Annual Report June 30, 2013

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	Burj Bank Limited, F-8 Markaz, Islamabad Dubai Islamic Bank Pakistan Limited, Roshan Center, Plot 78-W, Jinnah Avenue, Blue Area, Islamabad. NIB Bank Limited (Formerly PICIC Commercial Bank Limited, Razia Sharif Plaza, Blue Area, Islamabad. Bank Alfalah Limited, Awan Arcade, Blue Area, Islamabad. Bank Islami Pakistan Limited 5-6, Chanab Center, Block 104-E, Jinnah Avenue, Blue Area Islamabad.
LEGAL ADVISORS	Samad Law Associates, Samad Chambers, 1st Floor, G-253/A, Liquat Road, Rawalpindi.
REGISTERED OFFICE	# 88, Khayaban-e-Iqbal, F-8/2, Islamabad. Tel # 92-51-2264308-2255560 Fax # 92-51-2281678
SHARE REGISTRAR / TRANSFER AGENT	Evolution Factor (Private) Limited, formerly Corporate Support Services (Private) Limited 407-408, Al Ameera Center, Shahrah-e-Iraq, Saddar, Karachi. Tel # 92-21-5662023-24 Fax: + 92 21 5221192
FACTORY	a) Plot # 43, Phase III, Hattar Industrial Estate, Khyber Pukhtoonkhwa. Tel # 92-995-617192 & 617364, Fax # 92-995-617193 b) Plot # 292, Street # 3, Industrial Area I-9/3,

CORPORATE PROFILE

ADOS Pakistan is a state-of-the-art API Specification-5CT, Specification-6A, Specification-6D Specification7-1 and Specification 12 F licensed manufacturing facility in Pakistan with a solid commitment to quality indigenous manufacturing of critical service capital intensive oilfield equipment with a guaranteed after market support. In addition to API certifications, Ados is also licensed by Cameron to manufacture their wellhead & Xmas tree product range and Tenaris for manufacturing their RTS premium thread connection.

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

1. WELLHEAD ASSEMBLIES

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

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

2. TUBING HEAD X-MAS TREE ASSEMBLIES

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

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

3. SOCONDARY SEALS, DOUBLE STUDDED ADAPTERS & FLANGES.

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

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

4. CHOKE & KILL MANIFOLD ASSEMBLY

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

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

5. ROTARY DRILLING EQUIPMENT

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

6. Seismic Drilling Rigs

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

7. General Fabrication & Machining:

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 28th Annual General Meeting of the shareholders of ADOS Pakistan Limited will Insha'Allah be held on Thursday October 31, 2013 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 27th Annual General Meeting held on October 31, 2012.
2. To receive, consider and adopt the Audited Financial Statements for the year ended June 30, 2013 together with Director's and Auditor's report therein.
3. To approve and declare the final cash dividend of Rs. 2.50 per share i.e. 25% for the year ended June 30, 2013 as recommended by the Board of Directors.
4. To appoint auditors for the year ending June 30, 2014 and to fix their remuneration.
5. To transact any other business with the permission of the Chair.

By Order of the Board

SABINA ANSARI
Company Secretary

Islamabad: October 09, 2013

Notes:

i) Share Transfer Book will remain closed from October 23, 2013 to October 31, 2013 [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, 2013 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. Evolution Factor (Private) Ltd [Formerly Corporate

Support Services (Private) Limited, 407-408, Al-Ameera Center, Shahrah e Iraq, Saddar, Karachi.

vi) Shareholders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) with the member's folio number mentioned thereon to the Share Registrar of the Company are requested to send the same at their earliest, in compliance to the instructions of Securities & Exchange Commission of Pakistan for printing of CNIC numbers on Dividend Warrants failing which your future dividend warrant(s) will be withheld as per compliance.

vii) Shareholders claiming exemption from Zakat are required to file their declaration with the Share Registrar of the Company.

viii) Shareholders who want to receive dividend amount directly in their bank account are requested to provide their bank account details to the Share Registrar of the Company/their Participant/CDC Investor Account Services Department.

ix) Accounts of the Company for the year ended June 30, 2013 has been provided on the website [www.ados.com.pk]

PATTERN OF HOLDING OF SHARES HELD BY THE SHAREHOLDERS

AS AT JUNE 30, 2013

Number of Shareholders	Shareholding From	-	To	Total Number of Shares Held
75	1	-	100	3641
680	101	-	500	330549
60	501	-	1000	58611
45	1001	-	5000	128140
8	5001	-	10000	58500
4	10001	-	15000	53500
5	15001	-	20000	95500
2	20001	-	25000	45000
1	25001	-	30000	27000
1	30001	-	35000	35000
1	35001	-	40000	36500
1	45001	-	50000	49159
1	105001	-	110000	106000
1	250001	-	255000	250500
1	575001	-	580000	575500
2	2360001	-	2365000	4729500
888				**6582600**

Note: The slabs not applicable have not been shown.

Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage %
Financial Institutions	3	577200	08.77%
Individuals	881	5867900	89.14%
Joint Stock Companies	3	31500	00.48%
Associated Companies	1	106000	01.61%
	888	**6582600**	**100%**

STATEMENT OF COMPLIANCE
WITH THE CODE OF CORPORATE GOVERNANCE

Name of Company: ADOS Pakistan Limited
Year Ending: June 30, 2013

This Statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of Listing Regulations of Karachi, Lahore & Islamabad Stock Exchanges 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. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director*	-
Executive Directors	Mr. Jamal Akbar Ansari
	Mr. Zia Akbar Ansari
	Mr. Sheikh Usman Ahmed
	Ms. Sabina Ansari
Non-Executive Directors	Ms. Suboohi Ansari
	Mrs. Uzma Jamal
	Mrs. Shoobarana Zia

* Since the present Board was elected in October 2011, prior to issuance of the revised Code in April 2012. The Code 2012 requires at least one independent director as per the definition of independent director, which would be applicable from next election of directors.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

3. All the resident Directors of the Company are registered as taxpayers and none of them 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 as a defaulter by that Stock Exchange.

4. No casual vacancy occurred in the Board during the year.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remunerations and terms and conditions of

employment of the CEO, other executives and non-executives directors, have been taken by the board/shareholders.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Out of the seven Directors, Four meet the exemption requirement of the Directors' training program and no training program arranged by the Board for its Directors during the year.

10. The board has approved appointment of CFO, Company Secretary, and Head of internal Audit, including their remuneration and terms and conditions of employment.

11. The Director's report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

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

13. 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.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an audit committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an executive director.

16. The meetings of the audit Committee were held at least once in every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR and remuneration committee. It comprises of three members, of whom two members including the chairman are non-executive directors.

18. 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.

19. The statutory Auditors of the Company have confirmed that they have given a satisfactory rating under the quality control review program of the 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 and that the firm and all its partners are in compliance with international federation of Accountants guidelines on code of ethics as adopted by the ICAP.

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

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with except for the director training program as mentioned in 9 above.

