

Impairment of non-financial assets

The carrying amounts of non financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each balance sheet date. Reversals of the impairment loss are restricted to the original cost of the assets. An impairment loss or reversal of the impairment loss is recognized in or charged to income for the year.

4.3 Leased assets

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. To assess whether a contract contains a lease, Company considers whether the contract conveys the right to control or use an identified asset by:

- the contract involves the use of an identified asset either explicitly or implicitly. The asset should be physically distinct or represent substantially all the capacity of the asset. If the supplier has the right of substitution, then the asset is not identified,
- The Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used

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Right-of-use assets

The Company recognizes a right-of-use asset and corresponding lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Policy applicable before 01 July 2019**Leases classified as operating leases under IAS - 17**

Leases in which a significant portion of the risks and rewards of ownership were retained by the lessor, were classified as operating leases. Contractual payments under operating lease contracts were charged on a straight line basis to the statement of profit or loss unless another systematic basis was more representative of the underlying use of such assets.

4.4 Intangible assets

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

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

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

4.5 Financial instruments

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

4.6 Financial assets

The Company classifies its financial assets into following three categories:

- fair
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

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

(i) Amortized cost

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

(ii) Fair value through other comprehensive income

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

(iii) Fair value through profit or loss

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

4.7 Financial Liabilities

The Company classifies its financial liabilities in the following categories:

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

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

a) Fair value through profit or loss

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

b) Amortized cost

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

Offsetting

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

Impairment of financial assets:

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

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

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

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

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



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

Simplified approach for trade debts

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

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

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

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

4.8 Stores, spares and loose tools

Stores and loose tools are valued at lower of cost and net realizable value (NRV). Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Non significant stores and loose tools are charged to profit or loss when purchased.

4.9 Stock in trade

Stock in trade is valued at lower of cost or net realizable value. Stock in trade comprise of raw-material, work in process and finished goods. Cost of raw material is determined on weighted average purchase cost while work in progress and finished goods includes direct material, labor and appropriate manufacturing overheads. Purchase cost includes invoice value and other related charges paid thereon.

Net realizable value signifies the estimated selling price in ordinary course of business less the estimated costs of completion and estimated cost necessary to make the sale.

4.10 Cash and cash equivalents

Cash and cash equivalents comprise cash and cheques in hand, bank balances, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and running finances under mark up arrangements.

4.11 Taxation

a) Current

Provision for current taxation is based on taxable income at the current tax rates after taking into account tax rebates and tax credits available, if any, and tax paid on presumptive basis. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

b) Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amount of the assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted at the balance sheet date. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be offset against future taxable profit and the carrying amount of the deferred tax asset is reviewed at each balance sheet date. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

8

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Changes in deferred tax assets or liabilities are recognized as a component of tax expense in the statement of profit or loss, except where they relate to items that are charged or credited directly to the statement of comprehensive income in which case the related deferred tax is also charged or credited directly to the statement of statement of comprehensive income.

Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it becomes probable that future taxable profit will allow deferred tax asset to be recovered.

4.12 Employees' retirement benefits

The Company operates an unfunded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Provision is made annually to cover obligations under the scheme in accordance with actuarial recommendations. Projected Unit Credit Method has been used for actuarial valuation carried out by an independent actuary as of 30 June, 2020. The results of current valuation are summarized in note: 20.

The actuarial gains or losses at each evaluation date are charged to statement of comprehensive income. The amount recognized in the balance sheet represents the present value of defined benefit obligations.

Calculation of gratuity requires assumptions to be made of future outcomes which mainly increase in remuneration, expected long term return on plan assets and the discount rates used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

4.13 Provisions

Provision is recognized when the Company has a present obligation as a result of past event, probably will result in an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Long term provisions are discounted to their present values, where the time value of money is material.

4.14 Revenue recognition

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

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

4.15 Other income

Scrap sales and miscellaneous receipts are recognized on realized amounts.

Interest income is recorded on a time proportional basis.

4.16 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pakistani Rupees at the rates of exchange prevailing on the date of transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pakistani Rupees at the exchange rates prevailing at reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary assets and liabilities items at year end exchange rates are recognized in profit or loss for the year.

4.17 Equity and reserves

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

Revenue reserve include all current and prior period profits as disclosed in the statement of profit or loss.

4.18 Proposed dividends and transfer between reserves

Dividend declared and transfers between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognized in the financial statements in the period in which such dividends are declared/transfers are made.



4.19 Expense recognition and borrowing costs

Operating expenses are recognized in profit or loss upon utilization of the service or at the date of their origin. Interest expenses are reported on an accrual basis. Borrowing costs relating to the acquisition, construction or production of a qualifying asset are recognized as a part of the cost of that asset. All other borrowing costs are recognized as an expense in the period in which these are incurred.

4.20 Contingent liability

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.21 Earning per share

The Company presents basic and diluted earning per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4.22 Ijarah Contracts

Leases under Shariah compliant Ijarah contracts, where significant portion of the risk and reward of ownership is retained by the lessor, are classified as Ijarah. Rentals under these arrangements are charged to statement of profit or loss on straight line basis over the lease term.

5 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and judgments are continually evaluated and are based on historical expenditure and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within next financial year are outlined below:

- (a) Depreciation on property, plant and equipment (note: 4.2);
- (b) Recoverable amount and related impairment of depreciable, amortizable asset and financial assets (note: 4.2 & 4.7);
- (c) Provision for taxation and related deferred tax asset or liability (note: 4.11);
- (d) Liability against employees' benefit (note: 4.12); and
- (e) Other provision and contingent liabilities (note: 4.13 & 4.20).

