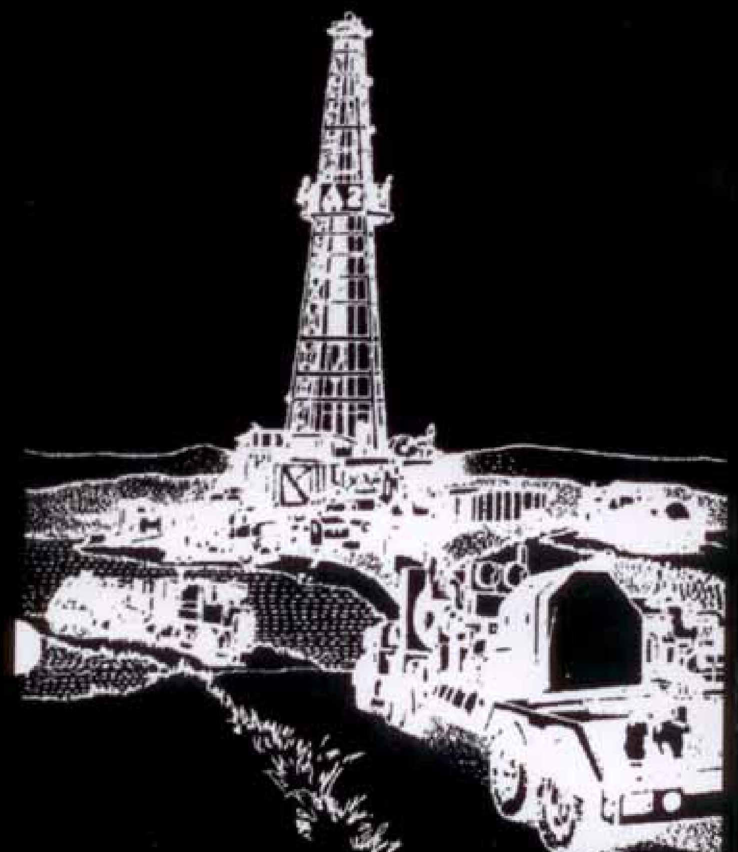
Annual Report June 30, 2010



ADOS PAKISTAN LIMITED

COMPANY INFORMATION

CHIEF EXECUTIVE OFFICER	Mr. Zia Akbar Ansari
DIRECTORS	Mr. Jamal Akbar Ansari Mr. Zia Akbar Ansari Ms. Suboohi Ansari Ms. Sabina Ansari Mrs. Uzma Jamal Mrs. Shoobarana Zia Mr. Sheikh Usman Ahmed
COMPANY SECRETARY	Ms. Sabina Ansari
CHIEF FINANCIAL OFFICER	Mr. Ali Imran Haider Bokhari
AUDIT COMMITTEE	Mr. Jamal Akbar Ansari- Chairman Mrs. Shoobarana Zia- Member Ms. Suboohi Ansari- Member/Secretary
AUDITORS	Anjum Asim Shahid Rehman Chartered Accountants
BANKERS	Citi Bank , F-11 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.
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	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, Islamabad. Tel:+ 92 51 4449702

CORPORATE PROFILE

ADOS Pakistan is a state-of-the-art API Specification-5CT, Specification-6A, Specification-6D Specification7-1 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 after market 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 cladded with special corrosion resistant alloys. Conventional type or solid block type Assembly rated upto 10,000-psi working pressure.

- Tubing Spools made from forged steel or steel alloys, standard or gladded with tubing hangers, both for single or multiple well completions. Side outlets with Valves or Flanges rated upto 10,000-psi working pressure ranging from 1-13/16 to 7-1/16 ID.
- Secondary Seal Assemblies with Pseal 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-Mass Tree Assemblies standard or Solid Block consisting of one or more Standard or cavity Valves ranging in sizes form 1-13/16 to 7-1/16 ID.
- Chokes adjustable or fixed been including rotary type with accessories.
- X-Mass Tree Caps & Weld on Flanges.
- Other Wellhead Accessories.

3. SOCONDARY SEALS, DOUBLE STUDDED 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 25th Annual General Meeting of the shareholders of ADOS Pakistan Limited will Insha'Allah be held on Saturday October 30, 2010 at 11.00 A.M at its registered office at # 88, Khayaban-e-Iqbal, F-8/2, Islamabad to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of 24th Annual General Meeting held on October 31, 2009.
2. To receive, consider and adopt the Audited Financial Statements for the year ended June 30, 2010 together with Director's and Auditor's report therein.
3. To appoint auditors for the year ending June 30, 2011 and to fix their remuneration.
4. To transact any other business with the permission of the Chair.

By Order of the Board

SABINA ANSARI
Company Secretary

Islamabad: October 08, 2010

Notes:

i) Share Transfer Book will remain closed from October 22, 2010 to October 30, 2010 [Both days inclusive].Transfers received at the registered office of the Company situated at # 88, Khayaban-e-Iqbal, F-8/2, Islamabad at the close of business on October 21, 2010 will be treated in time for the purpose of payment of Dividend to the transferees.

ii) 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.

iii) 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 time of meeting.

iv) a) CDC accountholders entitled to attend and vote at this meeting, must bring with them their National Identity Cards/Passports in original along with participants ID numbers and their Account Numbers to prove his/her identity, and in case of proxy, must enclose an attested copy of his/her NIC or Passport.

b) 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 meeting. For appointing proxies in case of corporate entity, the Board of Director's Resolution/ Power of attorney with specimen signatures shall be submitted along with proxy form to the Company.

v) Shareholders are required to notify the company of any change in their address immediately.

PATTERN OF HOLDING OF SHARES HELD BY THE SHAREHOLDERS

AS AT JUNE 30, 2010

Number of Shareholders	Shareholding From	-	To	Total Number of Shares Held
60	1	-	100	4076
696	101	-	500	337217
65	501	-	1000	63252
72	1001	-	5000	201873
11	5001	-	10000	95918
7	10001	-	15000	93000
4	15001	-	20000	80000
3	20001	-	25000	65003
1	45001	-	50000	49159
1	75001	-	80000	75300
1	85001	-	90000	87000
1	95001	-	100000	99000
1	100001	-	150000	106000
2	245001	-	255000	496302
2	2360001	-	2365000	4729500
927				**6582600**

Note: The slabs not applicable have not been shown.

Categories of shareholders	Number of Shareholders	Number of Shares Held	Percentage %
Financial Institutions	2	1700	0.03%
Individuals	920	6468813	98.27%
Joint Stock Companies	4	6087	0.09%
Associated Companies	1	106000	1.61%
	927	**6582600**	**100%**

STATEMENT OF COMPLIANCE
WITH THE CODE OF CORPORATE GOVERNANCE

This Statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulations of all the three Stock Exchanges in Pakistan for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. ADOS Pakistan Limited believes in best practices of Corporate Governance and confirms its support for the implementation of the code of Corporate Governance enforced in Pakistan.

2. Formal and comprehensive delegation of powers exists in the company since start of its commercial production in the year 1994.

3. A vision and mission statement has also been adopted by the Board. A policy manual containing a complete record of significant policies is maintained by the Company.

4. Internal Control Systems that are in operation for the last few years are based on checks and balances at all levels.

5. The Directors and Employees were provided with the Business Ethics of the Company, which have been adopted and accepted by them.

6. The quarterly un-audited financial statements of the company are being published and circulated along with the reports of the directors.

7. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.

8. The meetings of the Board were presided over by the Chairperson and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded.

9. The Company encourages representation of non-executive directors. At present the Board includes three non-executive directors and this means that 43% of directors on the Board are non-executive directors.

10. None of the Director's of the Company has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared defaulter by the Stock Exchange.

11. The Company has prepared a "Standard of Business Ethics and Conduct", which has been acknowledged by all the management of the Company.

12. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been approved by the Board.

