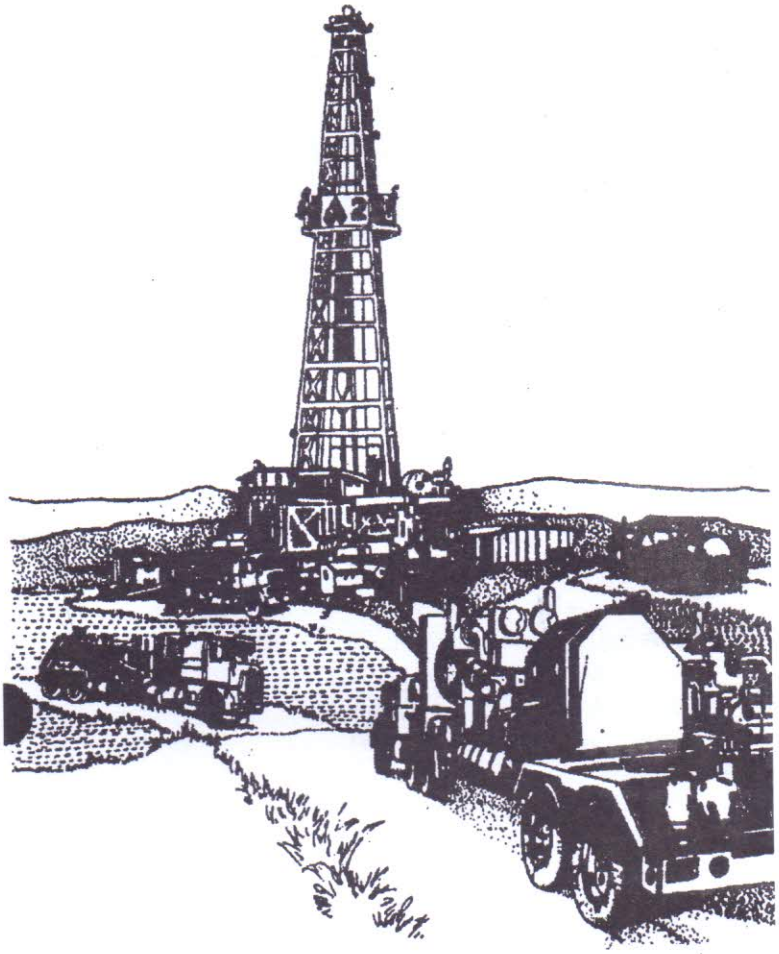
ADOS PAKISTAN LIMITED

REPORT ON HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014



COMPANY INFORMATION

CHIEF EXECUTIVE OFFICER	Mr. Zia Akbar Ansari
DIRECTORS	Mr. Jamal Akbar Ansari Mr. Zia Akbar Ansari Ms. Sabina Ansari Mrs. Uzma Jamal Mrs. Shoobarana Zia Mr. Taha Akbar Ansari Mr. Sheryar Akbar Ansari Mr. Sheikh Usman Ahmed Mr. Muhammed Fahd Shaffi
COMPANY SECRETARY	Ms. Sabina Ansari
CHIEF FINANCIAL OFFICER	Mr. Ali Imran Haider Bokhari
AUDIT COMMITTEE	Mr. Muhammed Fahd Shaffi - Member Mrs. Shoobarana Zia- Member Mr. Sheikh Usman Ahmed - Member
AUDITORS	Anjum Asim Shahid Rahman Chartered Accountants
BANKERS	Burj Bank Limited, F-8 Markaz, Islamabad Dubai Islamic Bank Pakistan Limited, Roshan Center, Plot 78-W, Jinnah Avenue, Blue Area, Islamabad. NIB Bank Limited (Formerly PICIC Commercial Bank Limited, Razia Sharif Plaza, Blue Area, Islamabad. Bank Alfalah Limited, Awan Arcade, Blue Area, Islamabad. Bank Islami 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.
LEGAL ADVISORS	Samad Law Associates, Samad Chambers, 1st Floor, G-253/A, Liquat Road, Rawalpindi.
REGISTERED OFFICE	# 88, Khayaban-e-Iqbal, F-8/2, Islamabad. Tel # 92-51-2264308-2255560 Fax # 92-51-2281678
SHARE REGISTRAR / TRANSFER AGENT	Evolution Factor (Private) Limited, formerly Corporate Support Services (Private) Limited 407-408, Al Ameera Center, Shahrah-e-Iraq, Saddar, Karachi. Tel # 92-21-5662023-24 Fax: + 92 21 5221192
FACTORY	a) Plot # 43, Phase III, Hattar Industrial Estate, Khyber Pukhtoonkhwa. Tel # 92-995-617192 & 617364, Fax # 92-995-617193 b) Plot # 292, Street # 3, Industrial Area I-9/3,

