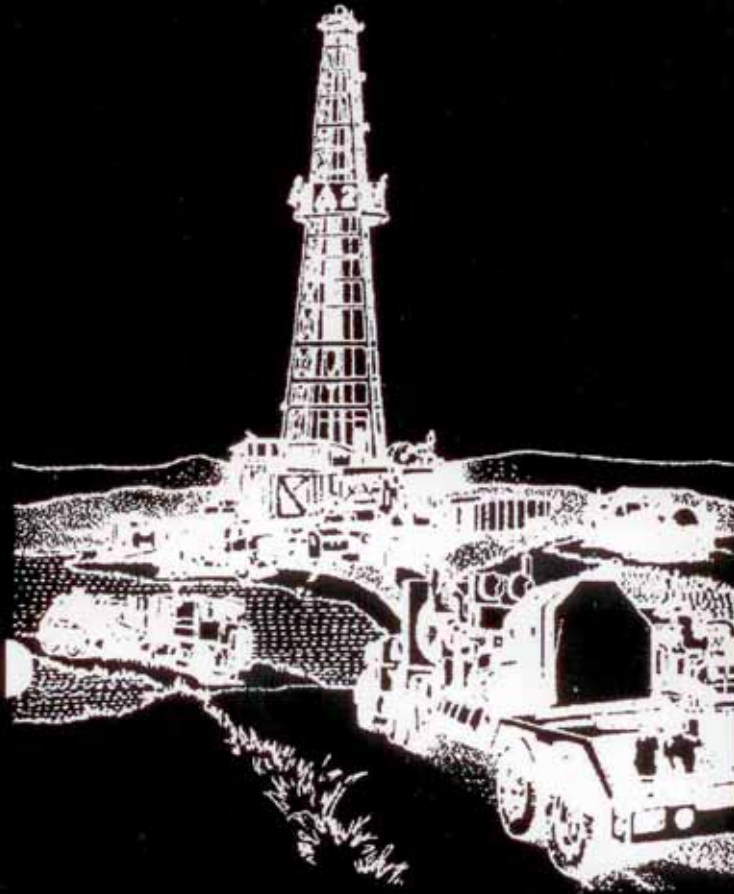


Annual Report June 30, 2011



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 , Jinnah Avenue, 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, Lquat 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,



CORPORATE PROFILE

ADOS Pakistan is a state-of-the-art API Specification-5CT, Specification-6A, Specification-6D Specification-7-1 and Specification 12 F licensed manufacturing facility in Pakistan with a solid commitment to quality indigenous manufacturing of critical service capital intensive oilfield equipment with a guaranteed 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 clad 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 clad 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 26th Annual General Meeting of the shareholders of ADOS Pakistan Limited will Insha'Allah be held on Monday October 31, 2011 at 10.30 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 25th Annual General Meeting held on October 30, 2010.
2. To receive, consider and adopt the Audited Financial Statements for the year ended June 30, 2011 together with Director's and Auditor's report therein.
3. To appoint auditors for the year ending June 30, 2012 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 07, 2011

Notes:

- i) Share Transfer Book will remain closed from October 23, 2011 to October 31, 2011 [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 22, 2011 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 to our Share Registrar's office-M/s. Corporate Support Services (Private) Ltd., 407-408, Al-Ameera Center, Shahrah e Iraq, Saddar, Karachi.



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

AS AT JUNE 30, 2011

Number of Shareholders	Shareholding From	- To	Total Number of Shares Held
69	1	- 100	4317
697	101	- 500	337248
68	501	- 1000	64309
77	1001	- 5000	223097
18	5001	- 10000	139651
10	10001	- 15000	130945
5	15001	- 20000	95900
3	20001	- 25000	65014
2	30001	- 35000	64575
1	45001	- 50000	49159
1	60001	- 65000	60388
1	70001	- 75000	74997
1	85001	- 90000	87000
1	95001	- 100000	100000
1	100001	- 150000	106000
1	245001	- 255000	250500
2	2360001	- 2365000	4729500
958			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	00.03%
Individuals	952	6368900	96.75%
Joint Stock Companies	2	19000	00.29%
Leasing Companies	1	87000	01.32%
Associated Companies	1	106000	01.61%
	958	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.
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 Statement of Ethics and Business Practices, which have been adopted and accepted by them.
6. Significant policies as required under the Code of Corporate Governance have been framed and are under review of the Board.
7. A policy manual containing a complete record of significant policies and board discussions along with dates on which they are approved or amended has been maintained.
8. The quarterly un-audited financial statements of the company are being published and circulated along with the reports of the directors.
9. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
10. 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.
11. 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.
12. All the Directors of the Company are registered taxpayers and none of the Directors 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.



13. The Company has prepared a "Standard of Business Ethics and Conduct", which has been acknowledged by all the management of the Company.
14. 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.
15. The company has been operating with the most modern and efficient information management system.
16. 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 shareholding.
17. 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.
18. The financial statements of the Company were duly indorsed by the CEO and CFO before approval of the Board. The half yearly and annual accounts were also initialed by the external auditors before presentation to the Board.
19. The company has formed an audit committee after the enforcement of the code of corporate Governance by the Stock Exchanges.
20. The Audit Committee consists of two non-executive Directors' and one executive Director and the committee is meeting at least once in every quarter.
21. 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.
22. 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.
23. 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.
24. 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.
25. The company has complied with all the corporate and financial reporting requirements of the code of Corporate Governance.



26. All material information as required under the relevant rules has been provided to the stock exchanges and to the Securities and Exchange Commission of Pakistan within the prescribed time.
27. 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
28. 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.
29. The related party transactions have been placed before the audit Committee and approved by the Board of Directors to comply with the requirements of listing regulation of the Karachi Stock Exchange (Guarantee) Limited.