13. The company has been operating with the most modern and efficient information management system.

14. The Directors, CEO and the Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of share holding.

15. The Director's Report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

16. The financial statements of the Company were duly indorsed by the CEO and CFO before approval of the Board.

17. The company has formed an audit committee after the enforcement of the code of corporate Governance by the Stock Exchanges.

18. The Audit Committee consists of two non-executive Directors' and one executive Director and the committee is meeting at least once in every quarter.

19. The statutory Auditors of the Company have confirmed that they have given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company.

20. The statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the Auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The company encourages representation of independent non-executive directors and directors representing minority interest on its board of directors. At present the Board includes at least three non-executive directors and one director representing minority shareholders.

22. A casual vacancy occurring in the board on July 03, 2009 was filled up by the directors within four Days thereof.

23. The board has approved appointment of CFO, Company secretary and Head of internal audit, including their remuneration and terms and conditions of employment as determine by the CEO.

24. The company has complied with all the corporate and financial reporting requirements of the code of Corporate Governance.

25. The meetings of the audit committee were held at least every quarter prior to the approval of interim and final results of the company and as formed by the code. The term of references of the committee have been formed and advised to the committee for compliance

26. The board has set up an effective internal audit function whose members are considered suitably qualified and experienced for the purpose and conversant with the policies and procedure of the company and they are involved in internal audit function on the full time basis

The Company is committed to make full compliance of the best corporate practices in Pakistan.

ZIA AKBAR ANSARI
CHIEF EXECUTIVE OFFICER

Islamabad, October 08, 2010

DIRECTOR'S REPORT TO THE MEMBERS

Gentlemen,

The Directors of the company take pleasure in placing before you the 25th Annual Report together with the Audited Accounts, Auditor's Report, Statement of Compliance with the best practice of Corporate Governance and Auditor's Review Report on it thereon.

1. The management is satisfied with the efforts made by the management and workers' of the Company during the financial year and feel satisfaction that the Company is moving on the path of continuous profitability and is in a healthy & sound financial position with greater satisfaction of its shareholders. Beside that the Management is also closely monitoring the situation of highly competitive prices and that of current unstable conditions in the country as their consequence is badly affecting the overall economy of Pakistan.

2. 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 (note 8) amounting to Rs. 1,653,593 (2009: 1,653,593) and Stock in trade (note 9) amounting to Rs.3,264,562 (2009: 3,264,562), as stated in previous financial years, 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. The management has consulted with the financial advisors and it is pointed out that these items are not of capital nature and hence depreciation charge not be made on them.

3. As of previous years tight business schedules of Directors, proper conduction of Orientation Courses was not held during the year although in house lectures were conducted from time to time during the year. The management fully intends to conduct orientation courses for its directors as per clause (xiv) of the code of Corporate Governance as applicable in Pakistan & the Directors fully support the applicability of the Code of Corporate Governance in this regard.

4. Management is working hard to get maximum of orders from Oil & Gas Exploration Companies Operating in Pakistan in the current unstable business environment and security crisis inside the country as well as by facing off the global recession.

5. The management is pleased to announce that while in efforts to get orders from oil & gas exploration companies operating in Pakistan has diversified its capabilities with addition of the state-of-the-art facility for fabrication and manufacturing of discrete and overt armoring of vehicles.

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

The Board is pleased to certify that:

i) The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.

ii) Proper books of accounts of the Company have been maintained.

iii) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

iv) International accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements.

v) The system of internal control is being further strengthened and monitored.

vi) There are no significant doubts upon the Company's ability to continue as a going concern.

vii) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

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	07
Mr. Jamal Akbar Ansari	07
Ms. Sabina Ansari	07
Ms. Suboohi Ansari	05
Mrs. Uzma Jamal	06
Mrs. Shoobarana Zia	05
Mr. Sheikh Usman Ahmed	07

CATEGORIES AND PATERN OF SHARE HOLDING:

The Categories and Pattern of Shareholding as required by the Companies Ordinance, 1984 in Form 34 are included in this report. Additional information is given, as under:

Information under Clause XIX (i) of the Code of Corporate Governance

Financial Institutions:		**Shares held**	**%**
Bankers' Equity Limited		400	0.006
Asian Development Bank		1300	0.019
Joint Stock Companies:			
Darson Securities (Private) Limited		100	0.002
FDM Capital Securities (Private) Limited		5000	0.076
Darson Securities (Private) Limited		597	0.009
United Equities (SMC-Pvt.) Limited		390	0.006
Associated Companies:			
Akbar Associates (Pvt.) Limited		106000	1.61
Directors, CEO, and their Spouse			
Mr. Zia Akbar Ansari	CEO/Director	2364750	35.92
Mr. Jamal Akbar Ansari	Director	2364750	35.92
Miss. Sabina Ansari	Director/CS	20000	0.30
Miss. Suboohi Ansari	Director	20000	0.30
Mrs. Shoobarana Zia	Director	22500	0.34
Mrs. Uzma Jamal	Director	23000	0.35
Mr. Sheikh Usman Ahmed	Director	49159	0.74

Information under Clause XIX (j) of the Code of Corporate Governance

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, 2010 except that of Mr. Sheikh Usman Ahmed who has purchased 48659 shares of the Company during the year.

Moreover, the directors of the company have not been appointed as a director in more than nine 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	2364750
Mr. Jamal Akbar Ansari	2364750

For and on behalf of the Board

ZIA AKBAR ANSARI
CHIEF EXECUTIVE OFFICER,

Islamabad, October 08, 2010

SIX YEARS AT A GLANCE

	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005
Operating Results						
Sales	535,180,365	795,783,474	336,974,328	790,611,416	359,669,699	298,361,102
Gross Proft	126,534,059	148,558,509	52,138,423	87,995,560	35,781,545	35,449,888
Pre-Tax Profit	49,187,979	76,366,739	12,338,348	23,175,227	12,748,625	9,323,694
After-Tax Profit	32,287,535	51,830,332	6,829,325	9,960,346	6,503,001	12,116,996
Financial Position						
Current Assets	306,036,515	492,296,889	280,289,599	344,733,036	222,792,766	68,133,916
Current Liabilites	221,492,736	411,200,644	240,569,340	309,437,946	186,962,457	45,177,199
Opertaing Fixed Assets	66,100,756	54,907,327	40,704,265	38,057,552	35,968,136	38,044,053
Total Assets	374,248,889	547,204,216	320,993,864	382,790,588	264,531,913	116,359,247
Long-term Loans & Def Liabilities	2,759,647	6,026,887	2,806,365	3,523,333	1,902,254	2,017,848
Shareholders' Equity	149,996,506	129,976,685	77,618,159	69,829,308	75,667,202	69,164,201
Ratios						
Current Ratio	1.38	1.20	1.17	1.11	1.19	1.51
Gross Profit to Sales	23.64	18.67	15.47	11.13	9.95	11.88
Net Profit to Sales	6.03	6.51	2.03	1.26	1.81	4.06
Breakup Value per share (Rs.)	22.79	19.75	11.79	10.61	11.50	10.51
Earning per share-Basic (Rs.)	4.90	7.87	1.04	1.51	0.99	1.84

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") for the year ended June 30, 2010 prepared by the Board of Directors of ADOS Pakistan Limited ("the Company") to comply with the Listing Regulation of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's Compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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's 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.

Further, Sub-Regulation (xiiia) of Listing Regulations 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, except that the orientation courses for the Company's directors as required by Clause (xiv) of Code were not arranged, 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 best practices contained in the Code, effective for the year ended June 30, 2010.

Anjum Asim Shahid Rahman
Chartered Accountants
Audit Engagement Partner
Nadeem Tirmizi

Islamabad
Date: 08 October 2010

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ADOS Pakistan Limited** as at June 30, 2010 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that except for item mentioned at Para (1), we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

1) We were unable to verify the existence and correctness relating to the nomenclature and valuation of items being classified as Stores spares and loose tools (refer note 8) amounting to Rs. 1,653,593 (2009: Rs. 1,653,593) and Stock in trade (refer note 9) amounting to Rs. 3,264,562 (2009: Rs. 3,264,562).