ZIA AKBAR ANSARI
CHIEF EXECUTIVE OFFICER & DIRECTOR

Islamabad, October 09, 2013

DIRECTOR'S REPORT TO THE MEMBERS

Gentlemen,

The Directors of the company take pleasure in placing before you the 28th 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 feels immense pleasure to announce that the board of Directors of the Company has recommended a final cash dividend @ Rs. 2.50 per share i.e. 25% for the year ended June 30, 2013 in their board meeting held on October 09, 2013 at 11.00 a.m at # 88, Khayaban-e-Iqbal, F-8/2, Islamabad. The management is gratified that the Company is moving on the path of continuous profitability and is in a healthy & sound financial position with greater satisfaction of its shareholders.

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 9) amounting to Rs. 1,653,593 (2012: 1,653,593) and Stock in trade (note 10) amounting to Rs.3,264,562 (2012: 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 cannot be made.

3. Out of the Seven Directors', four meet the exemption requirement of the Directors' training program, while for remaining three directors due to various engagements directors' training programme was not conducted during the year. The management fully intends to comply with the requirements as per clause (xi) of the code of Corporate Governance as applicable in Pakistan in future.

4. The management is working hard to get maximum of orders from Oil & Gas Exploration Companies Operating in Pakistan and also for its specialized fabrication division in order to maintain the level of sales while also maintaining the quality & standard of work done to its customers. In current scenario of business and security inside the country as well as the global recession the Management is closely monitoring the unstable economic situation in the country as their consequence is badly affecting the overall economy.

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 listed 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 listed 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 Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

v) The system of internal control is sound in design and has been effectively implemented 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 Five (5) board meetings and an AGM were held. Attendance by each Director & CEO is as follows:

Name of Directors & CEO	Attendance
Mr. Zia Akbar Ansari	06
Mr. Jamal Akbar Ansari	06
Ms. Sabina Ansari	06
Ms. Suboohi Ansari	06
Mrs. Uzma Jamal	06
Mrs. Shoobarana Zia	06
Mr. Sheikh Usman Ahmed	06

EARNING PER SHARE:

Earnings per share for the year ending June 30, 2013 is Rs. 14.94

CORPORATE SOCIAL RESPONSIBILITY (CRS):

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

CATEGORIES AND PATERN OF SHARE HOLDING:

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

Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage %
Financial Institutions	3	577200	08.77%
Individuals	881	5867900	89.14%
Joint Stock Companies	3	31500	00.48%
Associated Companies	1	106000	01.61%
	888	**6582600**	**100%**

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

		Shares held	%
Financial Institutions:			
National Bank of Pakistan		575500	8.743
Bankers' Equity Limited		400	0.006
Asian Development Bank		1300	0.019
Joint Stock Companies:			
ACE Securities (Private) Limited		500	0.007
NCC-Pre Settlement Delivery Account		4000	0.060
Mohammad Munir Mohammad Ahmed Khanani Securities		27000	0.410
Associated Companies:			
Akbar Associates (Pvt.) Limited		106000	1.61
Directors, CEO, and their Spouse			
Mr. Zia Akbar Ansari	CEO/Director	2364750	35.92
Mr. Jamal Akbar Ansari	Director	2364750	35.92
Miss. Sabina Ansari	Director/CS	20000	0.30
Miss. Suboohi Ansari	Director	20000	0.30
Mrs. Shoobarana Zia	Director	22500	0.34
Mrs. Uzma Jamal	Director	23000	0.35
Mr. Sheikh Usman Ahmed	Director	49159	0.74

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

The CEO, Directors, Company Secretary, CFO and their spouses have made no sale/purchase of Company's shares during the financial year ended June 30, 2013.

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 & DIRECTOR

Islamabad, October 09, 2013

SIX YEARS AT A GLANCE

	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Operating Results						
Sales	1,061,079,414	291,310,209	462,366,269	535,180,365	795,783,474	336,974,328
Gross Proft	273,080,345	58,577,111	68,093,494	126,534,059	148,558,509	52,138,423
Pre-Tax Profit	152,704,253	24,466,258	24,578,381	49,187,979	76,366,739	12,338,348
After-Tax Profit	98,331,345	15,081,065	13,424,691	32,287,535	51,830,332	6,829,325
Financial Position						
Current Assets	824,414,263	398,798,896	409,769,397	306,036,515	492,296,889	280,289,599
Current Liabilites	598,237,496	273,167,982	300,071,220	221,492,736	411,200,644	240,569,340
Opertaing Fixed Assets	45,460,664	51,436,951	58,339,535	66,100,756	54,907,327	40,704,265
Total Assets	877,807,558	453,432,579	468,108,932	374,248,889	547,204,216	320,993,864
Long-term Loans & Def Liabilities	5,121,661	4,147,541	5,311,642	2,759,647	6,026,887	2,806,365
Shareholders' Equity	274,448,401	176,117,056	162,726,070	149,996,506	129,976,685	77,618,159
Ratios						
Current Ratio	1.38	1.46	1.37	1.38	1.20	1.17
Gross Profit to Sales	25.74	20.11	14.73	23.64	18.67	15.47
Net Profit to Sales	9.27	5.18	2.90	6.03	6.51	2.03
Breakup Value per share (Rs.)	41.69	26.75	24.72	22.79	19.75	11.79
Earning per share-Basic (Rs.)	14.94	2.29	2.04	4.90	7.87	1.04

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ADOS Pakistan Limited** (the Company) as at June 30, 2013 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 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.

Except for the matters below, 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, correctness of valuation and nomenclature of items being classified as Stores, spares and loose tools (refer note 9) amounting to Rs. 1,653,593 (2012: Rs. 1,653,593) and Stock in trade (refer note 10) amounting to Rs. 3,264,562 (2012: Rs. 3,264,562) due to non availability of information.

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, 2013 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
October 09, 2013

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, 2013 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, the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges 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 Directors' training program for the Company's directors as required by Clause (xi) 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, 2013.