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

ZIA AKBAR ANSARI
CHIEF EXECUTIVE OFFICER

Islamabad, October 07, 2011



DIRECTOR'S REPORT TO THE MEMBERS

Gentlemen,

The Directors of the company take pleasure in placing before you the 26th 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 making its full efforts to attain its sales level in current hard times of tough economic and business environment prevailing in Pakistan and are quite satisfy with the workers' of the Company for their work done during the financial year. 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 (2010: 1,653,593) and Stock in trade (note 9) amounting to Rs.3,264,562 (2010: 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. The management is striving to maintain level of its sales as of last years as inflationary indicators has boost the costs and expenses in relation to comparative low sales. The management is striving to get orders as competitors in market have forced to cut margins in order to stand in the bidding process.
5. The management has made full efforts to get orders from not only from the oil & gas exploration companies operating in Pakistan but also from the companies and institutions for its diversified capabilities of the state-of-the-art facility for fabrication and manufacturing of discrete and overt armoring of vehicles in this regard the management is very optimistic of getting orders from the oil and gas exploration companies operating in Pakistan as well as orders for the discrete and overt armoring of vehicles during the next financial year.



6. The management has decided not to pay dividends for the year ended June 30, 2011 keeping in view future cashflow requirements of the company.

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

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	06
Mrs. Uzma Jamal	07
Mrs. Shoobarana Zia	07
Mr. Sheikh Usman Ahmed	07

EARNING PER SHARE:

Earnings per share for the year ending June 30, 2011 is Rs. 2.04



CATEGORIES AND PATTERN OF SHARE HOLDING:

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

Categories of shareholders	Number of Shareholders	Number of Shares Held	Percentage %
Financial Institutions	2	1700	00.03%
Individuals	952	6368900	96.75%
Joint Stock Companies	2	19000	00.29%
Leasing Companies	1	87000	01.32%
Associated Companies	1	106000	01.61%
	958	6582600	100%

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:		
FDM Capital Securities (Private) Limited	5000	0.076
Muhammad Salim Kashmani Securities (Private) Limited	14000	0.213
Leasing Companies:		
Orix Leasing Pakistan Limited	87000	1.32
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. Shooarana 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, 2011.

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 07, 2011

SIX YEARS AT A GLANCE



	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006
Operating Results						
Sales	462,366,269	535,180,365	795,783,474	336,974,328	790,611,416	359,669,699
Gross Profit	68,093,494	126,534,059	148,558,509	52,138,423	87,995,560	35,781,545
Pre-Tax Profit	24,578,381	49,187,979	76,366,739	12,338,348	23,175,227	12,748,625
After-Tax Profit	13,424,691	32,287,535	51,830,332	6,829,325	9,960,346	6,503,001
Financial Position						
Current Assets	409,769,397	306,036,515	492,296,889	280,289,599	344,733,036	222,792,766
Current Liabilities	300,071,220	221,492,736	411,200,644	240,569,340	309,437,946	186,962,457
Operating Fixed Assets	58,339,535	66,100,756	54,907,327	40,704,265	38,057,552	35,968,136
Total Assets	468,108,932	374,248,889	547,204,216	320,993,864	382,790,588	264,531,913
Long-term Loans & Def Liabilities	5,311,642	2,759,647	6,026,887	2,806,365	3,523,333	1,902,254
Shareholders' Equity	162,726,070	149,996,506	129,976,685	77,618,159	69,829,308	75,667,202
Ratios						
Current Ratio	1.37	1.38	1.20	1.17	1.11	1.19
Gross Profit to Sales	14.73	23.64	18.67	15.47	11.13	9.95
Net Profit to Sales	2.90	6.03	6.51	2.03	1.26	1.81
Breakup Value per share (Rs.)	24.72	22.79	19.75	11.79	10.61	11.50
Earning per share-Basic (Rs.)	2.04	4.90	7.87	1.04	1.51	0.99



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, 2011 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 (xiii a) 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, as applicable to the Company for the year ended June 30, 2011.

Anjum Asim Shahid Rahman

Chartered Accountants
Audit Engagement Partner
Nadeem Tirmizi

Islamabad

Date: October 07, 2011



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ADOS Pakistan Limited** as at June 30, 2011 and the related profit and loss account, statement of comprehensive income, 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 (2010: Rs. 1,653,593) and Stock in trade (refer note 9) amounting to Rs. 3,264,562 (2010: 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;
 - 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, statement of comprehensive income, 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, 2011 and of the profit, its cash flows and changes in equity for the year then ended; and

- d) In our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

ANJUM ASIM SHAHID RAHMAN

Chartered Accountants
Audit Engagement Partner
Nadeem Tirmizi

Islamabad
Date: October 07, 2011



	Note	JUNE 30 2011 Rupees	JUNE 30 2010 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	58,339,535	66,100,756
Deferred taxation	7	-	2,111,618
		58,339,535	68,212,374
CURRENT ASSETS			
Stores, spares and loose tools	8	1,653,593	1,653,593
Stock in trade	9	4,104,613	3,264,562
Trade debts	10	56,981,540	121,520,225
Loan and advances	11	6,198,633	8,638,323
Trade deposits and short term prepayments	12	9,651,420	8,051,766
Accrued interest on saving accounts		888,672	681,383
Short term investment-available for sale	13	16,690,079	17,385,206
Taxation	14	43,998,137	22,809,548
Cash and bank balances	15	269,602,710	122,031,909
		409,769,397	306,036,515
TOTAL ASSETS		468,108,932	374,248,889
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 7,000,000 (2010: 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 reserves-unappropriated profit		95,209,991	81,785,300
Capital reserves-gain on re-measurement of investment		1,690,079	2,385,206
TOTAL EQUITY		162,726,070	149,996,506
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred taxation	7	1,624,545	-
Employees' benefit obligation	17	3,687,097	2,759,647
		5,311,642	2,759,647
CURRENT LIABILITIES			
Trade and other payables	18	295,663,778	210,793,341
Due to associated company	19	225,940	6,348,205
Unclaimed dividend		4,181,502	4,351,190
		300,071,220	221,492,736
TOTAL LIABILITIES		305,382,862	224,252,383
CONTINGENCIES AND COMMITMENTS	20		
TOTAL EQUITY AND LIABILITIES		468,108,932	374,248,889

The annexed notes from 1 to 36 form an integral part of these financial statements.