Except for the matters stated above and the extent to which the same may effect the financial statements, we report that:

a. in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b. in our opinion:

   i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for change as stated in note # 3.3 with which we concur;

   ii. the expenditure incurred during the year was for the purpose of the Company's business; and

   iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

c. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter referred to in paragraph 1 above, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2010 and of the profit, its cash flows and changes in equity for the year then ended; and

d. In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

ANJUM ASIM SHAHID RAHMAN
Chartered Accountants
Audit Engagement Partner
Nadeem Tirmizi

Islamabad
Date: 08 October 2010

ADOS PAKISTAN LIMITED

BALANCE SHEET

AS AT JUNE 30, 2010

	Note	JUNE 30 2010 Rupees	JUNE 30 2009 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	66,100,756	54,907,327
Deferred taxation	7	2,111,618	-
		68,212,374	54,907,327
CURRENT ASSETS			
Stores, spares and loose tools	8	1,653,593	1,653,593
Stock in trade	9	3,264,562	3,264,562
Trade debts	10	121,520,225	205,997,238
Loan and advances	11	8,638,323	7,500,105
Trade deposits and short term prepayments	12	8,051,766	8,028,346
Accrued interest on saving accounts		681,383	-
Short term investment-available for sale	13	17,385,206	16,487,720
Taxation	14	22,809,548	22,926,991
Cash and bank balances	15	122,031,909	226,438,334
		306,036,515	492,296,889
TOTAL ASSETS		374,248,889	547,204,216
EQUITY AND LIABLITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
7,000,000 (2009: 7,000,000) ordinary shares of Rs. 10 each		70,000,000	70,000,000
Issued, subscribed and paid up capital	16	65,826,000	65,826,000
RESERVES			
Revenue reserve-unappropriated profit		81,785,300	62,662,965
Capital reserves-gain on re-measurement of investment		2,385,206	1,487,720
TOTAL EQUITY		149,996,506	129,976,685
LIABLITIES			
NON-CURRENT LIABLITIES			
Deferred taxation	7	-	3,535,052
Employees' benefit obligation	17	2,759,647	2,491,835
		2,759,647	6,026,887
CURRENT LIABLITIES			
Trade and other payables	18	210,793,341	400,126,672
Due to associated company	19	6,348,205	7,713,817
Unclaimed dividend		4,351,190	3,360,155
		221,492,736	411,200,644
TOTAL LIABLITIES		224,252,383	417,227,531
CONTINGENCIES AND COMMITMENTS	20		
TOTAL EQUITY AND LIABLITIES		374,248,889	547,204,216

The annexed notes from 1 to 37 form an integral part of these financial statements.

ZIA AKBAR ANSARI
CHIEF EXECUTIVE OFFICER

SH. USMAN AHMED
DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2010

	Note	JUNE 30 2010 Rupees	JUNE 30 2009 Rupees
Revenue		537,317,502	796,092,577
Sales tax		(2,137,137)	(309,103)
Net revenue	21	535,180,365	795,783,474
Cost of sales/services	22	(408,646,306)	(647,224,965)
Gross profit		126,534,059	148,558,509
Selling expenses	23	(25,260,240)	(41,375,525)
Administrative expenses	24	(35,035,154)	(28,059,800)
Other operating expenses	25	(24,864,522)	(12,675,283)
Other operating income	26	9,333,419	10,592,157
Profit from operations		50,707,562	77,040,058
Financial cost	27	(1,519,583)	(673,319)
Profit before income tax		49,187,979	76,366,739
Taxation	28	(16,900,444)	(24,536,407)
Profit after taxation		32,287,535	51,830,332
Earning per share	29	4.90	7.87

The annexed notes from 1 to 37 form an integral part of these financial statements.

ZIA AKBAR ANSARI
CHIEF EXECUTIVE OFFICER

SH. USMAN AHMED
DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2010

	Note	JUNE 30 2010 Rupees	JUNE 30 2009 Rupees
Profit for the year		32,287,535	51,830,332
Other comprehensive income			
Unrealized gain on investment	13	897,486	528,194
Total comprehensive income for the year		33,185,021	52,358,526

The annexed notes from 1 to 37 form an integral part of these financial statements.

ZIA AKBAR ANSARI
CHIEF EXECUTIVE OFFICER

SH. USMAN AHMED
DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2010

	Note	JUNE 30 2010 Rupees	JUNE 30 2009 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income tax		49,187,979	76,366,739
Adjustment for:			
Depreciation	Note: 6.2	7,083,355	5,514,324
Provision for employees' benefit obligation	Note: 17	818,178	727,164
Provision for impairment in trade debts	Note: 10	8,307,281	4,306,657
Reversal of provision for doubtful debts	Note: 10.1	-	(5,039,735)
Provision for WPPF & WWF	Note: 25	3,645,915	5,322,184
Loss on disposal of property, plant and equipment	Note: 25	-	11,485
Interest on bank accounts		(8,257,366)	-
Financial cost	Note: 27	1,519,583	673,319
		13,116,946	11,515,398
		62,304,925	87,882,137
(Increase)/decrease in current assets			
Trade debts		76,169,732	(76,806,769)
Loan and advances		(1,138,218)	(417,776)
Trade deposits and short term prepayments		(23,420)	(736,286)
		75,008,094	(77,960,831)
Increase/(decrease) in current liabilities			
Trade and other payables		(189,415,552)	158,652,665
Due to associated company		(1,365,612)	7,630,732
		(190,781,164)	166,283,397
Cash generated (used in)/from operations		(53,468,145)	176,204,703
Financial cost paid		(815,380)	(490,442)
Taxes paid		(22,429,671)	(42,507,547)
Gratuity paid		(550,366)	(282,477)
WPPF paid		(4,267,897)	(1,156,715)
		(28,063,314)	(44,437,181)
Net flow (used in)/from operating activities		(81,531,459)	131,767,522
CASH FLOW FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(18,276,784)	(19,813,871)
Proceeds from disposal of property, plant and equipment		-	85,000
Profit realized on bank accounts		7,575,983	-
Net cash (used in)/from investing activities		(10,700,801)	(19,728,871)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(12,174,165)	(439)
Net cash (used in)/from financing activities		(12,174,165)	(439)
Net change in cash and cash equivalents		(104,406,425)	112,038,212
Cash and cash equivalent at the beginning of the year	Note: 15	226,438,334	114,400,122
Cash and cash equivalent at the end of the year		122,031,909	226,438,334

The annexed notes from 1 to 37 form an integral part of these financial statements.

ZIA AKBAR ANSARI
CHIEF EXECUTIVE OFFICER

SH. USMAN AHMED
DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2010

	Issued, subscribed and paid up capital	Capital reserves Unrealized gain/(Loss) on remeasurement of available for sale investment	Revenue reserves Unappropriated Profit	Shareholders' equity
	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2008	65,826,000	959,526	10,832,633	77,618,159
Comprehensive income for the year				
Total comprehensive income for the year ended June 30, 2009	-	528,194	51,830,332	52,358,526
Balance as at June 30, 2009	65,826,000	1,487,720	62,662,965	129,976,685
Transactions with owners				
Final dividend for the year ended 30, 2009	-	-	(13,165,200)	(13,165,200)
Comprehensive income for the year				
Total comprehensive income for the year ended June 30, 2010	-	897,486	32,287,535	33,185,021
Balance as at June 30, 2010	65,826,000	2,385,206	81,785,300	149,996,506

The annexed notes from 1 to 37 form an integral part of these financial statements.

ZIA AKBAR ANSARI
CHIEF EXECUTIVE OFFICER

SH. USMAN AHMED
DIRECTOR

1 LEGAL STATUS AND OPERATIONS

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

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirement differ, the requirement of and directives issued under the Companies Ordinance, 1984, shall prevail.