However, assumptions and judgments made by the management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the foreseeable period.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

6 PROPERTY, PLANT AND EQUIPMENT

Particulars	Lease hold land	Factory building on lease hold land	Lease hold Improvements	Plant and machinery	Tools and lab equipment	Office equipment	Furniture and fixture	Carpets and curtains	Vehicles	Total
Rupees										
Cost										
Balance as at July 01, 2019	15,663,368	20,242,352	5,661,657	84,290,913	6,725,396	11,157,361	3,228,457	143,111	45,308,770	192,421,385
Additions	-	-	-	-	-	180,102	-	-	-	180,102
Disposals	-	-	-	-	-	-	-	-	(330,750)	(330,750)
Balance as at June 30, 2020	15,663,368	20,242,352	5,661,657	84,290,913	6,725,396	11,337,463	3,228,457	143,111	44,978,020	192,270,737
Accumulated Depreciation										
Balance as at July 01, 2019	(9,814,458)	(18,567,776)	(1,193,034)	(73,693,777)	(5,606,602)	(6,254,219)	(2,641,076)	(131,032)	(28,493,286)	(146,395,260)
Disposals	-	-	-	-	-	-	-	-	173,264	173,264
Depreciation for the year (Note: 6.2)	(584,892)	(167,458)	(893,724)	(1,059,716)	(111,880)	(502,321)	(58,744)	(1,208)	(3,341,603)	(6,721,546)
Balance as at June 30, 2020	(10,399,350)	(18,735,234)	(2,086,758)	(74,753,493)	(5,718,482)	(6,756,540)	(2,699,820)	(132,240)	(31,661,625)	(152,943,542)
Carrying amount as at June 30, 2020	5,264,018	1,507,118	3,574,899	9,537,420	1,006,914	4,580,923	528,637	10,871	13,316,395	39,327,195
Cost										
Balance as at July 01, 2018	15,663,368	28,817,986	2,276,329	84,290,913	6,460,580	11,140,116	3,003,457	143,111	54,808,770	206,604,630
Additions	-	-	3,385,328	-	264,816	17,245	225,000	-	-	3,892,389
Disposals	-	(8,575,634)	-	-	-	-	-	-	(9,500,000)	(18,075,634)
Balance as at June 30, 2019	15,663,368	20,242,352	5,661,657	84,290,913	6,725,396	11,157,361	3,228,457	143,111	45,308,770	192,421,385
Accumulated Depreciation										
Balance as at July 01, 2018	(9,164,578)	(25,735,566)	(75,878)	(72,516,321)	(5,494,551)	(5,709,903)	(2,574,376)	(129,692)	(30,417,041)	(151,817,908)
Disposals	-	7,381,303	-	-	-	-	-	-	6,745,895	14,127,198
Depreciation for the year (Note: 6.2)	(649,880)	(213,513)	(1,117,156)	(1,177,456)	(112,051)	(544,314)	(66,700)	(1,340)	(4,822,140)	(8,704,550)
Balance as at June 30, 2019	(9,814,458)	(18,567,776)	(1,193,034)	(73,693,777)	(5,606,602)	(6,254,219)	(2,641,076)	(131,032)	(28,493,286)	(146,395,260)
Carrying amount as at June 30, 2019	5,848,910	1,674,576	4,468,623	10,597,136	1,118,794	4,903,142	587,381	12,079	16,815,484	46,026,125

ADOS PAKISTAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

6.1 Lease hold land consist of land measuring 10 acres in Industrial Estate of Hattar for setting up repair, maintenance and manufacturing of oil field and communication equipments allotted by Sarhad Development Authority (SDA) on a lease term basis of 99 years. A civil suit has been filed by Surban Textile Mills Limited against Chairman SDA and others for allotment of the same to the Company, further explained in note 25.3

		2020 Rupees	2019 Rupees
6.2	Depreciation charge for the year has been allocated as under:		
Cost of sales/services	Note: 27	1,963,580	2,196,949
Administrative expenses	Note: 29	4,757,966	6,507,601
		<u>6,721,546</u>	<u>8,704,550</u>

6.3 The Company's immoveable property (land and building) is located at Plot # 43, Phase III, Hattar Industrial Estate, Khyber Pukhtoonkhwa having 10 acres in Industrial Area of Hattar.

7 RIGHT OF USE ASSET

		2020 Rupees	2019 Rupees
Balance at beginning of the year		-	-
Right of use asset recognized on adoption of IFRS 16		18,274,947	-
Depreciation charged during the year	Note: 7.1	(4,061,099)	-
Closing net book value		<u>14,213,848</u>	<u>-</u>

7.1 Depreciation expene relating to right to use asset has been charged to administrative expenses in note 29

8 INTANGIBLE ASSETS

		2020 Rupees	2019 Rupees
Opening net book value		1,694,924	1,883,250
Additions during the year		-	-
Amortization charged during the year		(338,984)	(188,326)
Closing net book value	Note: 8.1	<u>1,355,940</u>	<u>1,694,924</u>

8.1 The value of intangible asset include design packages module for oilfield equipment design and drawing having finite useful life. Amortization is charged in cost of sales/services line item of the statement of profit or loss.

9 LONG TERM LOANS

		2020 Rupees	2019 Rupees
Considered good - secured			
Loans and advances to employees	Note: 9.1	<u>286,172</u>	<u>480,536</u>

9.1 The above loans and advances were given in accordance with the Company's service rules, with no fixed repayment terms and carry no mark up. Any outstanding loan due from employees is adjustable against employees benefit/obligation.

10 LONG TERM DEPOSITS

		2020 Rupees	2019 Rupees
Security deposit - non interest bearing		400,000	400,000
Margin deposits and bid money- doubtful		813,861	813,861
		<u>1,213,861</u>	<u>1,213,861</u>
Less: Provision for impairment	Note: 10.1	(813,861)	(813,861)
Long term deposits		<u>400,000</u>	<u>400,000</u>
10.1 Provision for impairment			
Opening balance		813,861	813,861
- Additions during the year		-	-
Closing balance		<u>813,861</u>	<u>813,861</u>

11 DEFERRED TAX

Deferred tax asset of Rs. 64.523 million (2019: Rs. 36.488 million) has not been recognized due to uncertain realizability owing to the reasons mentioned in note 1.2 to these financial statements.