ZIA AKBAR ANSARI
CHIEF EXECUTIVE & DIRECTOR

SABINA ANSARI
DIRECTOR

ADOS PAKISTAN LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2011



	Note	JUNE 30 2011 Rupees	JUNE 30 2010 Rupees
Revenue		465,675,398	537,317,502
Sales tax		(3,309,129)	(2,137,137)
Net revenue	21	462,366,269	535,180,365
Cost of sales/services	22	(394,272,775)	(408,646,306)
Gross profit		68,093,494	126,534,059
Selling expenses	23	(23,189,710)	(25,260,240)
Administrative expenses	24	(29,153,805)	(35,035,154)
Other operating expenses	25	(3,630,569)	(24,864,522)
Other operating income	26	13,362,345	9,333,419
Profit from operations		25,481,755	50,707,562
Financial cost	27	(903,374)	(1,519,583)
Profit before income tax		24,578,381	49,187,979
Taxation	28	(11,153,690)	(16,900,444)
Profit after taxation		13,424,691	32,287,535
Earning per share	29	2.04	4.90

The annexed notes from 1 to 36 form an integral part of these financial statements.

ZIA AKBAR ANSARI
 CHIEF EXECUTIVE & DIRECTOR

SABINA ANSARI
 DIRECTOR

ADOS PAKISTAN LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED JUNE 30, 2011



	Note	JUNE 30 2011 Rupees	JUNE 30 2010 Rupees
Profit for the year		13,424,691	32,287,535
Other comprehensive income			
Unrealised gain/(loss) on investment	13	(695,127)	897,486
Total comprehensive income for the year		12,729,564	33,185,021

The annexed notes from 1 to 36 form an integral part of these financial statements.

ZIA AKBAR ANSARI
 CHIEF EXECUTIVE & DIRECTOR

SABINA ANSARI
 DIRECTOR

ADOS PAKISTAN LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011



	Note	JUNE 30 2011 Rupees	JUNE 30 2010 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income tax		24,578,381	49,187,979
Adjustment for:			
Depreciation	Note: 6.2	8,160,399	7,083,355
Provision for employees' benefit obligation	Note: 17	976,685	818,178
Provision for doubtful debts	Note: 10.1	1,982,643	8,307,281
Reversal of provision for doubtful debts	Note: 10.1	(1,047,590)	
Provision for WPPF & WWF	Note: 25	1,809,784	3,645,915
Interest on bank accounts		(9,214,090)	(8,257,366)
Financial cost	Note: 27	903,374	1,519,583
		<u>3,571,205</u>	<u>13,116,946</u>
		28,149,586	62,304,925
(Increase)/decrease in current assets			
Stock in trade		(840,051)	-
Trade debts		63,603,632	76,169,732
Loan and advances		2,439,690	(1,138,218)
Trade deposits and short term prepayments		(1,599,654)	(23,420)
		<u>63,603,617</u>	<u>75,008,094</u>
Increase/(decrease) in current liabilities			
Trade and other payables		85,897,640	(189,415,552)
Due to associated company		(6,122,265)	(1,365,612)
		<u>79,775,375</u>	<u>(190,781,164)</u>
Cash generated (used in)/from operations			
		171,528,578	(53,468,145)
Financial cost paid		(394,463)	(815,380)
Taxes paid		(28,606,116)	(22,429,671)
Gratuity paid		(49,235)	(550,366)
WPPF paid		(3,345,898)	(4,267,897)
		<u>(32,395,712)</u>	<u>(28,063,314)</u>
Net flow (used in)/from operating activities		139,132,866	(81,531,459)
CASH FLOW FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(399,178)	(18,276,784)
Profit realized on bank accounts		9,006,801	7,575,983
Net cash (used in)/from investing activities		8,607,623	(10,700,801)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(169,688)	(12,174,165)
Net cash (used in)/from financing activities		(169,688)	(12,174,165)
Net change in cash and cash equivalents		147,570,801	(104,406,425)
Cash and cash equivalent at the beginning of the year	Note: 15	122,031,909	226,438,334
Cash and cash equivalent at the end of the year		269,602,710	122,031,909

The annexed notes from 1 to 36 form an integral part of these financial statements.

ZIA AKBAR ANSARI
CHIEF EXECUTIVE & DIRECTOR

SABINA ANSARI
DIRECTOR

ADOS PAKISTAN LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2011



	Issued, subscribed and paid up capital	Capital reserves	Revenue reserves	Shareholders' equity
		Unrealised gain/(loss) on remeasurement of available for sale investment	Unappropriated Profit	
	Rupees	Rupees	Rupees	Rupees
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 June 30, 2009	-	-	(13,165,200)	(13,165,200)
Comprehensive income for the year				
Total comprehensive income for the year ended June 30, 201	-	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
Comprehensive income for the year				
Total comprehensive income for the year ended June 30, 201	-	(695,127)	13,424,691	12,729,564
Balance as at June 30, 2011	65,826,000	1,690,079	95,209,991	162,726,070

The annexed notes from 1 to 36 form an integral part of these financial statements.