Anjum Asim Shahid Rahman
Chartered Accountants
Audit Engagement Partner
Nadeem Tirmizi

Islamabad
October 09, 2013

ADOS PAKISTAN LIMITED

BALANCE SHEET

AS AT JUNE 30, 2013

	Note	JUNE 30 2013 Rupees	JUNE 30 2012 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	45,460,664	51,436,951
Long term loan and advances	7	4,889,024	5,821,171
Deferred taxation	8	3,043,607	125,561
		53,393,295	57,383,683
CURRENT ASSETS			
Stores, spares and loose tools	9	1,653,593	1,653,593
Stock in trade	10	6,058,337	12,853,757
Trade debts	11	466,414,476	179,706,232
Advances	12	2,125,919	530,000
Trade deposits and short term prepayments	13	8,014,357	9,209,085
Accrued interest on saving accounts		301,899	650,583
Taxation refundable	14	41,157,007	48,853,483
Cash and bank balances	15	298,688,675	142,592,163
		824,414,263	396,048,896
TOTAL ASSETS		877,807,558	453,432,579
EQUITY AND LIABLITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
7,000,000 (2012: 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		208,622,401	110,291,056
TOTAL EQUITY		274,448,401	176,117,056
LIABILITIES			
NON-CURRENT LIABILITIES			
Employees' benefit obligation	17	5,121,661	4,147,541
		5,121,661	4,147,541
CURRENT LIABILITIES			
Trade and other payables	18	590,486,679	268,269,595
Due to associated company	19	3,572,252	719,822
Unclaimed dividend		4,178,565	4,178,565
		598,237,496	273,167,982
TOTAL LIABILITIES		603,359,157	277,315,523
TOTAL EQUITY AND LIABILITIES		877,807,558	453,432,579
CONTINGENCIES AND COMMITMENTS	20		

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

ZIA AKBAR ANSARI
CHIEF EXECUTIVE & DIRECTOR

SHEIKH USMAN AHMED
DIRECTOR

ADOS PAKISTAN LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	JUNE 30 2013 Rupees	JUNE 30 2012 Rupees
Revenue-net	21	1,061,079,414	291,310,209
Cost of sales/services	22	(787,999,069)	(232,733,098)
Gross profit		273,080,345	58,577,111
Selling and distribution expenses	23	(53,860,718)	(14,781,081)
Administrative expenses	24	(56,316,627)	(37,645,299)
Other operating expenses	25	(15,642,332)	(10,134,307)
Other income	26	6,325,082	29,284,496
Profit from operations		153,585,750	25,302,920
Financial cost	27	(881,497)	(836,662)
Profit before income tax		152,704,253	24,466,258
Taxation	28	(54,372,908)	(9,385,193)
Profit after taxation		98,331,345	15,081,065
Earnings per share	29	14.94	2.29

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

ZIA AKBAR ANSARI
CHIEF EXECUTIVE & DIRECTOR

SHEIKH USMAN AHMED
DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2013

	JUNE 30 2013 Rupees	JUNE 30 2012 Rupees
Profit for the year	98,331,345	15,081,065
Loss on remeasurement	-	(79,467)
Realized gain on disposal of available for sales investment	-	(1,610,612)
Other comprehensive loss for the year	-	(1,690,079)
Total comprehensive income for the year	98,331,345	13,390,986

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

ZIA AKBAR ANSARI
CHIEF EXECUTIVE & DIRECTOR

SHEIKH USMAN AHMED
DIRECTOR

ADOS PAKISTAN LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	JUNE 30 2013 Rupees	JUNE 30 2012 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income tax		152,704,253	24,466,258
Adjustment for:			
Depreciation	Note: 6.2	6,129,287	7,066,583
Provision for employees' benefit obligation	Note: 17	1,364,543	1,168,038
Provision for doubtful debts	Note: 11.1	8,233,658	396,041
Provision for WPPF & WWF	Note: 25	11,630,929	1,967,173
Interest on bank accounts		(4,953,567)	(7,838,402)
Financial cost	Note: 27	881,497	836,662
		23,286,347	3,596,095
		175,990,600	28,062,353
(Increase)/decrease in current assets			
Stock in trade		6,795,420	(8,749,144)
Trade debts		(294,941,902)	(123,120,733)
Advances		(1,595,919)	(530,000)
Trade deposits and short term prepayments		1,194,728	442,335
		(288,547,673)	(131,957,542)
Increase/(decrease) in current liabilities			
Trade and other payables		311,961,876	(27,766,223)
Due to associated company		2,852,430	493,882
		314,814,306	(27,272,341)
Cash generated (used in)/from operations		202,257,233	(131,167,530)
Financial cost paid		(677,836)	(603,475)
Taxes paid		(49,594,478)	(15,990,645)
Gratuity paid		(390,423)	(707,594)
WPPF paid		(1,579,382)	(1,828,319)
		(52,242,119)	(19,130,033)
Net cash flow (used in)/from operating activities		150,015,114	(150,297,563)
CASH FLOW FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(153,000)	(164,000)
Short term investment		-	16,690,079
Long term loan		932,147	377,462
Profit realized on bank accounts		5,302,251	8,076,491
Net cash from investing activities		6,081,398	24,980,032
CASH FLOW FROM FINANCING ACTIVITIES			
Unrealized gain on available for sale investment		-	(1,690,079)
Dividend paid		-	(2,937)
Net cash used in financing activities		-	(1,693,016)
Net change in cash and cash equivalents		156,096,512	(127,010,547)
Cash and cash equivalent at the beginning of the year		142,592,163	269,602,710
Cash and cash equivalent at the end of the year	Note: 15	298,688,675	142,592,163

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

ZIA AKBAR ANSARI
CHIEF EXECUTIVE & DIRECTOR

SHEIKH USMAN AHMED
DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

	Issued, subscribed and paid up capital	Capital reserves Unrealized gain/(loss) on remeasurement of available for sale investment	Revenue reserves Unappropriated Profit	Shareholders' equity
	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2011	65,826,000	1,690,079	95,209,991	162,726,070
Comprehensive income for the year				
Total comprehensive income for the year ended June 30, 2012	-	(1,690,079)	15,081,065	13,390,986
Balance as at June 30, 2012	65,826,000	-	110,291,056	176,117,056
Comprehensive income for the year				
Total comprehensive income for the year ended June 30, 2013	-	-	98,331,345	98,331,345
Balance as at June 30, 2013	65,826,000	-	208,622,401	274,448,401

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

ZIA AKBAR ANSARI
CHIEF EXECUTIVE & DIRECTOR

SHEIKH USMAN AHMED
DIRECTOR

1 LEGAL STATUS AND OPERATIONS

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

2 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 and Islamic Financial Accounting Standards (IFAS) 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 and interpretations that became effective but not relevant to the Company or do not have material effect

The following standards and interpretations became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the Company.

(a) Improvements / amendments to IFRSs and interpretation

IAS 1 - Amendments to revise the way other comprehensive income is presented

IAS 12 - Limited scope amendment (recovery of underlying assets).

3.2 Standards, interpretations and amendments not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below 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, except for the effects on the financial statements of amendments to IAS 19 "Employee Benefits". The amendments to IAS 19 require immediate recognition of actuarial gains/losses in other comprehensive income in the period in which they arise. This change will remove the corridor method for recognition of actuarial gains/losses and eliminate the ability of entities to recognise all changes in defined obligation and planned assets in statement of comprehensive income. Following this change , accumulated gain/loss will be recognised immediately in other comprehensive income. Unrecognised actuarial losses as at June 30, 2013 were Rs 841,307.

IFRS 7	Financial Instruments: disclosures - amendments	1 January, 2013
IAS 19	Employee Benefits - amended standards resulting from the post employment benefits and termination benefits project	1 January, 2013
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 32	Financial Instruments: Presentation	1 January, 2014
IAS 34	Interim financial reporting	1 January, 2013
IAS 39	Financial Instruments: Recognition and measurement	1 January, 2014

3.3 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 January, 2013
IFRS 9	Financial Instruments: classification and measurement	1 January, 2015
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. Financial statements, except for cash flow statement, have been prepared under accrual basis of accounting.