81

ADOS PAKISTAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

12 STORES, SPARES AND LOOSE TOOLS

	2020 Rupees	2019 Rupees
Stores	926,907	926,907
Loose tools	726,686	726,686
Stores, spares and loose tools	1,653,593	1,653,593
Less: Provision for impairment	Note: 12.1 (1,653,593)	(1,653,593)
Stores, spares and loose tools	-	-
12.1 Provision for obsolete and slow moving items		
Opening balance	1,653,593	1,653,593
- Additions during the year	-	-
Closing balance	1,653,593	1,653,593

13 STOCK IN TRADE

Raw materials	Note: 13.1	52,768,479	72,834,722
Work in progress		-	-
Finished goods		7,790,191	5,740,503
Stock in trade		60,558,670	78,575,225
Less: Provision for obsolete and slow moving stock	Note: 13.2 & 13.3	(3,264,562)	(3,264,562)
Stock in trade		57,294,108	75,310,663

13.1 This includes inventory in transit amounting to Rs. Nil (2019: Rs. 20,066 million) against confirmed order of customer.

	2020 Rupees	2019 Rupees
13.2 Provision for obsolete and slow moving items - Raw material		
Opening balance	1,780,562	1,780,562
- Additions during the year	-	-
Closing balance	1,780,562	1,780,562
13.3 Provision for obsolete and slow moving items - Finished goods		
Opening balance	1,484,000	1,484,000
- Additions during the year	-	-
Closing balance	1,484,000	1,484,000

14 TRADE DEBTS

Trade debts - unsecured		
Considered		
- good	11,261,654	12,590,637
- doubtful	80,172,824	80,172,824
	91,434,478	92,763,461
Less: loss allowance	Note: 14.1 (80,172,824)	(80,172,824)
Trade debts	11,261,654	12,590,637
14.1 Loss allowance		
Balance as at July 01	80,172,824	81,142,824
Allowance made during the year	-	-
Less: Reversal made during the year	-	(970,000)
Balance as at June 30	80,172,824	80,172,824

14.2 The status of past dues relating to trade debts has been disclosed in note 38.2 (b).

15 ADVANCES

	2020 Rupees	2019 Rupees
Advances - unsecured, considered good		
Short term-advances to suppliers	520,559	902,591
Short term loans and advances to employees against salaries	56,560	21,060
Advances	577,119	923,651

16 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Margin deposits and bid money	Note: 16.1	948,666	547,500
		948,666	547,500
Prepayments		1,733,955	1,280,355
Trade deposits and short term prepayments		2,682,621	1,827,855

16.1 This represents 100% cash margin against letter of credit outstanding at year end. (2019: bid money of Rs. 547,500 against tender for oil and gas field equipment and armoring of vehicles for different projects).

ADOS PAKISTAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

17 TAX REFUNDS DUE FROM THE GOVERNMENT		2020	2019
		Rupees	Rupees
Opening balance		138,472,299	137,318,855
Tax paid/deducted at source during the year		5,209,877	1,879,732
Less: provision for taxation	Note: 33	(7,801,367)	(726,288)
Advance tax - net of provision		135,880,809	138,472,299
Sales tax refunds		-	735,774
Tax refundable		135,880,809	139,208,073
18 CASH AND BANK BALANCES			
Cash in hand		-	2,264
Cash at banks:			
Local currency:			
Saving accounts	Note: 18.1 & 18.2	980,575	1,455,044
Current accounts		714,198	101,736
Foreign currency current accounts		2,560	2,767
Cash and bank balances		1,697,333	1,561,811
18.1 The range of interest on these saving accounts is 3.00 % - 6.00 % per annum (2019: 3.00 % - 7.00 % per annum).			
18.2 This includes an amount of Rs. 354,220 (2019: Rs. 1,200,000) under lien against bank guarantee.			
19 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL			
The share capital of the Company consists only of ordinary shares with a par value of Rs.10 each. Holders of share are entitled to dividends from time to time and are entitled to one vote at the general meetings of the Company.			
2020	2019	2020	2019
Number	Number	Rupees	Rupees
6,582,600	6,582,600	65,826,000	65,826,000
Ordinary shares of Rs. 10 each issued and fully paid in cash			
20 EMPLOYEES' BENEFIT OBLIGATION			
Employees' gratuity		6,077,674	6,322,948
The employees' benefit obligation as at the balance sheet date are as follows:			
Present value of defined benefit obligation		6,077,674	6,322,948
Net liability at the end of the year		6,077,674	6,322,948
Movement in the present value of defined benefit obligation (DBO) is as follows:			
Present value of DBO at the beginning of the year		6,322,948	5,913,130
Current service cost		929,413	983,434
Interest cost		824,214	506,528
Benefit payable		(907,619)	(415,801)
Benefit paid		(170,364)	(154,272)
Remeasurments:			
Actuarial (gain)/losses from changes in financial assumptions		(33,629)	30,614
Experience adjustments		(887,289)	(540,685)
Present value of defined benefit obligation at the end of the year		6,077,674	6,322,948
Expense recognized in profit or loss :			
Current service cost		929,413	983,434
Interest cost		824,214	506,528
Provision of employees' benefit		1,753,627	1,489,962
Expense is recognized in the following line items in profit and loss account:			
Cost of sale/services	Note: 27.2	1,050,968	1,095,560
Administrative expenses	Note: 29.1	702,659	394,402
		1,753,627	1,489,962
Principal actuarial assumptions used were as follows:			
Discount rate per annum		8.50%	14.25%
Expected rate of increase in eligible salary per annum		7.50%	13.25%
		SLIC	SLIC
Mortality rate		2001-2005	2001-2005
		Mortality table	Mortality table
Average expected remaining working life time of employees		9 years	8 years

ADOS PAKISTAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

20 EMPLOYEES' BENEFIT OBLIGATION (contd.)

These assumptions have been developed by management with assistance of independent actuarial appraisers. Discount rate is determined by reference to market yields on government bonds since long-term private sector bonds market is not deep enough in Pakistan. Rate of salary growth reflects regular/special increments and any promotional increase.