3 STATUS OF STANDARDS AND INTERPRETATIONS

3.1 Initial application of standard or an interpretation

The following standards, amendments and interpretations become effective during the current year.

IAS 1	Presentation of Financial Statements	1 January, 2009
IAS 19	Employee benefits- amendment	1 January, 2009
IAS 23	Borrowing Costs	1 January, 2009
IAS 32	Amendments – Financial instruments: Presentation & Disclosures	1 January, 2009
IAS 36	Impairment of Assets	1 January, 2009
IAS 38	Intangible Assets	1 January, 2009
IFRS 8	Operating Segments	1 January, 2009

IAS 1 (Revised) requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a statement of other comprehensive income, but entities can choose whether to present one statement of comprehensive income or two statements (the statement of comprehensive income and statement of other comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated statement of financial position as at the beginning of the earliest comparative period, in addition to the current requirement to present statements of financial position at the end of the current period and comparative period.

IAS 19 amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. Adoption of the amendment is not expected to have any effect on the Company's financial statements.

The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation. Adoption of the amendment is not expected to have any effect on the Company's financial statements.

The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered. The adoption of this amendment will only impact the presentation of the financial statements.

IAS 37, 'Provisions, contingent liabilities and contingent assets', requires contingent liabilities to be disclosed and not recognized. IAS 19 has been amended to be consistent with IAS 37.

IAS 23 (Amendment) 'Borrowing costs' (effective from January 1, 2009). This amendment requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) as part of the cost of that asset. On adoption of the above amendment, the option of immediately expensing those borrowing costs will be withdrawn. This amendment is not expected to have a significant effect on the Company's financial statements.

IAS 36 (Amendment), 'Impairment of assets' (effective from January 1, 2009). In accordance with the new requirements, disclosures equivalent to those for value-in-use calculation should be made where fair value less costs to sell is calculated on the basis of discounted cash flows. Adoption of the amendment is not expected to have any effect on the Company's financial statements.

IAS 38 (Amendment) 'Intangible assets' (effective from January 1, 2009). This amendment states that a prepayment may only be recognized in the event that prepayment has been made in advance of obtaining right of access to goods or receipt of services. This amendment is not expected to have any effect on the Company's financial statements.

IFRS 7 'Financial instruments – Disclosures' (amendment) (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, the amendment is not expected to have a significant effect on the Company's financial statements.

IFRS 8, 'Operating segments'. This standard replaces IAS 14, 'Segment reporting' and requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker (i.e. Chief Executive) of the Company.

Standards, amendments to published approved accounting standards and interpretations becoming effective in the year ended June 30, 2010 but not relevant:

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the year and are mandatory for accounting periods beginning on or after July 1, 2009 but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

3.2 Standards, interpretations and amendments not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the company's operations or are not expected to have significant impact on the company's financial statements other than increase in disclosures in certain cases:

IFRS 1	First time adaptation of International Financial Reporting Standards	1 January, 2010
IFRS 2	Share based payment	1 January, 2010
IFRS 3	Business combination	1 January, 2010
IFRS 5	Non current asset held for sale and discontinued operation- amendment	1 January, 2010

IFRS 7	Financial instrument	1 January, 2011
IFRS 8	Operating segments	1 January, 2010
IFRS 9	Financial instruments	1 January, 2013
IAS 1	Presentation of financial statements- amendment	1 January, 2010
IAS 1	Presentation of financial statements- amendment	1 January, 2011
IAS 7	Statement of cash flow	1 January, 2010
IAS 17	Leases	1 January, 2010
IAS 24	Related party disclosures	1 January, 2011
IAS 27	Consolidated and separate financial statements	1 January, 2010
IAS 32	Financial instrument presentation	1 January, 2010
IAS 34	Interim financial reporting	1 January, 2011
IAS 36	Impairment of Assets	1 January, 2010
IAS 39	Financial instrument recognition and measurement	1 January, 2010
IFRIC	Share-based payment	1 January, 2010
IFRIC 14	IAS 19- The limit on a defined benefit Assets, Minimum funding requirement and their interaction- amendment	1 January, 2011
IFRIC 19	Extinguishing financial liabilities with equity instruments	1 July, 2010

3.3 Changes in an accounting policies

The Company has applied IAS 1 (Revised) from July 1, 2009, and has elected to present two performance statements; a profit and loss account and a statement of comprehensive income. The change in accounting policy has not affected the assets and liabilities of the Company for either the current or prior periods and hence restated balance sheet has not been presented.

The Company has applied IAS 23 'Borrowing costs' in respect of borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after January 1, 2009 in accordance with the transition provisions of the standard. This change in accounting policy requires the Company to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Accordingly the company has changed its accounting policy in line with this change in IAS-23. The change in accounting policy has not affected the assets and liabilities of the Company for either the current or prior periods and hence restated balance sheet has not been presented.

The Company has applied IFRS 8 'Operating segments' The Company's operating segments meet the aggregation criteria set forth in IFRS 8, therefore, the Company is not required to make segment wise disclosures. However, the entity wide disclosure requirements as required by IFRS 8 are applicable on the Company and are presented in note 21.1.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Overall considerations

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.

All accounting estimates and assumptions that are used in preparing the financial statements are consistent. Judgments are based on the information available at each balance sheet date. Although these estimates are based on the best information available to management, actual results may ultimately differ from those estimates.

4.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for investment - available for sale (refer note 13), and employees' benefit obligation which have been recognized at values determined by independent actuary (refer note 4.11).

These financial statements have been prepared under the accrual basis of accounting except cash flow information.

4.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment if any except leased hold land held for business use is stated at leased amount less amortize amount

Building, plant, tools, office equipments, furniture, carpets and vehicles are carried at acquisition cost or manufactured cost less subsequent depreciation and impairment losses if any.
Material residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

• Lease hold land	1%
• Factory building on leasehold land	10-20%
• Plant and machinery	10%
• Tools and lab equipment	10%
• Office equipment	10%
• Furniture and fixtures	10%
• Carpets and curtains	10%
• Vehicles	20%

Depreciation is provided on reducing balance method over the estimated useful lives of the assets at rates specified above.

Depreciation on additions is charged from the month of acquisition and on disposals upto the month the asset is in use. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gains and losses on disposal of fixed assets are charged to current years' income.

4.4 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized at the time when the Company loses the control of the contractual rights that comprise the financial assets. Financial liabilities are de-recognized at the time when obligation specified in the contract is discharged , cancelled or expired.

4.4.1 Financial assets

The management determines the appropriate classification of its investments in accordance with the requirements of IAS 39 "Financial Instruments: Recognition and Measurement".

a) Available for sale financial assets

Investment intended to be held for short term, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity investments (c) financial assets at fair value through profit or loss . These investments are initially recognized at fair value which includes transaction costs associated with the investments. Subsequent to initial recognition, these investments are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses on changes in fair values of these investments are taken to statement of comprehensive income.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. They are included in current assets. Loans and receivables are classified as trade debts, loans and advances, deposits, other receivables and profit receivable from banks in the balance sheet.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.4.2 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and net amount is reported in the balance sheet if the Company has legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.5 Functional and presentation currency

These financial statement are presented in Pak Rupees, which is the Company's' functional currency. All financial information presented in Pak Rupees is rounded to nearest rupee.

4.6 Stores 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 and loss account when purchased.

4.7 Stock-in-trade

Stock in trade is valued at lower of cost and estimated net realizable value. Stock in trade comprise of Raw-material, work in process and finished goods, while basis of valuation is weighted average cost.

Raw material cost comprises invoice values plus other related charges paid thereon. Net realizable value signifies estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale.

4.8 Trade debts

Trade debts are carried at original invoice amount less impairment made for doubtful debts based on a review of all outstanding amounts at the year end. A provision for impairment is established when there is an objective evidence that the Company will not be able to all amounts due according to the original terms of the receivables. Bad debts are written off when identified.

Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in the payment are considered indicators that the trade receivable is impaired.