ZIA AKBAR ANSARI
CHIEF EXECUTIVE & DIRECTOR

SABINA ANSARI
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 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 and have not been earlier adopted by the Company. 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 7	Financial Instruments: disclosures - amendments	1 January, 2011 & 1 July, 2011
IAS 1	Presentation of financial statements - amendments	1 January, 2011 & 1 July, 2012
IAS 12	Income Taxes - Limited scope amendment (recovery of underlying assets).	1 January, 2012
IAS 19	Employee Benefits - amended standards resulting from the post employment benefits and termination benefits project.	1 January, 2013
IAS 24	Related party disclosures - revised definition of related parties.	1 January, 2011
IAS 27	Consolidated and separate financial statements - reissued as IAS 27 separate financial statement (as amended in 2011).	1 January, 2013
IAS 28	Investment in associates - reissued as IAS 28 investment in associates and joint ventures (as amended in 2011).	1 January, 2013
IAS 34	Interim financial reporting - amendments resulting from May 2010 Annual Improvements to IFRSs.	1 January, 2011
IFRIC 13	Customer Loyalty Programmes - amendments	1 January, 2011
IFRIC 14	The limit on a defined benefit asset, minimum funding requirements and their interaction - amendments	1 January, 2011

3.2 Standards, interpretations and amendments not yet adopted

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

IFRS 1	First time adaptation of International Financial Reporting Standards - amendments	1 July, 2009
IFRS 9	Financial Instruments: classification and measurement	1 January, 2013



IFRS 10	Consolidated financial statements	1 January, 2013
IFRS 11	Joint Arrangements	1 January, 2013
IFRS 12	Disclosure of interest in other entities	1 January, 2013
IFRS 13	Fair Value Measurement	1 January, 2013

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

All accounting estimates and assumptions that are used in preparing the financial statements are consistent, except as mentioned in note 4.3. 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.

4.1 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 (refer note 4.11).

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

4.2 Operating segments

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

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 amortized 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.

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

• Lease hold land	10%
• 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 on additions is charged from the month of acquisition and on disposals up to the month the asset is in use. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

The depreciation rate on lease hold land has been changed from 1 % to 10 % per annum during the year. This revision has been accounted for as change in accounting estimates and has been recognized prospectively. Had there been no change in the estimate, the profit before tax would have been increased by an amount of Rs. 1,358,735.



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". All financial assets and liabilities are initially recognized at fair value plus transaction cost. Any gain or loss on derecognition of financial assets and financial liabilities are included in income for the year.

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 the statement of other 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 (fair value) less provision made for doubtful debts based on a review of all outstanding amounts at the year end. A provision for doubtful debts is established when there is an objective evidence that the Company will not be able to recover 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. Provision for doubtful debts is charged to profit and loss account for the year. When the trade debts are uncollectable, it is written off against the provision. Subsequently recoveries of amount previously written off are credited to profit and loss account.

4.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at fair value. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, bank balances, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and 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 the statement of other comprehensive income in which case the related deferred tax is also charged or credited directly to the statement of other 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, 2011. 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 payables 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 transactions and 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 into Pak Rupees 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.

Interim dividend distributions are recognized in the period in which the dividends are declared by the Board of Directors, while final dividend distributions are recognized as liability in the financial statements in the period in which the dividend are approved by the Company's shareholders at the Annual General Meetings.

**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 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). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each balance sheet date. Reversals of the impairment loss are restricted to the original cost of the assets. An impairment loss or reversal of the impairment loss is recognized in income for the year.

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 on 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 resources 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.

ADOS PAKISTAN LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2011



6 PROPERTY, PLANT AND EQUIPMENT

Particulars	Rupces							Total	
	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
Gross carrying amount	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
Additions	-	-	-	-	399,178	-	-	-	399,178
Disposals	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2011	15,663,368	28,817,986	84,290,913	5,842,580	4,656,896	2,941,957	143,111	15,296,947	157,653,758
Depreciation									
Balance as at July 01, 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)
Disposals	-	-	-	-	-	-	-	-	-
Depreciation	(1,509,706)	(1,888,714)	(2,735,304)	(121,545)	(201,060)	(89,301)	(3,117)	(1,611,652)	(8,160,399)
Balance as at June 30, 2011	(2,076,012)	(19,101,943)	(59,673,180)	(4,769,516)	(2,589,924)	(2,138,252)	(115,058)	(8,850,338)	(99,314,223)
Carrying amount as at June 30, 2011	13,587,356	9,716,043	24,617,733	1,073,064	2,066,972	803,705	28,053	6,446,609	58,339,535

ADOS PAKISTAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

Particulars	Rupees							Total	
	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
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	138,077,796
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

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 (SDA) on a lease term basis of 99 years. A civil suit is filed by Sarban Textile Mill Limited against SDA and others for allotment of the same to Ados Pakistan Limited. The Company has become a party in the said suit to protect and project its rights in the suit land. The suit property has now been allotted to Ados Pakistan Limited and the proceedings of the case have been adjourned to await the orders of the High Court of a Civil Revision Petition filed by the Sarban Textile Mills against the SDA. Since the rights of the Company are involved in the said Civil Revision Petition, therefore the Company is filing a petition to become a party is being drafted which will be instituted in the Peshawar High Court Circuit Bench. Abotabad as soon as the said appeal is fixed for hearing. 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:

	2011	2010
	Rupees	Rupees
Cost of sales/services	6,255,269	5,980,586
Administrative expenses	1,905,130	1,102,769
	<u>8,160,399</u>	<u>7,083,355</u>