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

4.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the following:
a) Investment - available for sale (refer note 4.4.1 (a)), and
b) Employees' benefit obligation (refer note 4.10).

4.2 Operating segments

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

4.3 Property, plant and equipment

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

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

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

• Lease hold land	**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.

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

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

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

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.

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.

4.4.1 Financial assets

The management determines the appropriate classification of the financial instruments in accordance with the requirements of IAS 39 "Financial Instruments: Recognition and Measurement" for subsequent measurement.
The classification depends on the purpose for which the financial assets are acquired. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, revaluates the designation at each balance sheet date.

a) Available for sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to liquidity needs or in response to changes in the market conditions.
At initial recognition, available-for-sale financial assets are measured at fair value plus directly attributable transaction costs. For investments traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available valuation technique is used to establish fair value, and when fair value cannot be reasonably calculated, these assets are measured at cost, subject to impairment review at each balance sheet date.
After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until (i) the investment is derecognized, at which time the cumulative gain or loss is recognized in the profit and loss account, or (ii) determined to be impaired, at which time the cumulative loss is recognized in the profit and loss account and removed from the available-for-sale reserve.

b) Loans and receivables

Loans and receivables includes trade debts, advances, trade deposits and short term prepayments, accrued interest and cash and bank balances.
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially measured at fair value plus directly attributable transaction costs. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method less impairment, if any. Discounting is ignored when immaterial. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.
Receivables are assessed on regular basis for impairment and if their is any doubt about the recoverability of these receivables appropriate amount of provision is made.

c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets. Financial assets at fair value through profit and loss are subsequently carried at fair value.

d) Held to maturity

Held to maturity are financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are carried at amortised cost. Held to maturity financial assets are initially measured at fair value plus directly attributable transaction costs. Held to maturity investments are subsequently carried at amortised cost using effective interest rate method.

4.4.2 Financial Liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.
Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective yield method.

The Company's financial liabilities include trade and other payables.

a) Trade and other payables

Trade and other payables include trade creditors, accrued liabilities, advances from customer, Workers' Profit Participation Fund (WPPF), other liabilities, due to associated company and unclaimed dividend. Subsequent to initial recognition accrued and other payables are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Trade and other payables are initially recognized at fair value less any directly attributable transaction cost.

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

4.9 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, and tax paid on presumptive basis.

Deferred

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

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

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.

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

Off-setting of financial assets and financial liabilities

Financial assets and liabilities are off set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognized amount and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

4.10 Defined benefits plans

The Company operates an unfunded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Provision is made annually to cover obligations under the scheme in accordance with actuarial recommendations. Projected Unit Credit Method has been used for actuarial valuation carried out by an independent actuary as of 30 June, 2013. 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.

4.11 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.

4.12 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.

4.13 Revenue recognition

Revenue is measured by reference to the fair value of consideration received or receivables excluding sales tax, rebates and trade discounts. The Company applies the reveme recognition criteria set out below to each separately identifiable component of revenue.

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 time proportional 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 derecognition of available for sale assets.

4.14 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing 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.

4.15 Equity and dividend payments

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

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

Capital reserve include gain on remeasurement of available for sale financial asset to fair value.

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.

4.16 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.

4.17 Impairment

4.17.1 Financial assets

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.

4.17.2 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.

4.18 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.

4.19 Operating leases

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases / Ijarah contracts are charged to profit and loss on a straight-line basis over the period of the lease.

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.

6 PROPERTY, PLANT AND EQUIPMENT

Particulars	Lease hold land	Factory building on lease hold land	Plant and machinery	Tools and lab equipment	Office equipment	Furniture and fixture	Carpets and curtain	Vehicle	Total
	Rupees								
2013									
Gross carrying amount	15,663,368	28,817,986	84,290,913	5,842,580	4,804,396	2,958,457	143,111	15,296,947	157,817,758
Additions	-	-	-	-	153,000	-	-	-	153,000
Balance as at June 30, 2013	**15,663,368**	**28,817,986**	**84,290,913**	**5,842,580**	**4,957,396**	**2,958,457**	**143,111**	**15,296,947**	157,970,758
Amortization/Depreciation									
Balance as at July 01, 2012	(3,434,748)	(20,656,139)	(62,134,953)	(4,876,822)	(2,801,520)	(2,219,102)	(117,863)	(10,139,660)	(106,380,807)
Amortization/Depreciation	(1,222,860)	(1,282,256)	(2,215,594)	(96,573)	(204,098)	(73,926)	(2,524)	(1,031,456)	(6,129,287)
Balance as at June 30, 2013	**(4,657,608)**	**(21,938,395)**	**(64,350,547)**	**(4,973,395)**	**(3,005,618)**	**(2,293,028)**	**(120,387)**	**(11,171,116)**	**(112,510,094)**
Carrying amount as at June 30, 2013	**11,005,760**	**6,879,591**	**19,940,366**	**869,185**	**1,951,778**	**665,429**	**22,724**	**4,125,831**	**45,460,664**
2012									
Gross carrying amount	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
Additions	-	-	-	-	147,500	16,500	-	-	164,000
Disposals	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2012	**15,663,368**	**28,817,986**	**84,290,913**	**5,842,580**	**4,804,396**	**2,958,457**	**143,111**	**15,296,947**	**157,817,758**
Amortization/Depreciation									
Balance as at July 01, 2011	(2,076,012)	(19,101,943)	(59,673,180)	(4,769,516)	(2,589,924)	(2,138,253)	(115,058)	(8,850,338)	(99,314,224)
Disposals	-	-	-	-	-	-	-	-	-
Amortization/Depreciation	(1,358,736)	(1,554,196)	(2,461,773)	(107,306)	(211,596)	(80,849)	(2,805)	(1,289,322)	(7,066,583)
Balance as at June 30, 2012	**(3,434,748)**	**(20,656,139)**	**(62,134,953)**	**(4,876,822)**	**(2,801,520)**	**(2,219,102)**	**(117,863)**	**(10,139,660)**	**(106,380,807)**
Carrying amount as at June 30, 2012	**12,228,620**	**8,161,847**	**22,155,960**	**965,758**	**2,002,876**	**739,355**	**25,248**	**5,157,287**	**51,436,951**

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 has been filed by Surhan Textile Mill Limited against SDA and others for allotment of the same to the Company. The Company has become a party in the said suit to protect its rights in the suit land. The suit land has now been allotted to the Company and the proceedings of the case have been adjourned to await the orders of the High Court of a Civil Revision Petition filed by the Surhan Textile Mills against the SDA, which is pending adjudication before Peshawar High Court, Abbottabad Bench. The management expects a favorable decision based on legal advisor assessments and merits of the case.