DIRECTOR'S REPORT TO THE MEMBERS

Gentlemen,

The Directors of the company take pleasure in placing before you the condensed interim financial statements for the half year and quarter ended December 31, 2014 together with the Auditor's review report on it thereon:

1. The management is gratified that the Company is moving on the path of profitability and is in a healthy financial position with greater satisfaction of its shareholders despite of fact that tough economic and business environment prevails in Pakistan.

2. The management is working hard to get more orders from the oil & gas exploration companies operating in Pakistan and also from the companies and institutions for its diversified capabilities of the state-of-the-art facility for fabrication and manufacturing of discrete and overt armoring of vehicles in in order to boost the level of sales.

3. As stated in last annual report regarding qualification by our external auditors in their report to the members on the correctness relating to nomenclature and valuation of items being classified as Stores, Spares and loose tools amounting to Rs. 1,653,593 (2014: 1,653,593) and Stock in trade amounting to Rs.3,264,562 (2014: 3,264,562), it is stated that the Company has purchased these items stated under the above stated heads in the shape of a bulk and was imported from abroad. The price was paid for whole of the items collectively i.e. for whole of the bulk and the documents related to these were fully verified by the auditors. The problem was with the assigning of cost to each item separately, as physically verified by the auditors on stock take and to have the underlying documents and the basis for the valuation for each item for verification purposes. In addition to above, regarding existence as stated by the auditors, the problem it meant was the absence of verifications on individual itemized basis rather than collective/bulk.

4. The management has decided not to pay interim dividend for the quarter and six months ended December 31, 2014 keeping in view the future cash flow requirements of the Company.

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

For and on behalf of the Board

ZIA AKBAR ANSARI
CHIEF EXECUTIVE OFFICER & DIRECTOR

Islamabad, February 27, 2015

AUDITORS REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **ADOS Pakistan Limited** as at **December 31, 2014** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here in after referred to as "interim financial information"), for the six months then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2014 and 2013 have not been reviewed, as we are required to review the cumulative figures only for the half year ended December 31, 2014.

Scope of Review

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

Basis for Qualified Conclusion

We were unable to verify the existence, correctness of valuation and nomenclature of items being classified as Stores spares and loose tools amounting to Rs. 1,653,593 (June 30, 2014 : Rs. 1,653,593) and Stock in trade amounting to Rs. 3,264,562 (June 30, 2014 : Rs. 3,264,562) due to non availability of information.

Qualified Conclusion

Based on our review, except for the financial effects of matter referred in paragraph above, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months ended December 31, 2014 are not presented fairly, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

ANJUM ASIM SHAHID RAHMAN
Chartered Accountants
Partner: Imran Afzal
Lahore
February 27, 2015