Note: 22

Note: 24

ADOS PAKISTAN LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2011



7 DEFERRED TAX

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

	Balance as at 30 June 2010	Recognized in profit and loss	Balance as at 30 June 2011
Taxable temporary difference:			
- on accelerated tax depreciation	(5,838,546)	583,994	(5,254,552)
Deductable temporary difference:			
- Stores and loose tools	413,835	-	413,835
- Trade debts	6,570,453	(4,644,765)	1,925,688
- Employee benefit obligations	965,876	324,608	1,290,484
Net deferred tax asset/(liability)	2,111,618	(3,736,163)	(1,624,545)

8 STORES, SPARES AND LOOSE TOOLS

	2011 Rupees	2010 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	2,620,613	1,780,562
Finished goods	1,484,000	1,484,000
Stock in trade	4,104,613	3,264,562

10 TRADE DEBTS

Trade debtors - Unsecured, considered good	56,981,540	121,520,225
- Unsecured, considered doubtful	5,501,965	18,772,724
	62,483,505	140,292,949
Less: Provision for doubtful debts Note: 10.1	5,501,965	18,772,724
Trade debts	56,981,540	121,520,225

10.1 Provision for doubtful debts

Opening balance as on July 01	18,772,724	10,465,443
Provision for the year	1,982,643	8,307,281
Less: reversal for the year Note: 26	(1,047,590)	-
written off against provision	(14,205,812)	-
Provision for doubtful debts	5,501,965	18,772,724

11 LOAN AND ADVANCES

Loan to employees Note: 11.1	3,448,633	2,863,392
Advances to suppliers- Considered good	2,750,000	5,774,931
Loan and advances	6,198,633	8,638,323

11.1 Interest free loans to employees are provided for construction of house with no fixed repayment terms. Any outstanding loan due from employees 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

	2011 Rupees	2010 Rupees
Security deposits	25,000	25,000
Margin deposits	8,670,672	7,583,350
	8,695,672	7,608,350
Prepayments	955,748	443,416
Trade deposits and short term prepayments	9,651,420	8,051,766

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

13 SHORT TERM INVESTMENT - available for sale

	2011		2010	
	No. of units	Description	Cost (Rupees)	Fair value (Rupees)
	175,981	170,410 United Islamic Income Units	15,000,000	16,690,079
				17,385,206
				2011 Rupees
Fair value of investment at the beginning of year				17,385,206
(Loss)/Gain on remeasurement of investment				(695,127)
Fair value of investment at year end				16,690,079
				2010 Rupees
Fair value of investment at the beginning of year				16,487,720
(Loss)/Gain on remeasurement of investment				897,486
Fair value of investment at year end				17,385,206

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

14 TAXATION

	2011 Rupees	2010 Rupees
Opening balance	19,845,697	21,319,182
Deducted at source during the year	30,576,889	16,100,375
Less: provision for taxation	(7,417,527)	(17,573,860)
Advance tax - net of provision	43,005,059	19,845,697
Sales tax refunds	993,078	2,963,851
Taxation	43,998,137	22,809,548

15 CASH AND BANK BALANCES

	2011 Rupees	2010 Rupees
Cash in hand	19,681	1,477
Cash at banks:		
Local currency saving accounts	126,213,049	101,382,900
Local currency current accounts	143,163,738	18,821,945
Foreign currency current accounts	206,242	1,825,587
Cash and bank balances	269,602,710	122,031,909

15.1 The range of interest on these saving accounts is 5.0-8.5% per annum (2010: 2.26-10% 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 dividend.

2011 Number	2010 Number		2011 Rupees	2010 Rupees
6,582,600	6,582,600	Ordinary shares of Rs. 10 each issued and Note: 16.1 fully paid in cash	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

	2011 Rupees	2010 Rupees	
Employees' gratuity	3,687,097	2,759,647	
The employees' benefit obligation as at the balance sheet date for the reporting year are as follows:			
Present value of defined benefit obligation	3,186,630	2,504,077	
Benefit payable-retired	760,670	639,083	
Unrecognized actuarial loss	(260,203)	(383,513)	
Net liability at the end of the year	3,687,097	2,759,647	
Movement in the present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation at the beginning of the year	2,504,077	2,125,132	
Current service cost	654,012	563,162	
Interest cost	300,489	255,016	
Benefit payable	(121,587)	(77,646)	
Benefit paid	(49,235)	(550,366)	
Actuarial (gain)/loss	(101,126)	188,779	
Present value of defined benefit obligation at the end of the year	3,186,630	2,504,077	
Expense recognized in profit and loss account:			
Current service cost	654,012	563,162	
Interest cost	300,489	255,016	
Net actuarial loss recognized	22,184	-	
Provision of employees' benefit	976,685	818,178	
Expense is recognized in the following line items in profit and loss account:			
Cost of sale/services	Note: 22.2	647,640	542,543
Administrative expenses	Note: 24.1	329,045	275,635
		976,685	818,178
Principal actuarial assumptions used were as follows:			
Discount rate per annum	14%	12%	
Expected rate of increase in eligible salary per annum	13% per annum	11% per annum	
Mortality rate	EFU 61-66	EFU 61-66	
Average expected remaining working life time of employees	Mortality table	Mortality table	
	6 years	6 years	

Detail of present value of employees' benefit obligation.