		2013 Rupees	2012 Rupees
6.2 Depreciation charge for the year has been allocated as under:			
Cost of sales/services	Note: 22	4,817,283	5,481,748
Administrative expenses	Note: 24	1,312,004	1,584,835
		6,129,287	7,066,583

7 LONG TERM LOAN AND ADVANCES

Long term loan to employees	Note: 7.1 & 7.2	2,139,024	3,071,171
Long term advances	Note: 7.4	2,750,000	2,750,000
Long term loan and advances		4,889,024	5,821,171

7.1 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.

7.2 This contains a loan to executive having the following movement:

	2013 Rupees	2012 Rupees
Opening	898,000	938,000
Extended during the year	-	25,000
Repayments during the year	-	(65,000)
Current portion	(898,000)	-
Closing	-	898,000

7.3 The maximum aggregate amount of loan due from executive at the end of any month during the year was Rs. 898,000 (2012: Rs. 938,000)

7.4 This includes long outstanding advance to Ghous Engineering Limited amounting Rs. 2,750,000 (2012: 2,750,000) for the purpose of construction work on the acquired land under leased term. The provision of the service is subjected to the outcome of pending case as disclosed in note # 20.3.

8 DEFERRED TAXATION

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

	Balance as at 30 June 2012	Recognized in profit and loss	Balance as at 30 June 2013
Taxable temporary difference:			
- on accelerated tax depreciation	(4,734,104)	556,640	(4,177,464)
- Trade debts	(37,127)	(529,800)	(566,927)
Deductable temporary difference:			
- Stores and loose tools	413,835	(11,824)	402,011
- Employee benefit obligations	1,451,639	2,613,305	4,064,944
- Trade payables	3,031,318	289,725	3,321,043
Net deferred tax asset	125,561	2,918,046	3,043,607

9 STORES, SPARES AND LOOSE TOOLS

		2013 Rupees	2012 Rupees
Stores		926,907	926,907
Loose tools	Note: 9.1	726,686	726,686
Stores, spares and loose tools		1,653,593	1,653,593

9.1 Loose tools

	2013 Rupees	2012 Rupees
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

10 STOCK IN TRADE

Raw materials	Note: 22.1	4,574,337	11,369,757
Finished goods		1,484,000	1,484,000
Stock in trade		6,058,337	12,853,757

11 TRADE DEBTS-UNSECURED

Trade debtors - Considered good		466,414,476	179,706,232
- Considered doubtful		14,131,664	5,898,006
		480,546,140	185,604,238
Less: Provision for doubtful debts	Note: 11.1	(14,131,664)	(5,898,006)
Trade debts		466,414,476	179,706,232

11.1 Provision for doubtful debts

Opening balance as on July 01		5,898,006	5,501,965
Provision for the year	Note: 24.4	8,233,658	396,041
Provision for doubtful debts		14,131,664	5,898,006

11.2 The status of past dues relating to trade debts has been disclosed in note 33.2 (b).

12 ADVANCES-UNSECURED, CONSIDERED GOOD

Short term-advances to suppliers		225,966	530,000
Short term-advances to employees	Note: 12.1 & 12.2	1,899,953	-
Advances		2,125,919	530,000

12.1 These includes advances extended for the business purposes relating to purchase of goods and services. These are settled as and when expenses are incurred.

12.2 This includes an amount of Rs. 898,000 given to an executive and which will be adjusted against employee benefit in next year.

13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

		2013 Rupees	2012 Rupees
Security deposits		667,720	389,000
Margin deposits and bid money	Note: 13.1	5,783,711	7,471,672
		6,451,431	7,860,672
Prepayments		1,562,926	1,348,413
Trade deposits and short term prepayments		8,014,357	9,209,085

13.1 This represents cash margin held with different banks against bid bonds, performance bonds and bid money.

14 TAXATION REFUNDABLE

	2013 Rupees	2012 Rupees
Opening balance	48,853,483	43,005,059
Deducted at source during the year	48,591,513	16,983,723
Less: provision for taxation	(57,290,954)	(11,135,299)
Advance tax - net of provision	40,154,042	48,853,483
Sales tax refunds	1,002,965	-
Taxation	41,157,007	48,853,483

15 CASH AND BANK BALANCES

		2013 Rupees	2012 Rupees
Cash in hand		16,322	28,656
Cash at banks:			
Local currency:			
Saving accounts	Note: 15.1	87,813,468	103,129,021
Current accounts	Note: 15.2	210,652,827	38,731,200
Foreign currency current accounts		206,058	703,286
Cash and bank balances		298,688,675	142,592,163

15.1 The range of interest on these saving accounts is 3.50-8.00 % per annum (2012: 5.0-10.0% per annum).

15.2 This includes an amount of Rs. 20,270,000 (2012: Rs. 133,764) under lien against performance bond (refer note 20.1).

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.

2013 Number	2012 Number			2013 Rupees	2012 Rupees
6,582,600	6,582,600	Ordinary shares of Rs. 10 each issued and fully paid in cash	Note: 16.1	65,826,000	65,826,000

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

17 EMPLOYEES' BENEFIT OBLIGATION

		2013 Rupees	2012 Rupees
Employees' gratuity		5,121,661	4,147,541
The employees' benefit obligation as at the balance sheet date for the reporting year are as follows:			
Present value of defined benefit obligation		4,352,756	3,660,684
Benefit payable retired		1,610,212	1,310,200
Unrecognized actuarial loss		(841,307)	(823,343)
Net liability at the end of the year		5,121,661	4,147,541
Movement in the present value of defined benefit obligation (DBO) is as follows:			
Present value of DBO at the beginning of the year		3,660,684	3,186,630
Current service cost		812,442	721,910
Interest cost		475,889	446,128
Benefit payable		(330,048)	(549,530)
Benefit paid		(360,387)	(707,594)
Actuarial (gain)/loss		94,176	563,140
Present value of defined benefit obligation at the end of the year		4,352,756	3,660,684
Expense recognized in profit and loss account:			
Current service cost		812,442	721,910
Interest cost		475,889	446,128
Net actuarial loss recognized		76,212	-
Provision of employees' benefit		1,364,543	1,168,038
Expense is recognized in the following line items in profit and loss account:			
Cost of sale/services	Note: 22.2	981,664	835,658
Administrative expenses	Note: 24.1	382,879	332,380
		1,364,543	1,168,038
Principal actuarial assumptions used were as follows:			
Discount rate per annum		10.5%	13%
Expected rate of increase in eligible salary per annum		9.5%	12%
Mortality rate		EFU 61-66 Mortality table	EFU 61-66 Mortality table
Average expected remaining working life time of employees		6 years	6 years

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

Detail of present value of employees' benefit obligation

	2013	2012	2011 Rupees	2010	2009
Present value of defined benefit obligation	4,352,756	3,660,684	3,186,630	2,504,077	2,125,132

Estimated charge to profit and loss for the next year is Rs. 1,383,311

18 TRADE AND OTHER PAYABLES

		2013 Rupees	2012 Rupees
Creditors - unsecured		**552,329,613**	236,510,765
Accrued liabilities		**3,582,855**	2,379,831
Advance from customer	Note: 18.1	**18,550,000**	23,520,000
Sales tax payable		**40,575**	616,916
Workers' Profit Participation Fund (WPPF)	Note: 18.2	**8,420,420**	1,579,382
Employee income tax payable		**283,461**	127,050
Workers' Welfare Fund (WWF)		**6,865,825**	3,451,655
Other liabilities		**413,930**	83,996
Trade and other payables		**590,486,679**	268,269,595

18.1 This include advance received from Saudi Relief Fund, amounting to Rs. 1.35 million (2012: 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.