Detail of present value of employees' benefit obligation.

	2020	2019	2018	2017	2016
	-----Rupees-----				
Present value of defined benefit obligation	6,077,674	6,322,948	5,913,130	5,095,762	4,720,844

Sensitivity analysis:

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

	Employees' benefit obligation	
	Effect of 1% increase	Effect of 1% decrease
	Rupees	Rupees
Discount rate	(7,096,875)	8,421,774
Future salary increase	8,421,774	(7,086,052)

21 LEASE LIABILITY

	2020	2019
	Rupees	Rupees
Balance at beginning of the year	-	-
Impact of initial application of IFRS 16	18,274,947	-
Interest accrued	2,215,862	-
Payment during the year	(4,785,000)	-
	15,705,809	-
Current portion grouped under current liabilities	(3,459,824)	-
Balance at the end of the year	12,245,985	-

21.1 Future minimum lease payments as at June 30, 2020 are as follows:

	1 Year	2 - 5 Years	Total
	-----Rupees-----		
June 30, 2020			
Lease payments	5,263,500	14,028,838	19,292,338
Finance cost	(1,803,676)	(1,782,853)	(3,586,529)
Net present value	3,459,824	12,245,985	15,705,809

22 TRADE AND OTHER PAYABLES

	2020	2019
	Rupees	Rupees
Creditors	1,659,767	77,495,959
Accrued liabilities	32,629,189	25,850,720
Employees' benefit payable	5,477,366	4,579,747
Advance from customer	2,687,700	2,687,700
Sales tax payable	515,712	-
Taxes payable	109,239	490,903
Other liabilities	46,732	46,732
Trade and other payables	43,125,705	111,151,760

22.1 This include advance received from Saudi Relief Fund, amounting to Rs. 1.35 million (2019: Rs. 1.35 million) for the supply of rotary drilling rigs, the adjustment of which is subject to pending litigation as disclosed in note 25.2 to the financial statements and remaining amount represents advances received from customers pertaining to armouring of vehicles.

23 DUE TO DIRECTOR AND ASSOCIATED COMPANY

		2020 Rupees	2019 Rupees
Due to director	Note: 23.1	174,896,047	-
Due to associate company - Akbar Associates (Private) Limited	Note: 23.2	-	48,025,468
		<u>174,896,047</u>	<u>48,025,468</u>

23.1 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.

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

24 SHORT TERM BORROWINGS

		2020 Rupees	2019 Rupees
Short term borrowings	Note: 24.1	-	61,151,833

24.1 Short term borrowing facility represents karobar finance facility and import murabaha facility which 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 Company is in negotiation with bank for revising the facilities limits which are decreased to Rs. 50 million during the year. The per annum rate of profit is six month KIBOR + 1.75%.

25 CONTINGENCIES AND COMMITMENTS

25.1 The Company issued bank guarantee in favor of E&P Company amounting to Rs. 3 million (2019: Rs. 25.718 million) which is outstanding at the year end. Operating lease commitments have been accounted for under IFRS 16 (note 3.2) in current year (2019: Rs. 24,405,00).

25.2 M/s Saudi Relief Committee for Pakistan (SCRC) instituted a petition for the recovery of contractual amount Rs.6,750,000 + Penalty of 10% amounting to Rs. 675,000 together with damages of US\$ 1.4 million and Rs. 20 Million as damages, out of the said amount M/s SCRC was awarded an amount of Rs.6,750,000 + Penalty of 10% amounting to Rs. 675,000 rest of the claim of US\$ 1.4 million and Rs. 20 Million as damages was disallowed. M/s SCRC has now instituted execution petition for the recovery of awarded/contractual amount of Rs.6,750,000 + Penalty of 10% amounting to Rs. 675,000. The Islamabad High Court in an appeal filed by the Company has stayed the execution proceedings. Moreover, The civil judge Islamabad, vide order dated January 07, 2011 has drawn the decree sheet to make the aforesaid award rule of the court and against that order the Company has filed an appeal before the Islamabad High Court, Islamabad, which is pending adjudication. Further, an appeal has been instituted by the Company to challenge the legality and validity of the order dated March 11, 2015 whereby the executing court has passed an order for amendment of decree. Consequently the operation of the impugned order dated March 11, 2015 has been suspended and the appeal is pending adjudication. Management based on opinion of the legal advisor, is hopeful of a positive decision in its favor. Consequently, no provision has been made in these financial statements for payment of the contractual/awarded amount and the penalty.

25.3 Lease hold land includes Rs. 14.25 million relating to land measuring 10 acres in Industrial Estate of Hattar for setting up repair, maintenance and manufacturing of oil field and communication equipment's allotted by Sarhad Development Authority (SDA) on a lease term basis of 99 years. A civil suit has been filed by Surban Textile Mill Limited on May 02, 2008 against Chairman SDA and others for allotment of the same to the Company. The Company has become a party in the said suit to protect and project its rights in the suit land. The suit land has now been allotted to the Company and the proceedings of the case is in progress and there is no change in status from the last year. The management expects a favorable decision based on legal advisor assessments and merits of the case.