	2011	2010	2009	2008	2007
	Rupees				
Present value of defined benefit obligation	3,186,630	2,504,077	2,125,132	1,853,901	1,409,537

18 TRADE AND OTHER PAYABLES

	2011 Rupees	2010 Rupees	
Creditors - unsecured	286,957,619	198,349,065	
Accrued liabilities	2,316,010	4,837,833	
Advance from customer	Note: 18.1	1,434,800	1,350,000
Sales tax payable	14,067	208,606	
Workers' profit participation fund (WPPF)	Note: 18.2	1,828,319	3,345,898
Employee income tax payable	144,309	116,260	
Workers' welfare fund (WWF)	2,830,678	2,340,301	
Other liabilities	137,976	245,378	
Trade and other payables	295,663,778	210,793,341	

18.1 This include advance received from Saudi Relief fund, amounting to Rs. 1.35 million (2010: Rs. 1.35 million) for the supply of rotary drilling rigs, the adjustment of which is subject to pending litigation as disclosed in note: 20.2 to the financial statements.



		2011 Rupees	2010 Rupees
18.2 Workers' Profit Participation Fund			
Balance as at July 01		3,345,898	4,267,897
Charge for the year		1,319,408	2,641,695
Interest for the year	Note: 27	508,911	704,203
Transfer to fund during the year		(3,345,898)	(4,267,897)
Balance as at June 30		1,828,319	3,345,898
19 DUE TO ASSOCIATED COMPANY			
Akbar Associates (Pvt) Limited	Note: 23.1	225,940	6,348,205
20 CONTINGENCIES AND COMMITMENTS			
		2011 Rupees	2010 Rupees
Bank guarantees	Note: 20.1	25,428,906	24,203,290
20.1	These represent Performance bonds/bid bonds issued in favour of various customers for the supply of goods and performance of services through NIB Bank Limited with outstanding balance of Rs. 10.279 million (2010: Rs. 10.567 million) as at the balance sheet date. The facility is secured against cash margin of 20% (2010: 20%) on bid bonds, 20% (2010: 20%) on performance bonds and 30% (2010: 30%) on Advance Guarantee Payments (AGPs), first mortgage charge of Rs. 30 million over the Company's fixed assets and first hypothecation charge of Rs. 100 million over the Company's future and current book debts and receivable and stock of raw material/in process/finished and unfinished goods and equipment/tools etc. There are outstanding guarantees issued by Bank Alfalah Limited amounting to Rs. 13.6 million (2010: Rs. 13.6 million) on behalf of the Company, in favour of various Government and other organizations. This facility is secured by cash margin of Rs. 4.47 million (2010: Rs. 4.47 million). Further, there are outstanding guarantees issued by Bank Islami Pakistan Limited amounting to Rs. 1.5 million on behalf of the Company, in favour of various organizations. This facility is secured by cash margin of whole amount of guarantee.		
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 learned Civil Judge vide order dated January 07, 2011, has drawn the decree sheet and against that order an appeal has been instituted in the Islamabad High Court, which is likely to be fixed for hearing in the near future and management, based on opinion of the legal advisor, is hopeful of a positive decision in its favour. Consequently, no provision has been made in these financial statements for payment of the contractual/awarded amount and the penalty.		
20.3	Lease hold land includes Rs. 14.25 million relating to land measuring 10 acres in Industrial Estate of Hattar for setting up repair, maintenance and manufacturing of oil field and communication equipments allotted by Sachal Development Authority (SDA) on a lease term basis of 99 years. A civil suit is filed by Surban Textile Mill Limited against SDA and others for allotment of the same to Ados Pakistan Limited. The Company has become a party in the said suit to protect and project its rights in the suit land. The suit property has now been allotted to Ados Pakistan Limited and the proceedings of the case have been adjourned to await the orders of the High Court of a Civil Revision Petition filed by the Surban Textile Mills against the SDA. Since the rights of the Company are involved in the said Civil Revision Petition, therefore the Company is filing a petition to become a party is being drafted which will be instituted in the Peshawar High Court Circuit Bench Abotabad as soon as the said appeal is fixed for hearing. The management expects a favorable decision based on legal advisor assessments and merits of the case.		
20.4	Rectification application has been filed 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 losses (business and un-absorbed depreciation) under section 35 of repeal ordinance read with section 57 of the Income Tax Ordinance, 2001. The correction requested by the Company was of Rs. 38,750,951 which was incorrectly made as Rs. 8,669,664. The ACIR vide its order dated March 03, 2011 rejected the rectification application and imposed additional penalty of Rs 170, 148 and Rs 242, 878 for tax year 2006 and 2007 respectively. On the application of the Company to Commissioner inland revenue (Appeal -I) Vide order dated September 16, 2011 has directed the ACIR that the claim of the appellant as regards brought forward losses has not been looked into in its proper perspective by the ACIR before imposing additional tax. It is directed that a proper position of brought forward losses may be determined first. Only then if there is any outstanding demand that has not been paid timely, additional tax may be imposed. The paid additional demands of Rs 11,762,903 pertaining to various tax years is subject to this pending litigation. The management is confident that the case will be decided in the favour of the Company and consequently no provision for additional tax has been provided in these financial statements.		