18.2 Workers' Profit Participation Fund

		2013 Rupees	2012 Rupees
Balance as at July 01		**1,579,382**	1,828,319
Charge for the year	Note: 25	**8,216,759**	1,346,195
Interest for the year	Note: 27	**203,661**	233,187
Transfer to fund during the year		**(1,579,382)**	(1,828,319)
Balance as at June 30		**8,420,420**	**1,579,382**

19 DUE TO ASSOCIATED COMPANY

Akbar Associates (Private) Limited	Note: 23.1	**3,572,252**	719,822

20 CONTINGENCIES AND COMMITMENTS

Bank guarantees and bid bonds	Note: 20.1	**34,512,790**	69,112,290

20.1 These includes Performance bonds/bid bonds issued in favor of various customers for the supply of goods and performance of services through NIB Bank Limited with outstanding balance of Rs. 20.270 million (2012: Rs. 10.568 million) as at the balance sheet date. The facility is secured against 100 % lien on deposit in current account of the Company.

There are outstanding guarantees issued by Bank Alfalah Limited amounting to Rs. 13.635 million (2012: Rs. 13.635 million) on behalf of the Company, in favor of various Government and other organizations. This facility is secured by cash margin of Rs. 4.47 million (2012: Rs. 4.47 million).

Further, there are outstanding guarantees issued by Bank Islami Pakistan Limited amounting to Rs. 0.607 million (2012: Rs. 44.909 million) on behalf of the Company, in favor of various organizations.

20.2 An execution petition for recovery of contractual/awarded amount and penalty aggregating Rs. 7.43 million, has been instituted by Saudi Relief Committee for Afghanistan against the Company before the Court of Civil Judge, Islamabad. The learned Civil Judge vide order dated January 07, 2011, has drawn the decree sheet and against that order an appeal has been instituted in the Islamabad High Court. The execution petition is now fixed for hearing on November 02, 2013 and management, based on opinion of the legal advisor, is hopeful of a positive decision in its favor. Consequently, no provision has been made in 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 Sarhad Development Authority (SDA) on a lease term basis of 99 years. A civil suit has been filed by Surban Textile Mill Limited against SDA and others for allotment of the same to the Company. The Company has become a party in the said suit to protect and protect its rights in the suit land. The suit land has now been allotted to the Company and the proceedings of the case have been adjourned to await the orders of the High Court of a Civil Revision Petition filed by the Surban Textile Mills against the SDA, which is pending adjudication before Peshawar High Court, Abbottabad Bench. The management expects a favorable decision based on legal advisor assessments and merits of the case.

20.4 Rectification application has been filed by the Company to Inland Revenue Department for assessment year 2002-03 under section 156 of the repealed income tax ordinance 1979 read with section 221 (1A) of Income Tax Ordinance, 2001 for carrying forward of tax losses (business and un-absorbed depreciation) under section 35 of repeal ordinance read with section 57 of the Income Tax Ordinance, 2001. The correction requested by the Company was of Rs. 38,750,951 which was incorrectly made as Rs. 8,667,664. The Assistant Commissioner Inland Revenue (ACIR) vide its order dated March 03, 2011 rejected the rectification application and imposed additional penalty of Rs. 170,148 and Rs. 242,878 for tax year 2006 and 2007 respectively. On the application of the Company to Commissioner Inland Revenue (CIR) (Appeal-I) which directed ACIR vide order dated September 16, 2011 that the claim of the appellant as regards to brought forward losses has not been looked into in its proper perspective by the ACIR before imposing additional tax. It is directed that a proper position of brought forward losses may be determined first. Only then if there is any outstanding demand that has not been paid timely, additional tax may be imposed. The Inland Revenue Department and Company separately appealed to Appellate Tribunal Inland Revenue (ATIR), against the remand back order of CIR (Appeal-I). ATIR remanded back the case to Commissioner (Appeals) for disposal by passing speaking order on the ground of appeals. Consequently, the case is now pending with the CIR (Appeals-I) Islamabad. The management is confident that the case will be decided in the favor of the Company and consequently no provision for additional tax has been provided in these financial statements and Deferred tax impact has not been made in these financial statements.

Commitments

Commitments for rentals under operating lease agreements / Ijarah contracts as at June 30, 2013 are as follows:

	2013 Rupees	2012 Rupees
Not later than one year	5,676,526	1,563,218
Over one year to five years	3,296,465	2,689,643
Commitments	**8,972,991**	4,252,861

21 REVENUE-NET

	2013	2012
Gross sales	1,075,311,863	297,674,168
Sales tax	(6,124,516)	(6,363,959)
Revenue net of sales tax	1,069,187,347	291,310,209
Discount allowed	(8,107,933)	
Revenue-net	**1,061,079,414**	291,310,209

21.1 Results

June 30, 2013		Fabrication		Total
Revenue-net		1,052,619,333	8,460,081	1,061,079,414
Raw materials consumed	Note: 22 & 22.1	(691,340,694)	(5,556,423)	(696,897,117)
Salaries, wages and benefits	Note: 22	(18,474,067)	(148,479)	(18,622,546)
Depreciation	Note: 6.2	(4,778,874)	(38,409)	(4,817,283)
Other expenses		(67,122,647)	(539,476)	(67,662,123)
Cost		(781,716,282)	(6,282,787)	(787,999,069)
Results		270,903,051	2,177,294	273,080,345

June 30, 2012		Fabrication	Repairs & services	Total
Revenue-net		274,761,010	16,549,199	291,310,209
Raw materials consumed	Note: 22 & 22.1	(151,493,749)	(9,124,658)	(160,618,407)
Salaries, wages and benefits	Note: 22	(13,970,943)	(841,487)	(14,812,430)
Depreciation	Note: 6.2	(5,170,332)	(311,416)	(5,481,748)
Other expenses		(48,876,612)	(2,943,901)	(51,820,513)
Cost		(219,511,636)	(13,221,462)	(232,733,098)
Results		55,249,374	3,327,737	58,577,111

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

21.3 Entity wide information

Information about geographical area:

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

Information about major customers:

	2013 Percentage	2012 Percentage
United Energy Pakistan Limited	52%	33%
ENI Pakistan Limited	11%	16%
OMV Pakistan	29%	22%
Strategic Planning Division	2%	10%
Other	6%	19%
	100%	100%