4.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at fair value cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, 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 finances under mark up arrangements.

4.10 Taxation

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.

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.

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

4.11 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 M/s Nauman Associates as of 30 June 2010. The results of current valuation are summarized in note 17.

Actuarial gains/ (losses) in excess of 10% of the present value of the defined benefit obligation are recognized over the expected average future working lives of the employees participating in the scheme. Past service cost is recognized immediately to the extent the benefits are already vested.

The amount recognized in the balance sheet represents the present value of the defined benefit obligation adjusted for the actuarial gains and losses and unrecognized past service cost.

4.12 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

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 Related party transactions

Sale and purchase transactions with related parties are carried out at arm's length price under the comparable uncontrolled price method. All other transactions are carried out on the basis of mutually agreed terms.

4.15 Revenue recognition

Sales are recorded on dispatch of goods to customers.

Revenue from repair services is recognized as and when services are rendered.

Interest income are recorded on an accrual basis.

Cumulative gain or losses previously recognized in equity on revaluation of fair values of 'available for sale' financial assets are recognized in income at the time of their derecognition.

4.16 Foreign currency translation

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

4.17 Disposal of assets and 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 income statement. The gain or loss arising from the sale of non-current assets is generally included in "other income" or "other expense" in the income statement.

4.18 Equity and dividend payments

Share capital is determined using the nominal value of shares that have been issued.

Un appropriated profit include all current and prior period results as disclosed in the income statement.

Dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders.

4.19 Expense recognition, borrowing costs

Operating expenses are recognized in the profit and loss account 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 cost of that asset. All other borrowing costs are recognized as an expense in the period in which these are incurred.

4.20 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).

4.21 Contingent liability

Contingent liability is disclosed when:

- there is possible obligation that arise from past event and whose existence will be confirmed only the occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is a present obligation that arise from past event but is not probable that an outflow of recourses embodying economic benefit will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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 Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Depreciation on property, plant and equipment.
(b) Recoverable amount and related impairment of depreciable, amortizable and financial assets.
(c) Provision for taxation and related deferred tax liability.
(d) Liability against employees' benefit.
(e) Other provision, contingent liabilities and contingent assets.

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, 2010

6 PROPERTY, PLANT AND EQUIPMENT

Particulars	Lease hold land	Factory building on lease hold land	Plant and machinery	Tools and lab equipment	Office equipment	Furniture and fixture	Carpets and curtain	Vehicle	Total
	Rupees								
Gross carrying amount	15,663,368	20,242,352	75,381,383	5,842,580	3,629,388	2,778,667	143,111	15,296,947	138,977,796
Additions	-	8,575,634	8,909,530	-	628,330	163,290	-	-	18,276,784
Disposals	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2010	15,663,368	28,817,986	84,290,913	5,842,580	4,257,718	2,941,957	143,111	15,296,947	157,254,580
Depreciation									
Balance as at July 01, 2009	(413,810)	(15,439,720)	(54,188,259)	(4,515,237)	(2,224,927)	(1,955,917)	(108,478)	(5,224,121)	(84,070,469)
Disposals	-	-	-	-	-	-	-	-	-
Depreciation	(152,496)	(1,773,509)	(2,749,617)	(132,734)	(163,937)	(93,034)	(3,463)	(2,014,565)	(7,083,355)
Balance as at June 30, 2010	(566,306)	(17,213,229)	(56,937,876)	(4,647,971)	(2,388,864)	(2,048,951)	(111,941)	(7,238,686)	(91,153,824)
Carrying amount as at June 30, 2010	15,097,062	11,604,757	27,353,037	1,194,609	1,868,854	893,006	31,170	8,058,261	66,100,756

Particulars	Lease hold land	Factory building on lease hold land	Plant and machinery	Tools and lab equipment	Office equipment	Furniture and fixture	Carpets and curtain	Vehicle	Total
	Rupees								
Gross carrying amount	1,408,515	20,242,352	75,381,383	5,842,580	3,591,556	2,769,067	143,111	10,010,361	119,388,925
Additions	14,254,853	-	-	-	37,832	9,600	-	5,511,586	19,813,871
Disposals	-	-	-	-	-	-	-	(225,000)	(225,000)
Balance as at June 30, 2009	15,663,368	20,242,352	75,381,383	5,842,580	3,629,388	2,778,667	143,111	15,296,947	138,977,796
Depreciation									
Balance as at July 01, 2008	(270,323)	(14,906,094)	(51,833,467)	(4,367,755)	(2,070,277)	(1,864,925)	(104,629)	(3,267,190)	(78,684,660)
Disposals	-	-	-	-	-	-	-	128,515	128,515
Depreciation	(143,487)	(533,626)	(2,354,792)	(147,482)	(154,650)	(90,992)	(3,849)	(2,085,446)	(5,514,324)
Balance as at June 30, 2009	(413,810)	(15,439,720)	(54,188,259)	(4,515,237)	(2,224,927)	(1,955,917)	(108,478)	(5,224,121)	(84,070,469)
Carrying amount as at June 30, 2009	15,249,558	4,802,632	21,193,124	1,327,343	1,404,461	822,750	34,633	10,072,826	54,907,327

6.1 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 equipments allotted by Sarhad Development Authority on a lease terms basis of 99 years. A civil suit is filed by Surban Textile Mill Limited against Sarhad Development Authority and others for allotment of the same to Ados Pakistan Limited. While Ados Pakistan Limited is a party into this case. The management expects a favorable decision based on legal advisor assessments and merits of the case.

6.2 Depreciation charge for the year has been allocated as under:

		2010 Rupees	2009 Rupees
Cost of sales/services	Note: 22	5,980,586	3,179,387
Administrative expenses	Note: 24	1,102,769	2,334,937
		7,083,355	5,514,324

7 DEFERRED TAX

Deferred taxes arising from temporary differences can be summarized as follows:

	Balance as at 30 June 2009	Recognized in Profit in loss	Balance as at 30 June 2010
Taxable temporary difference:			
- on accelerated tax depreciation	(8,483,934)	2,645,388	(5,838,546)
Deductable temporary difference:			
- Stores and loose tools	413,835	-	413,835
- Trade debts	3,662,905	2,907,548	6,570,453
- Employee benefit obligations	872,142	93,734	965,876
Net deferred tax asset/(liability)	(3,535,052)	5,646,670	2,111,618

8 STORES, SPARES AND LOOSE TOOLS

		2010 Rupees	2009 Rupees
Stores		926,907	926,907
Loose tools	Note: 8.1	726,686	726,686
Stores, spares and loose tools		1,653,593	1,653,593

8.1 LOOSE TOOLS

Loose tools	1,909,070	1,909,070
Less: Provision for obsolete and slow moving items	(1,182,384)	(1,182,384)
Loose tools	726,686	726,686

9 STOCK IN TRADE

Raw materials	1,780,562	1,780,562
Finished goods	1,484,000	1,484,000
Stock in trade	3,264,562	3,264,562

10 TRADE DEBTS

Trade debtors - Unsecured, considered good		121,520,225	205,997,238
- Unsecured, considered doubtful		18,772,724	10,465,443
		140,292,949	216,462,681
Less: Provision for impairment	Note: 10.1	18,772,724	10,465,443
Trade debts		121,520,225	205,997,238

10.1 Provision for impairment

Opening balance as on July 01		10,465,443	11,229,007
Provision for the year		8,307,281	4,306,657
Less: reversal for the year	Note: 26	-	(5,039,735)
written off against provision		-	(30,486)
Provision for impairment		18,772,724	10,465,443

11 LOAN AND ADVANCES

Loan to employees	Note: 11.1	2,863,392	2,844,021
Advances to suppliers- Considered good		5,774,931	4,656,084
Loan and advances		8,638,323	7,500,105

11.1 Interest free loan to employee are provided for construction of house with no fixed repayment terms. Any outstanding loan due from an employee at the time of leaving the service of the Company is adjustable against the final settlement of staff gratuity.