25.4 Rectification application has been filed by the Company to Inland Revenue Department for assessment year 2002-03 under section 156 of the repealed income tax ordinance 1979 read with section 221 (1A) of Income Tax Ordinance, 2001 for carrying forward of tax losses (business and un-absorbed depreciation) under section 35 of repeal ordinance read with section 57 of the Income Tax Ordinance, 2001. The correction requested by the Company was of Rs. 38,750,951 which was incorrectly made as Rs. 8,669,664. The Assistant Commissioner Inland Revenue (ACIR) vide its order dated March 03, 2011 rejected the rectification application and imposed additional penalty of Rs. 170,148 and Rs. 242,878 for tax year 2006 and 2007 respectively. On the application of the Company to Commissioner Inland Revenue (CIR) (Appeal-I) which directed ACIR vide order dated September 16, 2011 that the claim of the appellant as regards to brought forward losses has not been looked into in its proper perspective by the ACIR before imposing additional tax. It is directed that a proper position of brought forward losses may be determined first. Only then if there is any outstanding demand that has not been paid timely, additional tax may be imposed. The Inland Revenue Department and Company separately appealed to Appellate Tribunal Inland Revenue (ATIR), against the remand back order of CIR (Appeal-I). ATIR remanded back the case to Commissioner (Appeals) for disposal by passing speaking order on the ground of appeals. Consequently, the case is now pending with the CIR (Appeals-I) Islamabad and there is no change in status during the year. The management is confident that the case will be decided in the favor of the Company and consequently no provision for additional tax has been provided in these financial statements.



ADOS PAKISTAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

26 REVENUE-NET			
		2020	2019
		Rupees	Rupees
Gross sales		77,197,216	38,071,961
Less:			
- Trade discount		(135,000)	-
- Sales tax		(3,168,643)	(2,983)
Revenue-net of sales tax and trade discount		73,893,573	38,068,978
Revenue-net		73,893,573	38,068,978

27 COST OF SALES/ SERVICES			
Raw materials consumed	Note: 27.1	34,950,053	10,167,814
Salaries, wages and benefits	Note: 27.2	10,040,883	12,341,301
Factory rent		-	733,333
Repair and maintenance		94,830	260,999
Travelling and conveyance		100,180	282,401
Vehicle running and maintenance		37,961	72,517
Electricity, water and gas		2,037,183	1,790,911
Telephone and postage		86,748	184,961
Carriage and freight		942,577	904,450
Royalty and equipment rentals	Note: 27.3	3,944,697	2,617,881
Clearing and service charges		5,774,592	2,211,485
Security charges		2,640,000	2,396,260
Other factory overheads		1,116,837	1,593,157
Depreciation	Note: 6.2	1,963,580	2,196,949
Cost of sales/ services		63,730,121	37,754,419
27.1 Raw materials consumed			
Opening balance as on July 01		72,834,722	52,382,841
Add: Purchases during the year		14,883,810	30,619,695
		87,718,532	83,002,536
Less: Closing balance as on June 30	Note: 13	(52,768,479)	(72,834,722)
Raw materials consumed		34,950,053	10,167,814

- 27.2 These include an amount in respect of employees' benefit obligation of Rs.1,050,968 (2019: Rs.1,095,560) (refer to note:20).
- 27.3 This includes an amount of Rs. 3,257,771 (2019: Rs. 2,021,300), (USD 21,167 (2019: USD 14,500)) paid to American Petroleum Institute (API), a professional training and certification programs service provider for audit fee and monogram annual fee.

28 SELLING AND DISTRIBUTION EXPENSES			
		2020	2019
		Rupees	Rupees
Marketing expenses	Note: 28.1	-	-
Selling and distribution expenses		-	-

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

29 ADMINISTRATIVE EXPENSES

		2020 Rupees	2019 Rupees
Salaries and other benefits	Note: 29.1	12,686,646	11,263,037
Directors' remuneration		10,840,998	10,068,225
Travelling and conveyance		470,006	4,171,271
Rent, rate and taxes		493,676	5,008,227
Legal and professional charges		1,583,769	2,244,404
Fee and subscription		622,734	773,643
Electricity, gas and water		2,334,798	660,217
Repair and maintenance		772,790	1,322,596
Insurance		756,566	931,066
Printing, stationary and periodicals		691,742	394,213
Postage, telex and telephone		856,382	603,438
Entertainment and staff welfare		137,013	647,052
Depreciation	Note: 6.2 & 7	8,819,065	6,507,601
Amortization	Note: 8	338,984	188,326
Auditors' remuneration	Note: 29.2	370,000	645,000
Donations	Note: 29.3	646,753	336,986
Provision and write offs	Note: 29.4	547,500	-
Miscellaneous expenses		45,786	237,934
Administrative expenses		43,015,208	46,003,236

29.1 These include an amount in respect of employees' benefit obligation of Rs.702,659 (2019: Rs. 394,402) (refer to note: 20).

29.2 Auditors' remuneration

		2020 Rupees	2019 Rupees
Annual audit fee		212,500	425,000
Half-yearly review fee		47,500	95,000
Certification for regulatory purposes		62,500	125,000
Auditors' remuneration		322,500	645,000

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

29.4 Provision and write-offs

		2020 Rupees	2019 Rupees
Provision for bid money		547,500	-
Provision against stock in trade	Note: 13	-	-
Provision and write-offs		547,500	-

30 OTHER OPERATING EXPENSES

		2020 Rupees	2019 Rupees
Exchange loss - net		778,000	18,987,833
Loss on disposal		-	394,331
Other operating expenses		778,000	19,382,164

31 OTHER INCOME

Income from financial assets			
Interest income - banks		49,550	156,731
Recovery against loss allowance		-	970,000
		49,550	1,126,731
Income from non-financial assets			
Scrap sale		2,178,549	203,375
Gain on disposal of vehicles		2,470,289	-
Other income	Note: 31.1	14,576,744	422,000
		19,225,582	625,375
Other income		19,275,132	1,752,106

31.1 This include gain of Rs. 14,488,779 realized on settlement of vendor's liability.

ADOS PAKISTAN LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

32 FINANCE COST

	2020 Rupees	2019 Rupees
Profit against short term borrowings	3,751,344	4,260,019
Bank charges	100,773	257,866
Interest on lease liability	2,215,862	-
Financial cost	6,067,979	4,517,885

33 TAXATION

Current tax		
- for the year	1,108,404	475,862
- prior year	6,692,963	250,426
	7,801,367	726,288
Deferred tax	-	-
Income tax expense	7,801,367	726,288

33.1 This represent demanded income tax for tax year 2017 under section 122(1) of Income Tax Ordinance, 2001 as per amended order dated December 31, 2019.

