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March 10, 2022

Mr. Zia Akbar Ansari
Chief Executive Officer
ADOS Pakistan Limited
Islamabad

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TYPO MISTAKE IN AUDITED FINANCIAL STATEMENTS OF ADOS PAKISTAN LIMITED

Dear Sir,

We have been requested by management of ADOS Pakistan Limited (the Company) to issue this letter to clarify the typo error in audited financial statement of the Company as notified by Pakistan Stock Exchange through its letter Ref. No. PSX/ C-923-467 dated March 07, 2022.

It is clarified that as per copy of allotment letter No: SDA/PM/HJE/ALLOT:/ 567/1073 dated June 27, 1989 available in the audit workpaper file, land located at plot no. 43, Phase III, Hattar Industrial Estate (Khyber Pakhtunkhwa) measure 04 acres which has mistakenly been referred in Note 6.3 to the audited financial statements of the Company as measuring 10 Acres, while land measuring 10 Acres is located at plot no. 42, Phase III, Hattar Industrial Estate (Khyber Pakhtunkhwa) which land is in fact under litigation.

Revised note after correcting this typographical error reads as:

"The Company's immovable property (land and building) is located at Plot # 43, Phase III, Hattar Industrial Estate, Khyber Pakhtunkhwa measuring 04 acres."

As also desired, please find attached duly initialed, revised page of the financial statement containing Note 6.3 submitted by management of the Company after removing the above referred error.

Regards,


Grant Thornton Anjum Rahman
Chartered Accountants

ADOS PAKISTAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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 24.3.

| | Note | 2021 Rupees | 2020 Rupees |
|--|----------|------------------|------------------|
| 6.2 Depreciation charge for the year has been allocated as under: | | | |
| Cost of sales/services | Note: 26 | 1,775,438 | 1,963,580 |
| Administrative expenses | Note: 27 | 3,822,686 | 4,757,966 |
| | | <u>5,598,124</u> | <u>6,721,546</u> |

6.3 The Company's immovable property (land and building) is located at Plot # 43, Phase III, Hattar Industrial Estate, Khyber Pakhtunkhwa measuring 04 acres.

7 RIGHT OF USE ASSET

| | Note | 2021 Rupees | 2020 Rupees |
|--------------------------------------|-----------|-------------------|-------------------|
| Balance at beginning of the year | | 14,213,848 | - |
| Additions during the year | | - | 18,274,947 |
| Depreciation charged during the year | Note: 7.1 | (4,061,099) | (4,061,099) |
| Closing net book value | | <u>10,152,749</u> | <u>14,213,848</u> |

7.1 Depreciation expense relating to right to use asset has been charged to administrative expenses in note 27.

8 INTANGIBLE ASSETS

| | Note | 2021 Rupees | 2020 Rupees |
|--------------------------------------|-----------|------------------|------------------|
| Opening net book value | | 1,355,940 | 1,694,924 |
| Additions during the year | | - | - |
| Amortization charged during the year | | (271,188) | (338,984) |
| Closing net book value | Note: 8.1 | <u>1,084,752</u> | <u>1,355,940</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 AND ADVANCES

| | Note | 2021 Rupees | 2020 Rupees |
|---------------------------------|-----------|----------------|----------------|
| Considered good - secured | | | |
| Loans and advances to employees | Note: 9.1 | <u>103,999</u> | <u>286,172</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

| | Note | 2021 Rupees | 2020 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. 68.665 million (2020: Rs. 64.523 million), mainly on carried forward business losses, has not been recognized due to uncertain realizability owing to the reasons mentioned in note 1.2 to these financial statements.

12 STORES, SPARES AND LOOSE TOOLS

| | Note | 2021 Rupees | 2020 Rupees |
|--------------------------------|------------|------------------|------------------|
| Stores | | 926,907 | 926,907 |
| Loose tools | | 726,686 | 726,686 |
| Stores, spares and loose tools | | <u>1,653,593</u> | <u>1,653,593</u> |
| Less: Provision for impairment | Note: 12.1 | (1,653,593) | (1,653,593) |
| Stores, spares and loose tools | | <u>-</u> | <u>-</u> |