ADOS PAKISTAN LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2014

	Note	Unaudited December 31 2014	June 30 2014
		----------Rupees----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	48,493,286	49,394,806
Long term loan and advances		4,509,989	4,549,489
Deferred taxation		3,848,588	9,886,173
		56,851,863	63,830,468
CURRENT ASSETS			
Stores and loose tools		1,653,593	1,653,593
Stock in trade		22,810,315	18,130,958
Trade debts- considered good- unsecured		314,319,989	379,691,302
Advances		15,972,390	1,226,222
Due from associated company	5	7,901,248	4,949,058
Short term deposits and prepayments		12,747,373	8,748,627
Accrued interest on saving accounts		319,484	339,462
Tax refundable from Government- net		102,503,763	85,796,212
Cash and bank balances		181,308,867	232,119,221
		659,537,022	732,654,655
TOTAL ASSETS		716,388,885	796,485,123
SHARE CAPITAL AND RESERVES			
Authorized share capital			
7,000,000 (2014: 7,000,000) ordinary shares of Rs. 10 each		70,000,000	70,000,000
Issued, subscribed and paid up capital		65,826,000	65,826,000
6,582,600 (2014: 6,582,600) ordinary shares of Rs. 10 each			
RESERVES			
Revenue reserve-unappropriated profit		204,763,957	197,731,376
TOTAL EQUITY		270,589,957	263,557,376
LIABILITIES			
NON-CURRENT LIABILITIES			
Employees' benefit obligation		6,146,976	6,031,220
		6,146,976	6,031,220
CURRENT LIABILITIES			
Trade and other payables		437,386,432	524,631,007
Unclaimed dividend		2,265,520	2,265,520
		439,651,952	526,896,527
TOTAL LIABILITIES		445,798,928	532,927,747
TOTAL EQUITY AND LIABILITIES		716,388,885	796,485,123
CONTINGENCIES AND COMMITMENTS	6		

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

ZIA AKBAR ANSARI
CHIEF EXECUTIVE OFFICER

JAMAL AKBAR ANSARI
DIRECTOR

ADOS PAKISTAN LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND SIX MONTHS ENDED DECEMBER 31, 2014

	Note	Quarter ended		Six months ended	
		December 31 2014	December 31 2013	December 31 2014	December 31 2013
		---------- Rupees ----------			
Revenue		64,127,317	253,361,639	329,543,238	382,182,140
Sales tax		(199,718)	(3,399,999)	(768,520)	(6,947,670)
		63,927,599	249,961,640	328,774,718	375,234,470
Cost of sales/services		(52,277,549)	(200,613,992)	(275,431,536)	(302,406,391)
Gross profit		11,650,050	49,347,648	53,343,182	72,828,079
Administrative expenses		(9,804,422)	(13,544,175)	(30,342,087)	(27,278,780)
Distribution cost		(3,018,668)	(12,448,082)	(16,438,736)	(18,761,724)
Other operating expenses		(435,640)	(23,973,896)	(435,640)	(23,973,896)
Other income		(448,106)	8,166,982	6,070,094	12,869,212
Profit/(Loss) before taxation		(2,056,786)	7,548,477	12,196,813	15,682,891
Taxation		(107,314)	(2,767,842)	(5,164,232)	(6,058,279)
Profit/(Loss) for the period		(2,164,100)	4,780,635	7,032,581	9,624,612
Earning per share-basic and diluted	7	(0.33)	0.73	1.07	1.46

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

ZIA AKBAR ANSARI
CHIEF EXECUTIVE OFFICER

JAMAL AKBAR ANSARI
DIRECTOR

ADOS PAKISTAN LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2014

	Quarter ended		Six months ended	
	December 31 2014	December 31 2013	December 31 2014	December 31 2013
	---------- Rupees ----------			
Profit/(Loss) for the period	(2,164,100)	4,780,635	7,032,581	9,624,612
Other comprehensive income	-	-	-	-
Total comprehensive income/(Loss) for the period	(2,164,100)	4,780,635	7,032,581	9,624,612