33.2 Relationship between tax expense and accounting profit:

	2020 Rupees	2019 Rupees
Turnover	73,893,573	38,068,978
Tax rate (%age of turnover)	1.50%	1.25%
Tax on turnover	1,108,404	475,862
Tax impact of prior year income tax	6,692,963	250,426
Tax impact of deferred tax charged	-	-
Actual tax expense net	7,801,367	726,288

34 LOSS PER SHARE - BASIC AND DILUTED

Loss for the year - Rupees	(28,223,970)	(68,562,908)
Number of ordinary shares outstanding during the year	6,582,600	6,582,600
Loss per share-Rupees	(4.29)	(10.42)

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

35 RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, directors and other key management personnel:

	2020 Rupees	2019 Rupees
--	----------------	----------------

35.1 Transactions with Akbar Associates (Private) Limited

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

Expense paid by Akbar Associates (Private) Limited	433,050	11,796,521
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35.2 Transactions with key management personnel

The transaction with key personnel are disclosed in note: 36.

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

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

Name of related party	Basis of relationship	Percentage of shareholding 2020
Petrolog (Pvt.) Limited	Associate and common directorship	N/A
Razvi Mining (Pvt.) Limited	Associate and common directorship	N/A
Akbar Tahrab (Pvt.) Limited	Associate and common directorship	N/A
Akbar Chemicals (Pvt.) Limited	Associate and common directorship	N/A
Akbar Petroleum (Pvt.) Limited	Associate and common directorship	N/A
Akbar Trailer Manufacturing Company (Pvt.) Limited	Associate and common directorship	N/A
Akbar Vasal (Pvt.) Limited	Associate and common directorship	N/A
Herbontics (Pvt.) Limited	Associate and common directorship	N/A
A-One Grinding (Pvt.) Limited	Associate and common directorship	N/A

35.4 Transactions with chief executive officer (CEO)

	2020 Rupees	2019 Rupees
Funds transferred by CEO for operating expenses of the Company	25,013,895	9,797,148
Funds returned to CEO by the Company	20,868,630	9,797,148

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2020	2019	2020	2019	2020	2019
	Rupees		Rupees		Rupees	
Managerial remuneration	3,999,996	3,999,996	3,733,332	4,599,996	4,446,000	3,246,000
Travelling expenses	1,256,117	1,281,483	507,156	186,750	-	-
Utilities and medical	1,920,460	-	-	-	-	-
Employees benefits (Gratuity)	-	-	-	-	224,545	163,939
	7,176,573	5,281,479	4,240,488	4,786,746	4,670,545	3,409,939

Number of persons	1	1	2	2	2	1
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In addition to the above, the chief executive and two executive directors has been provided with Company maintained vehicles. Further Chief executives has also provided additional benefits of utilities, medical, travelling and fuel during the period. Certain Executive are also provided with the company maintained cars. No payment has been made to non- executive directors during the year.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of entity. The Company considers all members of their management team, including Chief Executive Officer and Directors to be its key management personnel. There are no transactions with key management personnel other than under their terms of employments or entitlements and as disclosed in note 23.1 and note 35.4.

37 PLANT CAPACITY

As such the plant capacity cannot be determined. Utilization of plant capacity depends upon total market demand and market share held.

38 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities exposes it to a variety of financial risks: market risk, credit risk and liquidity risk.

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company does not engage in the trading of financial assets for speculative purposes. All treasury related transactions are carried out within the parameters of those policies.

The Company finances its operations through equity and management of working capital with a view to maintaining a reasonable mix and to minimize risk.

Taken as a whole, risks arising from the Company's financial instruments are limited as there is no significant exposure to risks. Risks measured and managed by the Company are explained in the notes below.

38.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and service charge out rate will effect the Company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Foreign currency risk, interest rate risk and other price risk are described below:

(a) Foreign currency risk

Local transactions except sales are carried out in Pak Rupees while transactions abroad are carried out in US Dollars. Exposures to currency exchange rates arise from the Company's receivables, payables and some balances with banks, which are primarily denominated in other than Pak Rupees. The activities of the Company expose it to foreign exchange risk, primarily with respect of US Dollars.

To mitigate the Company's exposure to foreign currency risk, non-Pak Rupees cash flows are monitored in accordance with Company's risk management policies. Generally, the Company's risk management procedures distinguish short-term foreign currency cash flows from long-term cash flows, where the amounts to be paid and received in a specific currency are managed to largely offset one another.

Foreign currency denominated financial assets and liabilities, translated into Pak Rupees at the closing rate, are as follows:

	2020 USD	2019 USD
Financial assets	66,874	76,556
Financial liabilities	(6,667)	(469,034)
	60,207	(392,478)
Closing exchange rate at reporting date (Dollar to PKR)	160.1	164.5

The following table demonstrate the sensitivity to a reasonably possible change in US Dollar exchange rate, with all other variable held constant, of the Company's profit before taxation.

ADOS PAKISTAN LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

If the Pak Rupee had strengthened/(weaken) against the US Dollar by 10%, impact is as follow:

	2020	2019
	Rupees	Rupees
Effect on profit before tax	876,286	(5,869,330)
Effect on profit before tax	(876,286)	5,869,330

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in market interest rates. The Company exposure to interest rate risk is immaterial.

(c) Equity price risk

Equity price risk is the risk that the fair value of the equities changes as a result of changes in the level of equity indices and the value of individual stocks. The Company does not have exposure in listed equities as at June 30, 2020.

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The Company has no financial instruments under the fair value hierarchy. As at statement of financial position date, the carrying values of the financial assets and financial liabilities represents approximate their fair values.

Financial instruments measured at fair value using a valuation techniques.