12 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

		2010 Rupees	2009 Rupees
Security deposits		25,000	229,050
Margin deposits	Note: 12.1	7,583,350	7,356,496
		7,608,350	7,585,546
Prepayments		443,416	442,800
Trade deposits and short term prepayments		8,051,766	8,028,346

12.1 This represents cash margin held with different banks against bid bonds, performance bonds and bank

13 SHORT TERM INVESTMENT - available for sale

No. of units 2010	No. of units 2009	Description	2010 Cost (Rupees)	2010 Fair value (Rupees)	2009 Fair value (Rupees)
170,410	164,024	United Islamic Income Un	15,000,000	17,385,206	16,487,720

	2010 Rupees	2009 Rupees
Fair value of investment at the beginning of year	16,487,720	15,959,526
Gain on remeasurement of investment	897,486	528,194
Fair value of investment at year end	17,385,206	16,487,720

13.1 Fair value is determined using the announced re-purchase price by the fund management.

14 TAXATION

	2010 Rupees	2009 Rupees
Advance tax deducted at source	37,419,557	43,079,754
Less: provision for taxation	(17,573,860)	(21,760,572)
Advance tax - net of provision	19,845,697	21,319,182
Sales tax refunds	2,963,851	1,607,809
Taxation	22,809,548	22,926,991

15 CASH AND BANK BALANCES

		2010 Rupees	2009 Rupees
Cash in hand		1,477	7,610
Cash at banks:			
Local currency saving accounts	Note: 15.1	101,382,900	135,043,428
Local currency current accounts		18,821,945	90,455,163
Foreign currency current accounts		1,825,587	932,133
Cash and bank balances		122,031,909	226,438,334

15.1 The range of interest on these saving accounts is between 2.26-10% per annum (2009: 2.5-10% per annum).

16 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

The share capital of Ados Pakistan Limited consists only of ordinary shares with a par value of Rs.10. All shares are equally eligible to receive dividends.

2010 Number	2009 Number			2010 Rupees	2009 Rupees
65,826,000	65,826,000	Ordinary shares of Rs. 10 each issued and fully paid in cash	Note: 16.1	65,826,000	65,826,000

16.1 These includes 106,000 shares held by the Akbar Associates (Private) Limited, an associated company.

17 EMPLOYEES' BENEFIT OBLIGATION

		2010 Rupees	2009 Rupees
Employees' gratuity		2,759,647	2,491,835
The employees' benefit obligation as at the balance sheet date for the reporting year are as follows:			
Present value of defined benefit obligation		2,504,077	2,125,132
Benefit payable-retired		639,083	561,437
Unrecognized actuarial loss		(383,513)	(194,734)
Net liability at the end of the year		2,759,647	2,491,835
Movement in the present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation at the beginning of the year		2,125,132	1,853,901
Current service cost		563,162	495,438
Interest cost		255,016	222,468
Benefit payable		(77,646)	(127,251)
Benefit paid		(550,366)	(282,477)
Actuarial (gain)/loss		188,779	(36,947)
Present value of defined benefit obligation at the end of the year		2,504,077	2,125,132
Expense recognized in profit and loss account:			
Current service cost		563,162	495,438
Interest cost		255,016	222,468
Net actuarial loss recognized		-	9,258
Provision of employees' benefit		818,178	727,164
Expense is recognized in the following line items in profit and loss account:			
Cost of sale/services	Note: 22.2	542,543	456,090
Administrative expenses	Note: 24.1	275,635	271,074
		818,178	727,164
Principal actuarial assumptions used were as follows:			
Discount rate per annum		12%	12%
Expected rate of increase in eligible salary per annum		11% per annum	11% per annum
Mortality rate		EFU 61-66 Mortality table	EFU 61-66 Mortality table
Average expected remaining working life time of employees		6 years	6 years

Detail of present value of employees' benefit obligation.

	2010	2009	2008 Rupees	2007	2006
Present value of defined benefit	2,504,077	2,125,132	1,853,901	1,409,537	1,668,695

18 TRADE AND OTHER PAYABLES

		2010 Rupees	2009 Rupees
Creditors - unsecured		198,349,065	368,466,297
Accrued liabilities		4,837,833	3,433,596
Advance from customer	Note: 18.1	1,350,000	21,971,581
Sales tax payable		208,606	-
Workers' profit participation fund (WPPF)	Note: 18.2	3,345,898	4,267,897
Employee income tax payable		116,260	-
Workers' welfare fund (WWF)		2,340,301	1,336,081
Other liabilities		245,378	651,220
Trade and other payables		210,793,341	400,126,672

18.1 This advance has been received from Saudi Relief fund for the supply of rotary drilling rigs, the adjustment of which is subject to pending litigation as disclossed in note: 20.2 to the financial statements.

		2010 Rupees	2009 Rupees
18.2 Workers' Profit Participation Fund			
Balance as at July 01		4,267,897	1,156,715
Charge for the year		2,641,695	4,085,020
Interest for the year	Note: 27	704,203	182,877
Transfer to fund during the year		(4,267,897)	(1,156,715)
Balance as at June 30		3,345,898	4,267,897

19 DUE TO ASSOCIATED COMPANY

Akbar Associates (Pvt) Limited	Note: 23.1	6,348,205	7,713,817

20 CONTINGENCIES AND COMMITMENTS

		2010 Rupees	2009 Rupees
Bank guarantees	Note: 20.1	24,203,290	23,918,790

20.1 These represent Performance bonds/bid bonds issued in favor of various customers for the supply of goods and performance of services through NIB Bank Limited with a total sanctioned limit of Rs. 13 million (2009: Rs. 13 million) with outstanding balance of Rs. 10.567 million (2009:Rs. 10.283 million) as at the balance sheet date. The facility is secured against cash margin of 20% (2009: 20%) on bid bonds, 20% (2009: 20%) on performance bonds and 30%(2009: 20%) on Advance Guarantee Payments (AGPs), first mortgage charge of Rs. 30 million over Company's' fixed assets and first hypothecation charge of Rs. 100 million over company's' future and current book debts and receivable and stock of raw material/in process/finished and unfinished goods and equipment/tools etc.

Further, there are outstanding guarantees issued by Bank Alfalah Limited amounting to Rs. 13.6 million (2009: Rs. 13.6 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 (2009: Rs. 4.47 million) and second ranking hypothecation charges of Rs. 30 million (2009: Rs. 30 million) on the book value of the account receivable of the Company dated March 06, 2004.

20.2 An execution petition for the formulation of decree 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 case has been fixed for hearing on October 14, 2010 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 these financial statements for payment of the contractual/awarded amount and the penalty.

21 REVENUE

June 30, 2010		Fabrication	Repairs & services	Total
Revenue		486,353,450	48,826,915	535,180,365
Raw materials consumed	Note: 22.1	(319,922,082)	(32,118,222)	(352,040,304)
Salaries, wages and benefits	Note: 22.2	(11,853,968)	(1,190,066)	(13,044,034)
Depreciation	Note: 6.2	(5,434,951)	(545,635)	(5,980,586)
Other expenses		(34,152,663)	(3,428,719)	(37,581,382)
Cost		(371,363,664)	(37,282,642)	(408,646,306)
Results		114,989,786	11,544,273	126,534,059

June 30, 2009		Fabrication	Repairs & services	Total
Revenue-net of sales tax		775,138,478	20,644,996	795,783,474
Raw materials consumed	Note: 22.1	(563,001,219)	(14,994,944)	(577,996,163)
Salaries, wages and benefits	Note: 22.2	(9,680,403)	(257,827)	(9,938,230)
Depreciation	Note: 6.2	(3,096,905)	(82,482)	(3,179,387)
Other expenses		(54,655,494)	(1,455,691)	(56,111,185)
Cost		(630,434,021)	(16,790,944)	(647,224,965)
Results		144,704,457	3,854,052	148,558,509

21.1 Entity wide information

Information about geographical area:

The company does not hold non-current assets in any foreign country.