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

ZIA AKBAR ANSARI
CHIEF EXECUTIVE OFFICER

JAMAL AKBAR ANSARI
DIRECTOR

ADOS PAKISTAN LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2014

	Six months ended	
	December 31, 2014	December 31, 2013
	----------Rupees----------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	12,196,813	15,682,891
Adjustment for:		
Depreciation	3,252,240	2,988,996
Provision for employees' benefit obligation	539,542	711,312
Gain on disposal of property, plant and equipment	-	(4,514,046)
Provision for WPPF & WWF	598,344	1,980,519
Interest on bank accounts	(3,324,957)	(6,788,246)
Financial cost	1,376,822	572,544
	2,441,991	(5,048,921)
	14,638,804	10,633,970
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
(Increase)/decrease in current assets:		
Stock in trade	(4,679,357)	(41,668,964)
Trade debts	65,371,313	139,998,336
Advances	(14,746,168)	(27,651,338)
Due from associated company	(2,952,190)	-
Short term deposits and prepayments	(3,998,746)	(2,351,139)
	38,994,852	68,326,895
Increase/(decrease) in current liabilities:		
Trade and other payables	(87,842,919)	85,316,134
Due to associated company	-	(3,572,252)
	(87,842,919)	81,743,882
Cash generated from/(used in) operations	(34,209,263)	160,704,747
Financial cost paid	(1,376,822)	(572,544)
Tax paid	(15,834,198)	(21,290,503)
WPPF & WWF paid	-	-
Gratuity paid	(423,786)	(264,120)
	(17,634,806)	(22,127,167)
Net cash generated from/ (used in) operating activities	(51,844,069)	138,577,580
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(2,350,720)	(5,098,150)
Disposal of property, plant and equipment	-	976,500
Profit realized on bank accounts	3,344,935	5,315,839
Long term loan and advances	39,500	8,500
Short term investment	-	(85,000,000)
Net cash (used in)/ generated from investing activities	1,033,715	(83,797,311)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(14,995,354)
Net cash used in financing activities	-	(14,995,354)
Net increase /(decrease) in cash and cash equivalents	(50,810,354)	39,784,915
Cash and cash equivalents at the beginning of the period	232,119,221	298,688,675
Cash and cash equivalents at the end of the period	181,308,867	338,473,590

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

ZIA AKBAR ANSARI
CHIEF EXECUTIVE OFFICER

JAMAL AKBAR ANSARI
DIRECTOR

ADOS PAKISTAN LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2014

	Issued, subscribed and paid up capital	Revenue reserves	Shareholders' equity
		Unappropriated Profit	
	Rupees	Rupees	Rupees
Balance as at July 01, 2013	65,826,000	208,347,076	274,173,076
Comprehensive income for the period			
Total comprehensive income for the period ended December 31, 2013	-	9,624,612	9,624,612
Transactions with owners:			
Dividend paid	-	(16,456,497)	(16,456,497)
Balance as at December 31, 2013	65,826,000	201,515,191	267,341,191
Comprehensive income for the period			
Total comprehensive loss for the period ended June 30, 2014	-	(3,783,815)	(3,783,815)
Transactions with owners:			
Dividend paid		-	-
Balance as at July 01, 2014	65,826,000	197,731,376	263,557,376
Comprehensive income for the year			
Total comprehensive income for the period ended December 31, 2014	-	7,032,581	7,032,581
Balance as at December 31, 2014	65,826,000	204,763,957	270,589,957

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

ZIA AKBAR ANSARI
CHIEF EXECUTIVE OFFICER

JAMAL AKBAR ANSARI
DIRECTOR

1 THE COMPANY AND ITS OPERATIONS

Ados Pakistan Limited (the "Company") was incorporated in Pakistan under the Companies Ordinance, 1984 on March 5, 1986 as a Private Limited Company and was later on converted into Public Limited Company on April 4, 1989. The Company's registered office is situated at House No. 88, Khayaban-e-Iqbal, F-8/2, Islamabad. Its shares are quoted on all the three stock exchanges in Pakistan. The Company has been involved in the supply of oil and gas field related equipment, fabrication and refurbishment of equipment and spare parts used in oil and gas industry. The Company is also engaged in fabrication of vehicles in respect of bullet proofing protection.

2 BASIS OF PRESENTATION

2.1 Statement of compliance

This condensed interim financial information is unaudited and is being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) 34 'Interim Financial Reporting' and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with the financial statements of the Company for the year ended June 30, 2014.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for the recognition of staff retirement benefits which is stated at present value.

2.3 Functional and presentation currency

These condensed interim financial statements have been presented in Pak rupees which is functional and presentation currency of the Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES & ESTIMATES

3.1 Accounting policies

The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2014.

3.2 Estimates

When preparing the interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 30 June 2014.