The various fair value levels have been defined as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

38.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its trade debts, loans and advances, deposits, accrued interest and balances with banks. The credit risk on liquid funds is limited, as the counter parties are banks with reasonably good credit ratings, trade debtors are petroleum companies which have good credit worthiness, and employees who are also contractually bound and subject to final settlement.

(a) Exposure to credit risk

	2020	2019
	Rupees	Rupees
Classes of financial assets - carrying amounts		
Bank balances	1,697,333	1,559,547
Trade debts	11,261,654	12,590,637
Long term deposits	400,000	400,000
Loan and advances	342,732	501,596
Accrued interest	3,688	4,547
Trade deposits	948,666	547,500
	14,654,073	15,603,827

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

	2020	2019
	Rupees	Rupees
Companies - Petroleum	11,261,654	12,590,637
Banks and financial institutions	1,697,333	1,559,547
	12,958,987	14,150,184

The Company's management continuously monitors defaults of customers and other counterparties, identified either individual or by group. Where available at reasonable cost, external credit ratings or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

(b) Credit quality of major financial assets

Management considers that all the above financial assets that are not impaired on each of the reporting dates have good credit quality, including those that are past due.

38.2.1 Trade receivables

The aging of trade debts at the reporting date was:

	2020 Rupees		2019 Rupees	
	Gross debts	Allowance for ECL	Gross debts	Allowance for ECL
Not pas due				
Not more than 1 month	8,825,912	-	12,565,959	-
Past due				
More than 1 month but not more than 6 months	2,410,527	-	-	-
More than 6 months but not more than 1 year	-	-	24,678	-
More than 1 year but not more than 3 years	25,215	-	-	-
More than 3 years	80,172,824	80,172,824	80,172,824	80,172,824
	<u>91,434,478</u>	<u>80,172,824</u>	<u>92,763,461</u>	<u>80,172,824</u>

Bank balances

The credit risk for cash and cash equivalents is considered negligible, since the counter parties are reputable banks with high quality credit ratings.

The bank balances along with credit ratings are tabulated below:

Rating	Rating agency	2020 Rupees	2019 Rupees
A-1+	JCR-VIS	258,381	89,029
A-1	PACRA	1,438,952	1,470,518
		<u>1,697,333</u>	<u>1,559,547</u>

38.3 Liquidity risk analysis

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company follows an effective cash flow management and planning policy to ensure the availability of funds and to take appropriate measures for new requirements.

The Company maintains cash and balances with banks to meet its liquidity requirement for thirty (30) days period. Funding for liquidity needs is managed by fuds from directors.

At balance sheet date, the Company's liabilities have contractual maturities which are summarized below:

June 30, 2020	Contractual cashflows	Within a year	1 - 5 years
Trade and other payables	34,335,688	34,335,688	-
Due to director and associated companies	174,896,047	174,896,047	-
Lease liability	19,292,338	5,263,500	14,028,838
Unclaimed dividend	5,791,925	5,791,925	-
	<u>234,315,998</u>	<u>220,287,160</u>	<u>14,028,838</u>

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

June 30, 2019	Contractual casflows	Within a year	1 - 5 years
Trade and other payables	103,393,411	103,393,411	-
Due to director and associated companies	48,025,468	48,025,468	-
Profit payable on short term borrowings	903,274	903,274	-
Short term borrowings	61,151,833	61,151,833	-
Unclaimed dividend	5,787,162	5,787,162	-
	<u>219,261,148</u>	<u>219,261,148</u>	<u>-</u>

The above contractual maturities reflect the gross cash flows, which may differ with the carrying values of the liabilities at the balance sheet date. The Company shall manage it's liquidity crunch by applying the measures stated in note: 1.2 to the financial statements.

38.4 Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect income and expenditure account.

8

38.5 Summary of financial assets and liabilities by category

The carrying amounts of the Company's financial assets and liabilities recognized at the balances sheet date are categorized as follows:

	2020 Rupees	2019 Rupees
Financial assets measured at amortized cost		
- Bank balances	1,697,333	1,559,547
- Trade debts	11,261,654	12,590,637
- Long term deposits	400,000	400,000
- Loan and advances	342,732	501,596
- Accrued interest	3,688	4,547
- Trade deposits	948,666	547,500
	<u>14,654,073</u>	<u>15,603,827</u>
Financial liabilities		
Financial liabilities measured at amortized cost		
- Trade and other payables	34,335,688	103,393,411
- Due to director and associated company	174,896,047	48,025,468
- Profit payable on short term borrowings	-	903,274
- Short term borrowings	-	61,151,833
- Lease liability	15,705,809	-
- Unclaimed dividend	5,791,925	5,787,162
	<u>230,729,469</u>	<u>219,261,148</u>

39 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

Company is not subject to any externally imposed capital requirements.

Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity plus unappropriated profit less cash and cash equivalents as presented on the face of the balance sheet.

Consistent with industry practice and the requirements of lender, the Company monitors the capital structure on the basis of gearing ratio. The ratio is calculated as borrowings divided by total capital employed.

	2020 Rupees	2019 Rupees
Total equity	19,383,325	46,686,377
Cash and bank balances	(1,697,333)	(1,561,811)
Capital	17,685,992	45,124,566
Total equity	19,383,325	46,686,377
Overall financing	19,383,325	46,686,377
Capital-to-overall financing ratio	0.91	0.97

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

40 OPERATING SEGMENT

These financial statements have been prepared on the basis of single reportable segment.

- Oil field equipment sales and services represent 80% (2019: 27.85%) of the total sales of the Company.
- 100% (2019: 100%) of the Company's sales relate to customers in Pakistan.
- All non-current assets of the Company as at June 30, 2020 are located in Pakistan
- Two (2019: Two) of the Company's customers having net sales aggregating Rs. 71.2 million (2019: Rs.34.364 million) contributed towards 96% (2019: 90.26%) of the Company's sales. One (2019: One) customers individually exceeded 89% (2019: 46.06%) of total sales.