Information about major customers:

	2010 Rupees	2009 Rupees
BP Pakistan Exploration & Production Inc.	34%	35%
ENI Pakistan Limited	11%	10%
MOL Pakistan Oil & Gas Co.	16%	-
OMV Pakistan	26%	42%
Other	13%	13%
	100%	100%

22 COST OF SALES/ SERVICES

		2010 Rupees	2009 Rupees
Raw materials consumed	Note: 22.1	352,040,304	577,996,163
Stores, spares and lubricants		9,797,575	24,549,927
Salaries, wages and benefits	Note: 22.2	13,044,034	9,938,230
Factory rent		2,309,686	-
Repair and maintenance		1,928,518	490,911
Travelling and conveyance		1,043,932	339,040
Vehicle running and maintenance		92,299	11,631
Electricity, water and gas		1,760,102	1,340,715
Telephone and postage		222,080	157,715
Carriage and freight		2,571,401	2,260,112
Royalty and equipment rentals		2,895,582	1,782,404
Clearing and service charges		11,186,058	20,043,966
Other factory overheads		3,774,149	5,134,764
Depreciation	Note: 6.2	5,980,586	3,179,387
Cost of sales/ services		408,646,306	647,224,965

22.1 Raw materials consumed

	2010 Rupees	2009 Rupees
Opening balance as on July 01	1,780,562	1,780,562
Add: Purchases during the year	352,040,304	577,996,163
	353,820,866	579,776,725
Less: Closing balance as on June 30	1,780,562	1,780,562
Raw materials consumed	352,040,304	577,996,163

22.2 These include an amount in respect of employees' benefit obligation of Rs. 542,543 (refer to note: 17) (2009: Rs. 456,090).

23 SELLING AND DISTRIBUTION EXPENSES

		2010 Rupees	2009 Rupees
Advertisement and sales promotion		131,088	1,549,970
Marketing expenses	Note: 23.1	25,129,152	39,825,555
Selling and distribution expenses		25,260,240	41,375,525

23.1 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.

24 ADMINISTRATIVE EXPENSES

		2010 Rupees	2009 Rupees
Salaries and other benefits	Note: 24.1	4,047,637	4,095,059
Directors' remuneration		4,847,153	5,560,772
Travelling and conveyance		1,226,585	2,989,010
Rent, rate and taxes		164,841	180,411
Legal and professional charges		791,923	309,789
Fee and subscription		416,395	522,350
Electricity, gas and water		520,886	267,523
Repair and maintenance		78,267	391,066
Insurance		361,311	1,209,282
Vehicle running and maintenance		808,920	789,974
Printing, stationary and periodicals		1,117,770	852,700
Postage, telex and telephone		2,312,204	2,613,136
Entertainment and staff welfare		675,922	382,421
Depreciation	Note: 6.2	1,102,769	2,334,937
Auditors' remuneration	Note: 24.2	330,000	300,000
Donations	Note: 24.3	588,170	592,946
Provision and write offs	Note: 24.4	15,208,788	4,306,657
Miscellaneous expenses		435,613	361,767
Administrative expenses		35,035,154	28,059,800

24.1 These include an amount in respect of employees' benefit obligation of Rs. 275,635 (refer to note: 16) (2009: Rs. 271,074).

24.2 Auditors' remuneration

	2010 Rupees	2009 Rupees
Annual audit fee	300,000	250,000
Half-yearly review fee	30,000	30,000
Other	-	20,000
Auditors' remuneration	330,000	300,000

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

24.4 Provision and write offs

	2010 Rupees	2009 Rupees
Provision for doubtful debts	8,307,281	4,306,657
Write offs other	6,901,507	-
Provision and write offs	15,208,788	4,306,657

25 OTHER OPERATING EXPENSES

Workers' profit participation fund	2,641,695	4,085,020
Workers' welfare fund	1,004,220	1,237,163
Loss on disposal of vehicle	-	11,485
Net exchange loss	21,218,607	7,341,615
Other operating expenses	24,864,522	12,675,283

26 OTHER OPERATING INCOME

		2010 Rupees	2009 Rupees
Income from financial assets			
Reversal of provision for doubtful debts	Note: 10.1	-	5,039,735
Interest income		8,257,366	5,101,219
		8,257,366	10,140,954
Income from non financial assets			
Scrap sale		260,991	451,203
Other income		815,062	-
Other operating income		9,333,419	10,592,157

27 FINANCIAL COST

		2010 Rupees	2009 Rupees
Interest on workers' profit participation fund	Note: 18.2	704,203	182,877
Bank charges		782,033	398,190
Commission on guarantees		-	82,502
Commission on LC's		33,347	9,750
Financial cost		1,519,583	673,319

28 INCOME TAX EXPENSE

- for the year	17,573,860	21,760,572
- prior year	4,973,254	-
- deferred tax	(5,646,670)	2,775,835
Income tax expense	16,900,444	24,536,407

28.1 Relationship between tax expense and accounting profit:

Accounting profit	49,187,979	76,366,739
Tax rate	35%	35%
Tax on accounting profit	17,215,793	26,728,359
Tax effect of amount not admissible for tax purposes	5,673,085	1,927,944
Tax effect of depreciation and bad debt - admissible for tax purposes	(5,122,390)	(1,807,665)
Tax effect of gratuity paid and lease hold land - admissible for tax purposes	(192,628)	(5,088,066)
Tax impact of prior year income tax	4,973,254	-
Tax impact of deferred tax charged	(5,646,670)	2,775,835
Actual tax expense net	16,900,444	24,536,407

28.2 Taxation officer has raised additional tax demand of Rs. 3,557,806 against tax year 2007, by disallowing provision for bad debts of Rs. 11,078,006 which was claimed by the Company in the relevant year. An appeal against this decision filed by the Company before the commissioner inland revenue (Appeals-I) Islamabad.

Rectification application has been filled by the Company to tax authority 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 loses(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.

29 EARNING PER SHARE - BASIC AND DILUTED

	2010 Rupees	2009 Rupees
Profit for the year - Rupees	32,287,535	51,830,332
Number of ordinary shares outstanding during the year	6,582,600	6,582,600
Earnings per share-Rupees	4.90	7.87

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

30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE

	Chief Executive		Directors		Executive	
	2010	2009	2010	2009	2010	2009
	Rupees		*Rupees*		*Rupees*	
Managerial remuneration	1,370,547	1,409,453	1,525,386	1,681,644	1,109,716	1,141,935
House rent allowance	616,746	634,254	686,424	756,740	499,372	513,871
Utilities/others	76,003	-	76,003	-	-	-
Medical allowance	137,055	140,945	152,539	168,164	110,972	114,194
Bonus	96,774	96,774	109,677	119,355	109,435	212,942
	2,297,125	2,281,426	2,550,029	2,725,903	1,829,495	1,982,942
Number of persons	1	1	2	3	1	1

In addition to the above, the Chief Executive is also provided with free use of Company's maintained car and other perquisites including reimbursable travelling of Rs. 152,005 (2009: Rs. 553,443)as per the Company rules. Executive means any employee whose basic salary exceeds Rs. 500,000 (2009: Rs. 500,000) per year.

31 RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, staff retirement funds, directors and key management

			2010 Rupees	2009 Rupees
31.1	Transactions with Akbar Associates (Pvt) Ltd.			
	Sales		20,235,868	-
	Marketing expenses	Note: 23	25,129,152	39,825,555
31.2	Common expense sharing:			
	Rent, rate and taxes		327,926	327,959
	Electricity, gas and water		1,009,384	503,935
	Repair and maintenance		180,279	625,384
	Postage, telex and telephone		181,382	131,519
	Entertainment and staff welfare		1,342,426	493,272
31.3	Transactions with key management personnel			
	The transaction with key personnel are disclosed in note 30.			
31.4	Transactions with others			
	Employees' gratuity	Note: 17	2,759,647	2,491,835
	Workers' profit participation fund	Note: 18.2	2,641,695	4,085,020
	Dividend payment		13,165,200	-

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

32 PLANT CAPACITY

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

33 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign exchanges rates, market interest rates, credit and liquidity risk associated with various financial assets and liabilities respectively as stated in note 33.7.