4 PROPERTY, PLANT AND EQUIPMENT

	December 31, 2014 Rupees	June 30, 2014 Rupees
Opening net book value (NBV)	49,394,806	45,460,664
Additions during the period/ year	2,350,720	11,731,030
Disposals during the period/ year	-	(4,681,000)
	51,745,526	52,510,694
Disposals during the period/year (NBV)	-	3,730,663
Depreciation charged during the period/year	(3,252,240)	(6,846,551)
	(3,252,240)	(3,115,888)
Closing net book value (NBV)	48,493,286	49,394,806

5 DUE FROM ASSOCIATED COMPANY

		December 31, 2014 Rupees	June 30, 2014 Rupees
Akbar Associates (Private) Limited	5.1	7,901,248	4,949,058

5.1 This amount was paid on behalf of Akbar Associates (Private) Limited and interest is charged at 6 monthly KIBOR plus 1.5%.

6 CONTINGENCIES AND COMMITMENTS

		December 31, 2014	June 30, 2014
		Rupees	Rupees
Letter of credits, letter of guarantees and bid bonds	note 6.1	62,001,852	42,030,702

6.1 These includes Performance bonds/bid bonds issued in favor of various customers for the supply of goods and performance of services through NIB Bank Limited with outstanding balance of Rs. 20.268 million (2014: Rs. 20.268 million) as at the balance sheet date. The facility is secured against 100 % lien on deposit in current account of the Company.

There are outstanding guarantees issued by Bank Alfalah Limited amounting to Rs. 13.635 million (2014: Rs. 13.635 million) on behalf of the Company, in favor of various Government and other organizations. This facility is secured by cash margin of Rs. 4.47 million (2014: Rs. 4.47 million).

Further, there are outstanding guarantees issued by Bank Islami Pakistan Limited amounting to Rs. 10.121 million (2014: Rs. 8.13 million), letter of credit of Rs. nil (2014: Rs. 5.924 million), Corporate Ijarah 16.749 million and Import Murabaha of Rs. 1.228 on behalf of the Company, in favor of various organizations.

6.2 An execution petition for recovery of contractual/awarded amount and penalty aggregating Rs. 7.43 million, has been instituted by Saudi Relief Committee for Afghanistan against the Company before the Court of Civil Judge, Islamabad. The learned Civil Judge vide order dated January 07, 2011, has drawn the decree sheet and against that order an appeal has been instituted in the Islamabad High Court. The court is now hearing the case on regular basis, last hearing was done on November 02, 2013 and management, based on opinion of the legal advisor, is hopeful of a positive decision in its favor. Consequently, no provision has been made in this condensed interim financial information for payment of the contractual/awarded amount and the penalty.

6.3 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 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 against 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 have been adjourned to await the orders of the High Court of a Civil Revision Petition filed by the Surban Textile Mills against the SDA, which is pending adjudication before Peshawar High Court, Abbottabad Bench. The management expects a favorable decision based on legal advisor assessments and merits of the case.

6.4 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. 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 and Deferred tax impact has not been made in this condensed interim financial information.

7 EARNING PER SHARE - BASIC AND DILUTED

	Quarter ended		Six months ended	
	December 31 2014	December 31 2013	December 31 2014	December 31 2013
	----------Rupees----------			
Profit/Loss for the period after t	(2,164,100)	4,780,635	7,032,581	9,624,612
Number of ordinary shares outstanding during the period	6,582,600	6,582,600	6,582,600	6,582,600
Earnings per share-Rupees	(0.33)	0.73	1.07	1.46

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

8 RELATED PARTY TRANSACTIONS

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

		Six months ended	
		December 31, 2014	December 31, 2013
		Rupees	Rupees
a.	Transactions with associates- Akbar Associates		
	Marketing expenses are being paid to Akbar Associates (Private) Limited @ maximum of 5% of the revenue for marketing services rendered to the Company.	16,438,736	18,761,724
b.	Common expense sharing:		
	66.66% of total combined expenses has been allotted/ charged to Akbar Associates (Private) Limited.	7,349,977	3,036,733
c.	Transactions with key management personnel		
	Key management personnel remuneration includes the following expenses:		
	Short-term employee benefits		
	Remuneration to chief executive, directors and other executives	5,872,977	7,133,003
	Other benefits	1,912,903	1,861,349
d.	Other transactions		
	Provision for gratuity	539,542	711,312

9 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 27th February, 2015 by the Board of Directors of the Company.

10 GENERAL

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

ZIA AKBAR ANSARI
CHIEF EXECUTIVE OFFICER

JAMAL AKBAR ANSARI
DIRECTOR