22 COST OF SALES/ SERVICES

		2013 Rupees	2012 Rupees
Raw materials consumed	Note: 22.1	696,897,117	160,618,407
Stores, spares and lubricants		11,753,905	10,378,093
Salaries, wages and benefits	Note: 22.2	18,622,546	14,812,430
Factory rent		3,636,761	2,868,387
Repair and maintenance		871,071	1,383,708
Travelling and conveyance		644,328	390,447
Vehicle running and maintenance		40,301	29,237
Electricity, water and gas		3,441,668	2,574,169
Telephone and postage		189,600	162,454
Carriage and freight		12,258,503	17,325,295
Royalty and equipment rentals		894,900	910,174
Clearing and service charges		31,694,758	13,859,461
Other factory overheads		2,236,328	1,939,088
Depreciation	Note: 6.2	4,817,283	5,481,748
Cost of sales/ services		787,999,069	232,733,098

22.1 Raw materials consumed

Opening balance as on July 01		11,369,757	2,620,613
Add: Purchases during the year		690,101,697	169,367,551
		701,471,454	171,988,164
Less: Closing balance as on June 30	Note: 10	(4,574,337)	(11,369,757)
Raw materials consumed		696,897,117	160,618,407

22.2 These include an amount in respect of employees' benefit obligation of Rs. 981,664 (2012: Rs. 835,658) (refer to note 17).

23 SELLING AND DISTRIBUTION EXPENSES

Advertisement and sales promotion		806,742	215,565
Marketing expenses	Note: 23.1	53,053,976	14,565,516
Selling and distribution expenses		53,860,718	14,781,081

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

		2013 Rupees	2012 Rupees
Salaries and other benefits	Note 24.1	7,666,898	6,414,702
Directors' remuneration		11,365,321	7,574,538
Travelling and conveyance		3,400,056	7,162,459
Rent, rate and taxes		4,486,002	2,392,285
Legal and professional charges		408,839	134,000
Fee and subscription		1,972,103	1,278,561
Electricity, gas and water		1,289,414	662,291
Repair and maintenance		2,054,716	1,559,967
Insurance		1,325,050	791,907
Vehicle running and maintenance		320,648	656,216
Printing, stationary and periodicals		1,438,971	818,703
Postage, telex and telephone		2,096,787	2,031,162
Entertainment and staff welfare		1,502,842	2,328,357
Depreciation	Note 6.2	1,312,004	1,584,835
Auditors' remuneration	Note 24.2	475,000	425,000
Donations	Note 24.3	2,106,299	429,035
Provision and write offs	Note 24.4	12,113,257	396,041
Miscellaneous expenses		982,420	1,003,240
Administrative expenses		56,316,627	37,643,299

24.1 These include an amount in respect of employees' benefit obligation of Rs. 382,879 (2012: Rs. 332,380) (refer to note 17).

24.2 Auditors' remuneration

	2013 Rupees	2012 Rupees
Annual audit fee	330,000	300,000
Half yearly review fee	75,000	70,000
Review of CCG	50,000	40,000
Other	20,000	15,000
Auditors' remuneration	475,000	425,000

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

	2013 Rupees	2012 Rupees
Provision for doubtful debts	8,233,658	396,041
Write offs	3,879,599	
Provision and write offs	12,113,257	396,041

25 OTHER OPERATING EXPENSES

		2013 Rupees	2012 Rupees
Workers' profit participation fund	Note 18.2	8,216,759	1,346,195
Workers' welfare fund		3,414,170	620,978
Net exchange loss		4,011,403	8,167,134
Other operating expenses		15,642,332	10,134,307

26 OTHER INCOME

	2013 Rupees	2012 Rupees
Income from financial assets		
Interest income	4,953,567	7,838,402
Gain on sale of investment	-	1,610,612
	4,953,567	9,449,014
Income from non financial assets		
Scrap sale	1,371,515	1,609,035
Discount on trade payables under arrangements	-	18,226,447
Other income	6,325,082	29,284,496

27 FINANCIAL COST

		2013 Rupees	2012 Rupees
Interest on Workers' Profit Participation Fund	Note: 18.2	203,661	233,187
Bank charges		677,836	603,475
Financial cost		881,497	836,662

28 TAXATION

		2013	2012
for the year		58,553,019	10,867,113
prior year		(1,262,065)	268,186
deferred tax	Note: 8	(2,918,046)	(1,750,106)
Income tax expense		54,372,908	9,385,193

28.1 Relationship between tax expense and accounting profit:

	2013	2012
Accounting profit	152,704,253	24,466,258
Tax rate	35%	35%
Tax on accounting profit	53,446,489	8,563,190
Tax effect of amount not admissible for tax purposes	6,522,782	4,295,533
Tax effect of depreciation - admissible for tax purposes	(1,279,604)	(1,743,952)
Tax effect of gratuity paid - admissible for tax purposes	(136,648)	(247,658)
Tax impact of prior year income tax	(1,262,065)	268,186
Tax impact of deferred tax charged	(2,918,046)	(1,750,106)
Actual tax expense net	54,372,908	9,385,193

29 EARNINGS PER SHARE - BASIC AND DILUTED

	2013	2012
Profit for the year - Rupees	98,331,345	15,081,065
Number of ordinary shares outstanding during the year	6,582,600	6,582,600
Earnings per share-Rupees	14.94	2.29

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	
	2013	2012	2013	2012	2013	2012
	Rupees		*Rupees*		*Rupees*	
Managerial remuneration	2,136,776	1,395,046	2,291,615	1,558,209	4,715,307	4,715,307
House rent allowance	754,839	627,771	824,516	701,194	2,121,888	2,121,888
Travelling allowance	4,208,137	2,996,992	592,019	-	-	
Medical allowance	167,742	139,505	183,226	155,821	471,531	471,531
Bonus	96,774	-	109,677	-	424,337	424,337
	7,364,268	5,159,314	4,001,053	2,415,224	7,733,063	7,733,063
Number of persons	1	1	2	2	7	6

In addition to the above, the Chief Executive is also provided with free use of the Company's maintained car and other perquisites as per the Company rules.

31 RELATED PARTY TRANSACTIONS

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

		2013 Rupees	2012 Rupees
31.1 Transactions with Akbar Associates (Private) Limited:			
Marketing expenses	Note: 23	53,053,976	14,565,516
31.2 Common expense sharing:			
Rent, rate and taxes		2,268,000	2,091,200
Electricity, gas and water		732,245	1,050,972
Postage, telex and telephone		118,110	230,077
Entertainment and staff welfare		1,125,175	1,034,968

32.2.1 66.66% of total combined expenses has been allotted/ charged to Akbar Associates (Private) Limited.

31.3 Transactions with key management personnel

The transaction with key personnel are disclosed in note 30.

31.4 Transactions with others

		2013	2012
Employees' gratuity	Note: 17	5,121,661	4,147,541
Workers' profit participation fund	Note: 18.2	8,216,759	1,346,193

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

32 PLANT CAPACITY

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

33 RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

33.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and service charge out rate will effect the Company's 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(a), 33.1(b) and 33.1(c) respectively.