The Company finances its operations through equity, short-term borrowings 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 risk. Risk measured and managed by the Company are explained in the notes below.

33.1 Foreign currency sensitivity

Most of the Company's transactions are carried out in Pak Rupees. Exposures to currency exchange rates arise from the Company's receivables, payables and 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 (due within 6 months) from longer-term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

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

	2010 Rupees	2009 Rupees
Financial assets	125,726,585	212,441,645
Financial liabilities	191,939,512	339,760,988
Short-term exposure	(66,212,927)	(127,319,343)
Financial assets	-	-
Financial liabilities	-	-
Long-term exposure	-	-

The following table illustrates the sensitivity of the net result for the year and equity with regards to Company's financial assets and liabilities and US Dollar - Pak Rupee exchange rate.

A +2.71 /- 3.82 change of the US Dollar exchange rate for the year ended June 30, 2010 (2009: 12.94%/-9.29%) has been considered. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on Company's foreign currency financial instruments held at each balance sheet date.

If the Pak Rupee had strengthened against the US Dollar by 3.82% (2009: 9.29%), then this would have had the following impact:

	2010 Rupees	2009 Rupees
Net result for the year	2,502,218	18,874,827

If the Pak Rupee had weakened against the US Dollar by 2.71 (2009: 12.94%), then this would have had the following impact:

	2010 Rupees	2009 Rupees
Net result for the year	(1,777,405)	(13,545,902)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above has been considered to be representative of the Company's exposure to current risk.

33.2 Interest rate sensitivity

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company does not have any borrowings. The Company is exposed to change in market interest rate through fund utilized out of workers' profit participation fund (WPPF) and saving accounts in bank, which are subjected to variable interest rates.

	2010 %	2009 %	2010 Rupees	2009 Rupees
Fixed rate instrument			Rupees	Rupees
Financial assets				
Bank balances	2.26 to 10	2.5 to 10	122,030,432	226,430,724
			122,030,432	226,430,724
Financial liabilities			-	-
WPPF	16.25	15.25	704,203	182,877
			122,030,432	226,430,724

33.3 Other price risk sensitivity

The Company is exposed to other price risk (Stock Exchange index variations etc) in respect of its investment in United Islamic Income Fund (refer to note: 13). A change in market return will effect the Company's' return on United Islamic Units.

For the investment in United Islamic Income Fund, an average volatility of 5.16 % has been observed during 2010 (2009: 3.17%). If the Unit price for these funds increased or decreased by that amount, gain on remeasurement of available for sale assets would have changed by Rs. 897,486 (2009: Rs. 523,071).

33.4 Credit risk analysis

Credit risk represents the accounting loss that would be recognized on the reporting date if counter parties failed completely to perform as contracted. The Company's credit risk is primarily attributable to its trade debts, advances, deposits and other receivables and balances with banks. The credit risk on liquid funds is limited as the counter parties are banks with reasonably good credit ratings. The Company believes that it is not exposed to major concentration of credit risk. Out of the total financial assets of Rs. 277,865,396 (2009: Rs. 464,008,942), the financial assets of Rs. 277,863,919 (2009: Rs. 464,001,332) are subjected to credit risk as explained in note 33.7.

		2010 Rupees	2009 Rupees
Classes of financial assets - carrying amounts			
Available for sale financial assets	Note: 13	17,385,206	16,487,720
Bank balances		122,030,432	226,430,724
Trade and other receivables		138,448,281	221,082,888
		277,863,919	464,001,332

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.

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

Financial assets due but not impaired can be shown as follows:

	2010 Rupees	2009 Rupees
Not more than 1 month	48,005,909	23,045,579
More than 1 month but not more than 6 months	19,289,441	145,342,749
More than 6 months but not more than 1 year	1,718,582	29,448,459
More than 1 year	14,807,681	8,160,451
	83,821,613	205,997,238

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counter party or any group of counterparties having similar characteristic as discussed above. Trade receivables consists of large number of customers in various industries and geographical areas. Based on historical information about customer default rates management does not expect non-performance by these counter parties on their obligations to the Company.

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:

	2010 Rupees
A-1+	18,941,905
A-1	101,382,900
A-2	1,705,627
	122,030,432

33.5 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.

Company maintains cash and marketable securities to meet its liquidity requirement for thirty (30) days period. Funding for long term liquidity needs is additionally secured by an adequate amount of committed credit facility from financial institutions and Company's directors.

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

June 30, 2010	Current		Non - current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Trade and other payables	206,986,780	-	-	-
Due to associated company	6,348,205			
Unclaimed dividend	4,351,190			
	217,686,175	-	-	-

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

June 30, 2009	Current		Non - current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Trade and other payables	378,566,497	-	-	-
Due to associated company	6,348,205			
Unclaimed dividend	3,360,155			
	388,274,857	-	-	-

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 management believes that the company is not exposed to any significant liquidity risk.

33.6 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 incomes or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures with in acceptable parameters, while optimizing the return on risk. Foreign currency sensitivity, interest rate sensitivity and other price risk sensitivity are described in note: 33.1, 33.2 and 33.3 respectively.

33.7 Summary of financial assets and liabilities by category

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

		2010 Rupees	2009 Rupees
Financial assets			
Available for sales assets financial assets			
- Short term investment	Note: 13	17,385,206	16,487,720
Loans and receivables			
- Trade debts	Note: 10	121,520,225	205,997,238
- Others		16,928,056	15,085,650
- Cash and bank balances	Note: 15	122,031,909	226,438,334
		277,865,396	464,008,942

		2010 Rupees	2009 Rupees
Financial liabilities			
Financial liabilities measured at amortized cost			
- Trade and other payable		206,986,780	378,566,582
Due to associated company	Note: 19	6,348,205	7,713,817
Unclaimed dividend		4,351,190	3,360,155
		217,686,175	389,640,554

34 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 reserve and debts less cash and cash equivalents as presented on the face of the balance sheet. Capital for the reporting periods under review is summarized as follows:

	2010 Rupees	2009 Rupees
Total equity	149,996,506	129,976,685
- Cash and bank balances	122,031,909	226,438,334
Capital	27,964,597	(96,461,649)
Total equity	149,996,506	129,976,685
Overall financing	149,996,506	129,976,685
Capital-to-overall financing ratio	0.19	(0.76)

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.

35 NUMBER OF EMPLOYEES

	2010 Rupees	2009 Rupees
Number of employees at the year end	73	68

36 DATE OF AUTHORIZATION FOR ISSUE

No adjusting or significant non adjusting events have been occurred between balance sheet date and date authorization on October 08, 2010 by board of directors.

37 CORRESPONDING FIGURES

Following reclassifications have been made for the best presentation

	From	To	2009 Rupees	2008 Rupees
1	Advances appearing as a part of Advances, deposits and prepayments	Loans and advances	7,500,105	7,082,329
2	Trade deposits and short term prepayments appearing as a part of Advances, deposits and prepayments	Trade deposits and short term prepayments	8,028,346	7,292,060
3	Other receivables appearing as a part of Advances, deposits and prepayments	Advances to suppliers appearing as apart of loans and advances	1,607,809	1,181,122
4	Loan to employees appearing as a part of advances to employees	Loan to employees	2,844,021	2,917,756

ZIA AKBAR ANSARI
CHIEF EXECUTIVE OFFICER

SH. USMAN AHMED
DIRECTOR

PROXY FORM

The Secretary,
ADOS Pakistan Limited
88, Khayaban-e-Iqbal,
Sector F-8/2,
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 25th Annual General Meeting of the company to be held on ______________________________
______________________________ and at any adjournment thereof.
Signed this ______________ day of ______________ 2010.

Signature on
One Rupee
Revenue Stamp

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

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.