41 NUMBER OF EMPLOYEES

	2020 Number	2019 Number
Number of employees at the year end	43	50
Average number of employees	47	52

42 IMPACT OF COVID-19

A novel strain of corona virus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally. Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. Due to this, management has assessed the accounting implications of these developments on these financial statements, however, according to management's assessment, there is no significant impact of the effects of COVID-19 on the the financial statements.

43 GENERAL

43.1 General and corresponding figures

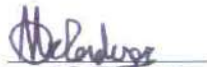
Amounts have been rounded to the nearest rupee unless otherwise stated. Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison, however, no significant reclassifications/ restatements is made in these financial statements.

43.2 Date of authorization for issue

These financial statements have been authorized for issue by the Board of Directors of the Company in its meeting held on October 07, 2020. 



CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE
DIRECTOR



PROXY FORM

The Secretary,
ADOS Pakistan Limited
2nd Floor, Block-2, F-J Plaza, College Road,
Markaz F-7,
Islamabad.

I, We _____
of _____
in the district of _____ being a member
ADOS Pakistan Limited and a holder of _____
Ordinary Shares as per Share Register

No. of Shares _____
Folio No. _____
Here by appoint _____ of _____ in the district
of _____ or failing him _____
of _____

as my/our proxy to vote for me/us on my/our behalf at the 35th Annual General Meeting of the company to
be held on Wednesday, October 28, 2020 at 11:00 a.m. at registered office at 2nd Floor, Block-2, FJ-Plaza,
College Road, Markaz F-7, Islamabad and at any adjournment thereof.

Signed this _____ day of _____ 2020.

Signature on
Five Rupee
Revenue Stamp

(Signature of Proxy)
Signature should agree with the
Specimen signature registered with the company.

Witness 1:

Name: _____

Signature _____

Address _____

CNIC or Passport No. _____

Witness 2:

Name: _____

Signature _____

Address _____

CNIC or Passport No. _____



NOTE:

1. A member entitled to attend and vote at Annual General Meeting may appoint another member, as his/her proxy to attend and vote on his/her behalf.
2. The instrument appointing proxy and the power of attorney or other authority under which it is signed or a notarially certified copy of power of attorney must be deposited at the registered office of the Company at least 48 hours before the meeting.

For Beneficial Owners as per CDC List

In addition to the above the following requirements have to be met:

3. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be submitted with the Company prior to the meeting.
4. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
5. The proxy shall produce his original CNIC or passport at the time of the meeting.
6. In case of a corporate entity, the Board of Director's Resolution/ Power of attorney with specimen signatures shall be submitted along with proxy form to the Company.

پراکسی فارم

سالانہ اجلاس عام

کمپنی سیکرٹری
اے۔ ڈی۔ او۔ ایس پاکستان لمیٹڈ
سینڈفلور، بلاک 2، FJ پلازہ،
کالج روڈ، مرکز 7-F اسلام آباد

میں / ہم _____ ساکن _____ بحیثیت ممبر اے۔ ڈی۔ او۔ ایس پاکستان لمیٹڈ، حامل
عام حصص یافتہ بمطابق شیئر رجسٹر، حصص کی تعدادی _____، فوئیو نمبر _____ بذریعہ دستاویز
ہذا _____ ساکن _____ کو یا پھر ان کی غیر موجودگی میں _____ ساکن
_____ کو اپنا / ہمارا پراکسی (مختار) مقرر کرتا ہوں / کرتے ہیں کہ وہ میری / ہماری جگہ کمپنی کے
پینتیسواں سالانہ اجلاس عام بدھ 12 اکتوبر 2020 کو بوقت صبح 11:00 یا کسی ملتوی شدہ تاریخ پر بمقام رجسٹرڈ آفس، سینڈفلور، بلاک 2، FJ پلازہ، کالج روڈ، مرکز 7-F اسلام
آباد میں منعقد ہوگا، میری جگہ ووٹ دے۔
بروز _____ مورخہ _____ 2020 کو دستخط کیے۔

برائے مہربانی پانچ روپے مالیت کارپوریٹ ٹکٹ چسپاں کریں

(پراکسی کے دستخط)
کمپنی کے ریکارڈز میں موجودہ نمونہ دستخط سے
مطابقت رکھنے چاہئیں۔

گواہ 1

نام _____
پتہ _____
قومی شناختی کارڈ / پاسپورٹ نمبر _____
دستخط _____

گواہ 2

نام _____
پتہ _____
قومی شناختی کارڈ / پاسپورٹ نمبر _____
دستخط _____

نوٹس:

- ۱۔ سالانہ اجلاس عام میں شرکت کرنے اور ووٹ ڈالنے کا حق رکھنے والا ممبر کو پراکسی کے طور پر منظور کر سکتا ہے۔
- ۲۔ پراکسی فارم ہذا باقاعدہ مکمل اور دستخط شدہ کمپنی کو اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل لازماً موصول ہونا چاہیے۔

C.D.C کی فہرست کے مطابق حصص یافتگان۔

- ۳۔ حصص یافتگان کے کامی شناختی کارڈ یا پاسپورٹ کی مصدقہ کاپی اور پراکسی فارم اجلاس سے قبل موازنہ کے ساتھ جمع کروائے جائیں گے۔
- ۴۔ پراکسی فارم پر 2 گواہان کا ذکر کیا جائے گا جن کے نام، پتہ جات اور شناختی کارڈ نمبر کا اندراج فارم پر کیا جائے گا۔
- ۵۔ اجلاس میں شرکت کرتے وقت پراکسی اپنا اصل شناختی کارڈ یا اصل پاسپورٹ پیش کرے گا/ گی۔
- ۶۔ کارپورٹی اشاعتی ہونے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/ مختار نامہ معہ نمونہ دستخط کمپنی کو پراکسی فارم کے ساتھ جمع کروائی جائیں گی۔