21 REVENUE

June 30, 2011		Fabrication	Repairs & services	Total
Revenue-net of sales tax		434,012,255	28,354,014	462,366,269
Raw materials consumed	Note: 22.1	(312,395,856)	(20,408,816)	(332,804,672)
Salaries, wages and benefits	Note: 22	(12,705,761)	(830,067)	(13,535,828)
Depreciation	Note: 6.2	(5,871,673)	(383,596)	(6,255,269)
Other expenses		(39,121,217)	(2,555,789)	(41,677,006)
Cost		(370,094,507)	(24,178,268)	(394,272,775)
Results		63,917,748	4,175,746	68,093,494
June 30, 2010		Fabrication	Repairs & services	Total
Revenue-net of sales tax		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	(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

21.1 These expenses have been allocated on the basis of percentage of revenue from each segment.

21.2 Entity wide information

Information about geographical area:

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

Information about major customers:

	2011 Percentage	2010 Percentage
BP Pakistan Exploration & Production Inc.	81%	34%
ENI Pakistan Limited	3%	11%
MOL Pakistan Oil & Gas Co.	4%	16%
OMV Pakistan	2%	26%
Other	10%	13%
	100%	100%

22 COST OF SALES/ SERVICES

		2011 Rupees	2010 Rupees
Raw materials consumed	Note: 22.1	332,804,672	352,040,304
Stores, spares and lubricants		5,280,702	9,797,575
Salaries, wages and benefits	Note: 22.2	13,535,828	13,044,034
Factory rent		2,602,572	2,309,686
Repair and maintenance		1,706,438	1,928,518
Travelling and conveyance		843,751	1,043,932
Vehicle running and maintenance		101,750	92,299
Electricity, water and gas		2,074,412	1,760,102
Telephone and postage		219,015	222,080
Carriage and freight		6,320,046	2,571,401
Royalty and equipment rentals		768,966	2,895,582
Clearing and service charges		18,864,499	11,186,058
Other factory overheads		2,894,855	3,774,149
Depreciation	Note: 6.2	6,255,269	5,980,586
Cost of sales/ services		394,272,775	408,646,306



	2011 Rupees	2010 Rupees
22.1 Raw materials consumed		
Opening balance as on July 01	1,780,562	1,780,562
Add: Purchases during the year	333,644,723	352,040,304
	<u>335,425,285</u>	<u>353,820,866</u>
Less: Closing balance as on June 30	2,620,613	1,780,562
Raw materials consumed	332,804,672	352,040,304
22.2 These include an amount in respect of employees' benefit obligation of Rs. 647,640 (refer to note: 17) (2010: Rs. 542,543).		

23 SELLING AND DISTRIBUTION EXPENSES

	2011 Rupees	2010 Rupees
Advertisement and sales promotion	507,146	131,088
Marketing expenses Note: 23.1	22,682,564	25,129,152
Selling and distribution expenses	23,189,710	25,260,240

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

	2011 Rupees	2010 Rupees
Salaries and other benefits Note: 24.1	4,850,028	4,047,637
Directors' remuneration	5,771,002	4,847,153
Travelling and conveyance	4,323,006	1,226,585
Rent, rate and taxes	1,743,339	164,841
Legal and professional charges	163,000	791,923
Fee and subscription	604,548	416,395
Electricity, gas and water	530,502	520,886
Repair and maintenance	148,867	78,267
Insurance	284,643	361,311
Vehicle running and maintenance	640,221	808,920
Printing, stationary and periodicals	920,052	1,117,770
Postage, telex and telephone	2,409,847	2,312,204
Entertainment and staff welfare	799,403	675,922
Depreciation Note: 6.2	1,905,130	1,102,769
Auditors' remuneration Note: 24.2	360,000	330,000
Donations Note: 24.3	1,076,390	588,170
Provision and write offs Note: 24.4	2,023,182	15,208,788
Miscellaneous expenses	600,645	435,613
Administrative expenses	29,153,805	35,035,154

24.1 These include an amount in respect of employees' benefit obligation of Rs. 329,045 (refer to note: 17) (2010: Rs. 275,635).

24.2 Auditors' remuneration

	2011 Rupees	2010 Rupees
Annual audit fee	300,000	300,000
Half-yearly review fee	50,000	30,000
Other	10,000	-
Auditors' remuneration	360,000	330,000

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

	2011 Rupees	2010 Rupees
Provision for doubtful debts	1,982,643	8,307,281
Write offs other	40,539	6,901,507
Provision and write offs	2,023,182	15,208,788



		2011 Rupees	2010 Rupees			
25 OTHER OPERATING EXPENSES						
	Workers' profit participation fund	1,319,408	2,641,695			
	Workers' welfare fund	490,376	1,004,220			
	Net exchange loss	1,820,785	21,218,607			
	Other operating expenses	3,630,569	24,864,522			
26 OTHER OPERATING INCOME						
Income from financial assets						
	Reversal of provision for doubtful debts	Note: 10.1	1,047,590			
	Interest income	9,214,090	8,257,366			
		10,261,680	8,257,366			
Income from non financial assets						
	Scrap sale	565,925	260,991			
	Other income	2,534,740	815,062			
	Other operating income	13,362,345	9,333,419			
27 FINANCIAL COST						
	Interest on workers' profit participation fund	Note: 18.2	508,911			
	Bank charges	394,463	782,033			
	Commission on LC's	-	33,347			
	Financial cost	903,374	1,519,583			
28 INCOME TAX EXPENSE						
	- for the year	6,129,963	17,573,860			
	- prior year	1,287,564	4,973,254			
	- deferred tax	3,736,163	(5,646,670)			
	Income tax expense	11,153,690	16,900,444			
28.1 Relationship between tax expense and accounting profit:						
	Accounting profit	24,578,381	49,187,979			
	Tax rate	35%	35%			
	Tax on accounting profit	8,602,433	17,215,793			
	Tax effect of amount not admissible for tax purposes	4,260,545	5,673,085			
	Tax effect of depreciation and bad debt - admissible for tax purposes	(6,715,783)	(5,122,390)			
	Tax effect of gratuity paid - admissible for tax purposes	(17,232)	(192,628)			
	Tax impact of prior year income tax	1,287,564	4,973,254			
	Tax impact of deferred tax charged	3,736,163	(5,646,670)			
	Actual tax expense net	11,153,690	16,900,444			
29 EARNING PER SHARE - BASIC AND DILUTED						
	Profit for the year - Rupees	13,424,691	32,287,535			
	Number of ordinary shares outstanding during the year	6,582,600	6,582,600			
	Earnings per share-Rupees	2.04	4.90			
	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	
	2011	2010	2011	2010	2011	2010
	Rupees		Rupees		Rupees	
	1,383,099	1,370,547	1,537,938	1,525,386	4,349,063	1,109,716
	622,395	616,746	692,072	686,424	1,957,079	499,372
	-	76,003	-	76,003	-	-
	138,310	137,055	153,794	152,539	434,906	110,972
	-	96,774	-	109,677	353,113	109,435
	2,143,804	2,297,125	2,383,804	2,550,029	7,094,161	1,829,495
	Number of persons	1	1	2	2	5
	In addition to the above, the Chief Executive is also provided with free use of the Company's maintained car and other perquisites including reimbursable travelling of Rs. 1,243,394 (2010: Rs. 152,005) as per the Company rules.					
	Executive means any employee whose basic salary exceeds Rs. 500,000 (2010: Rs. 500,000) per year.					