(a) 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 same balances with banks, which are primarily denominated in other than Pak Rupees. The activities of the Company expose it to foreign exchange risk, primarily with respect of US Dollars.

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

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

	2013 Rupees	2012 Rupees
Financial assets	462,988,534	180,409,518
Financial liabilities	(552,329,613)	(234,681,087)
Short-term exposure	(89,341,079)	(54,271,569)
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 + 2.79/- 3.62 change of the US Dollar exchange rate for the year ended June 30, 2013 (2012: + 6.17/- 4.94) has been considered. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on Company's foreign currency financial instruments held at each balance sheet date.

If the Pak Rupee had strengthened against the US Dollar by 3.62% (2012: 4.94%), then this would have had the following impact:

	2013 Rupees	2012 Rupees
Net result for the year	3,016,013	2,537,801

If the Pak Rupee had weakened against the US Dollar by 2.79% (2012: 6.17%), then this would have had the following impact:

	2013 Rupees	2012 Rupees
Net result for the year	(2,322,240)	(3,170,854)

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.

(b) 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 external 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

	2013 %	2012 %	2013 Rupees	2012 Rupees
	Effective interest rate			
Financial assets				
Bank balances	**3.50 to 8.00 %**	5.00 to 10.00 %	**87,813,468**	103,129,021
			87,813,468	103,129,021
Financial liabilities				
WPPF	**12.90 %**	15.31 %	**8,420,420**	1,579,382
			79,393,048	101,549,639

(c) Equity price risk

Equity price risk is the risk that the fair value of the equities changes as the result of changes in the level of equity indices and the value of individual stocks. The Company does not have exposure in listed equities as at June 30, 2013.

33.2 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. 773,995,505 (2012: Rs. 333,852,165), the financial assets of Rs. 773,979,183 (2012: Rs. 333,880,821) are subjected to credit risk as explained in note 33.1.

(a) Exposure to credit risk

	2013 Rupees	2012 Rupees
Classes of financial assets - carrying amounts		
Bank balances	298,672,353	142,563,507
Trade and other receivables	475,306,830	191,288,658
	773,979,183	333,852,165

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

	2013 Rupees	2012 Rupees
Companies	**462,782,476**	179,706,232
Banks and financial institutions	**298,974,252**	143,214,090
Others	**12,222,455**	10,931,843
	773,979,183	333,852,165

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

(b) Credit quality of major financial assets

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

Trade receivables

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

	2013 Rupees	2012 Rupees
Neither past due nor impaired:		
Not more than 1 month	**170,642,652**	45,757,655
Past due but not impaired:		
More than 1 month but not more than 6 months	**151,493,643**	91,161,888
More than 6 months but not more than 1 year	**107,081,399**	9,274,426
More than 1 year	**37,196,782**	33,512,263
	466,414,476	179,706,232

	2013 Rupees	2012 Rupees
Customers with no defaults in the past one year	287,089,436	9,360,359
Customers with some defaults in past one year which have been fully recovered	-	-
Customers with defaults in past one year which have not yet been recovered	8,682,388	36,397,296
	295,771,824	45,757,655

Cash and bank balances

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

The bank balances along with credit ratings are tabulated below:

	Rating agency	2013 Rupees	2012 Rupees
A 1+	PACRA/JCR-VIS	25,769,705	6,823,236
A	PACRA/JCR-VIS	-	103,129,021
A1	PACRA/JCR-VIS	271,669,398	
A-2	PACRA	1,233,250	2,776,704
P-1	MOODY'S	-	29,834,546
		298,672,353	142,563,507

33.3 Liquidity risk analysis

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company follows an effective cash flow management and planning policy to ensure the availability of funds and to take appropriate measures for new Company maintains cash and balances with banks 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, 2013	Current		Non - current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Trade and other payables	564,746,818	-	-	-
Due to associated company	3,572,252	-	-	-
Unclaimed dividend	4,178,565	-	-	-
	572,497,635	-	-	-

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

June 30, 2012	Current		Non - current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Trade and other payables	240,553,974	-	-	-
Due to associated company	719,822	-	-	-
Unclaimed dividend	4,178,565	-	-	-
	245,452,361	-	-	-

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.

33.4 Fair value sensitivity analysis for fixed rate instruments

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

33.5 Summary of financial assets and liabilities by category

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

		2013 Rupees	2012 Rupees
Financial assets at amortized cost			
- Trade debts	Note: 11	466,414,476	179,706,232
- Others		8,892,354	11,582,426
- Cash and bank balances	Note: 15	298,688,675	142,592,163
		773,995,505	333,880,821

		2013 Rupees	2012 Rupees
Financial liabilities			
Financial liabilities measured at amortized cost			
Trade and other payables		564,746,818	240,553,974
Due to associated company	Note 19	3,572,252	719,822
Unclaimed dividend		4,178,565	4,178,565
		572,497,635	245,452,361

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 less cash and cash equivalents as presented on the face of the balance sheet.

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

	2013 Rupees	2012 Rupees
Total equity	274,448,401	176,117,056
Cash and bank balances	(298,688,675)	(142,592,163)
Capital	(24,240,274)	33,524,893
Total equity	274,448,401	176,117,056
Overall financing	274,448,401	176,117,056
Capital-to-overall financing ratio	(0.09)	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

	2013	2012
Number of employees at the year end	88	73
Average number of employees	81	76

36 GENERAL

36.1 Event after balance sheet date

The Board of Directors in its meeting held on October 09, 2013 proposed a final cash dividend of 2.50 per share (2012: Rs. 0 per share) for the year ended 30 June 2013. The appropriation will be approved by the members in forthcoming Annual General Meeting. These financial statements do not include the effect of these appropriations.

36.2 Date of authorization for issue

These financial statements have been authorized for issue by the Board of Directors of the Company in its meeting held on October 09, 2013.

37 RECLASSIFICATION

Corresponding figures have been reclassified for the purpose of better presentation and comparison. Changes made during the year are as follows:

Note	Reclassification from the caption component	Note	Reclassification to the caption component	Rupees
12	Advances unsecured, considered good	7	Long term loan and advances	2,750,000

ZIA AKBAR ANSARI
CHIEF EXECUTIVE & DIRECTOR

SHEIKH USMAN AHMED
DIRECTOR

PROXY FORM

The Secretary,
ADOS Pakistan Limited
88, Khayaban-e-Iqbal,
Sector F-8/2,
Islamabad.

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

No. of Shares ______________________________________
Folio No. ____
Here by appoint ______________ of ______________________ in the district
of ____________________ or failing him ______________________
______________________ of ______________________
as my/our proxy to vote for me/us on my/our behalf at the 28th Annual General Meeting of the company to be held on ______________________________
______________________________ and at any adjournment thereof.
Signed this ______________ day of ______________________ 2013.

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.