31 RELATED PARTY TRANSACTIONS

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

		2011 Rupees	2010 Rupees
31.1 Transactions with Akbar Associates (Pvt) Ltd.			
Sales		-	20,235,868
Marketing expenses	Note: 23	22,682,564	25,129,152
31.2 Common expense sharing:			
Salaries and other benefits		46,668	-
Rent, rate and taxes		3,486,678	327,926
Electricity, gas and water		1,064,685	1,009,384
Repair and maintenance		190,996	180,279
Postage, telex and telephone		199,120	181,382
Entertainment and staff welfare		1,382,893	1,342,426
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	3,687,097	2,759,647
Workers' profit participation fund	Note: 18.2	1,319,408	2,641,695
Dividend payment		169,688	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 exchange 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:

	2011 Rupees	2010 Rupees
Financial assets	57,187,782	125,726,585
Financial liabilities	286,543,398	191,939,512
Short-term exposure	(229,355,616)	(66,212,927)
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 + 2.02/- 1.06 change of the US Dollar exchange rate for the year ended June 30, 2011 (2010: 2.71 /- 3.82) 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 1.06% (2010: 3.82%), then this would have had the following impact:

	2011 Rupees	2010 Rupees
Net result for the year	2,405,404	2,502,218

If the Pak Rupee had weakened against the US Dollar by 2.02 (2010: 2.71%), then this would have had the following impact:

	2011 Rupees	2010 Rupees
Net result for the year	(4,578,075)	(1,777,405)

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.

	2011 %	2010 %	2011 Rupees	2010 Rupees
Financial assets				
Bank balances	5.00 to 8.50 %	2.26 to 10.00 %	126,213,049	101,382,900
			<u>126,213,049</u>	<u>101,382,900</u>
Financial liabilities				
WPPF	15.21	16.25	1,828,319	3,345,898
			<u>124,384,730</u>	<u>98,037,002</u>

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 4.16 % has been observed during 2011 (2010: 5.16%). 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. 695,127 (2010: Rs. 897,486).

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. 359,057,306 (2010: Rs. 277,865,396), the financial assets of Rs. 359,037,625 (2010: Rs. 277,863,919) are subjected to credit risk as explained in note 33.7.

		2011 Rupees	2010 Rupees
Classes of financial assets - carrying amounts			
Available for sale financial assets	Note: 13	16,690,079	17,385,206
Bank balances		269,585,029	122,030,432
Trade and other receivables		72,764,517	138,448,281
		<u>359,037,625</u>	<u>277,863,919</u>

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:

	2011 Rupees	2010 Rupees
Not more than 1 month	9,580,417	48,005,909
More than 1 month but not more than 6 months	25,087,717	19,289,441
More than 6 months but not more than 1 year	11,111,126	1,718,582
More than 1 year	10,154,689	14,807,681
	55,933,949	83,821,613

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:

	2011 Rupees
A-1+	5,163,491
A-1	262,061,934
A-2	1,762,603
	268,988,028

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, 2011	Current		Non - current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Trade and other payables	291,253,991	-	-	-
Due to associated company	225,940	-	-	-
Unclaimed dividend	4,181,502	-	-	-
	295,661,433	-	-	-

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

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	-	-	-

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:

		2011 Rupees	2010 Rupees
Financial assets			
Available for sale financial assets			
- Short term investment	Note: 13	16,690,079	17,385,206
Loans and receivables			
- Trade debts	Note: 10	56,981,540	121,520,225
- Others		15,782,977	16,928,056
- Cash and bank balances	Note: 15	269,602,710	122,031,909
		359,057,306	277,865,396
Financial liabilities			
Financial liabilities measured at amortized cost			
- Trade and other payables		291,253,991	206,986,780
Due to associated company	Note: 19	225,940	6,348,205
Unclaimed dividend		4,181,502	4,351,190
		295,661,433	217,686,175

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:

	2011 Rupees	2010 Rupees
Total equity	162,726,070	149,996,506
- Cash and bank balances	269,602,710	122,031,909
Capital	(106,876,640)	27,964,597
Total equity	162,726,070	149,996,506
Overall financing	162,726,070	149,996,506
Capital-to-overall financing ratio	(0.66)	0.19

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

	2011 Rupees	2010 Rupees
Number of employees at the year end	79	73

36 DATE OF AUTHORIZATION FOR ISSUE

No adjusting or significant non adjusting events have occurred between balance sheet date and date of authorization, as on October 07, 2011 by board of directors.



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 26th Annual General Meeting of the
company to be held on _____ and at any adjournment thereof.

Signed this _____ day of _____ 2011.

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.