



Since 1980

AL-KHAIR GADOON LTD.

ANNUAL REPORT

2018





| SR. NO. | CONTENTS | PAGE NO. |
|--------------------|---|---------------------|
| I | Company Information | 2 |
| II | Vision & Mission Statement | 3 |
| III | Notice of Annual General Meeting | 4-7 |
| IV | Chairman's Review Report | 8-9 |
| V | Directors' Report to the Members | 10-17 |
| VI | Statement of Compliance with Code of Corporate Governance | 18-19 |
| VII | Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations 2017 | 20 |
| VIII | Independent Auditor's Review Report To The Members | 21-24 |
| IX | Statement of Financial Position | 25 |
| X | Statement of Profit or Loss and Other Comprehensive Income | 26 |
| XI | Statement of Cash Flows | 27 |
| XII | Statement of Changes in Equity | 28 |
| XIII | Notes to the Financial Statements | 29-46 |
| XIV | Year Wise Statistical Summary | 47 |
| XV | Pattern of Shareholding | 48-49 |
| XVI | Form of Proxy | 50-51 |

**COMPANY INFORMATION**

| | | |
|---|---|------------------------|
| BOARD OF DIRECTORS: | Mohammad Afzal Sheikh | - Chairman |
| | Mohammad Saeed Sheikh | - Chief Executive |
| | Mohammad Amin Sheikh | - Director |
| | Sheikh Pervaiz Afzal | - Director |
| | Mrs. Parveen Afzal | - Director |
| | Mrs. Farnaz Saeed | - Director |
| | Mrs. Nafeesa Amin | - Director |
| | Mr. Kamal Subhani | - Independent Director |
| AUDIT COMMITTEE: | Mr. Kamal Subhani | - Chairman |
| | Mrs. Parveen Afzal | - Member |
| | Mrs. Farnaz Saeed | - Member |
| | Mr. Khurram Iftikhar | - Secretary |
| HUMAN RESOURCE & REMUNERATION COMMITTEE: | Mrs. Nafeesa Amin | - Chairman |
| | Mrs. Farnaz Saeed | - Member |
| | Sheikh Pervaiz Afzal | - Member |
| | Mr. Mushtaq Ahmed Shaheen | - Secretary |
| CFO / CHIEF ACCOUNTANT: | Abdul Hafeez Poswal | |
| COMPANY SECRETARY: | Mohammad Amin Sheikh | |
| AUDITORS: | M/s. Tahir Siddiqi & Co., Chartered Accountants. | |
| LEGAL ADVISOR: | Mr. Naeem Anjum (Advocate High Court) | |
| SHARES REGISTRAR: | Shemas International (Pvt) Limited 533 Imperial Garden Block Main Boulevard, Paragon City, Barqi Road, Lahore. | |
| BANKERS: | Allied Bank Limited. Bank Alfalah Limited. | |
| REGISTERED OFFICE & FACTORY SITE: | 92/3, Phase III, Industrial Estate, Gadoon Amazai, District Swabi, (K.P.K) Tel: (0938) 270260 Fax: (0938) 270270 | |
| CORPORATE OFFICE: | Al-Khair House, 43-T, Gulberg II, Lahore. Tel: (042) 111-111-043 Fax: (042) 35716588, 35753719 Website: www.alkhairgadoon.com | |



Mission

Offer value to our customers by continuous improving our products and services. Provide ongoing product development and design improvements to meet our customers' needs. Maintain our technical advantage in all aspects of our business while remaining competitive in the market.

Vision

AKGL'S Ambition is to become a clear benchmark in foam products, sleeping products & services.

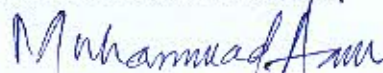
NOTICE OF MEETING

Notice is hereby given that the 28th Annual General Meeting of Al-Khair Gadoon Limited, will be held on Friday the October 26, 2018 at 9:00 A.M. at the Registered Office of the Company at 92/3, Phase III, Industrial Estate, Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa to transact the following business:-

- 1 To confirm the minutes of the 27th Annual General Meeting held on October 27 2017.
- 2 To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2018, together with the Directors' and Auditors' Reports thereon.
- 3 To appoint Auditors of the Company and fix their remuneration.
- 4 To obtain consent of the shareholders in terms of SRO. 470(I)/2016 dated May 31, 2016 for transmission of annual accounts etc. to the shareholders through CD/DVD/USB.
- 5 To transact any other business with the permission of the Chairman.

A statement U/s 134(3) of the Companies Act, 2017 is being sent to members with this notice.

BY ORDER OF THE BOARD



MOUHAMMAD AMIN SHEIKH

Company Secretary

Dated: October 04, 2018

NOTES:

- 1 Share Transfer Books of the Company will remain closed from October 19 2018 to October 26, 2018 (both days inclusive). Transfers received in order upto the close of business on October 18, 2018 at the Corporate Office of the Company at Al-Khair House, 43-T, Gulberg II, Lahore will be entitled to voting rights at the Annual General Meeting
- 2 A member of the Company entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. Votes may be given personally or by proxy or by Attorney or in case of a Corporation by representative. The instrument of proxy duly executed should be lodged at the Corporate Office of the company at Al-Khair House, 43 - T, Gulberg II, Lahore not later than 48 hours before the time of meeting.
- 3 Any individual Beneficial Owner of the Central Depository Company (CDC), entitled to vote at this meeting must bring his / her Computerized National Identity Card (CNIC) or passport (in case of foreigner) along with CDC account number to prove his / her identity and in case of proxy must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring
- 4 Members are requested to immediately inform the Company's Share Registrar of any change in their mailing address



- 5 Members are requested to provide by mail, photocopy of their CNIC or passport (in case of foreigner), unless it has been provided earlier, enabling the Company to comply with relevant laws.

Statement U/s 134(3) of the Companies Act, 2017

- 6 The Securities and Exchange Commission of Pakistan vide SRO No. 470(I)/2016 dated May 31, 2016 has allowed listed companies to circulate annual audited accounts to its members through CD/DVD/USB instead of Hard copies subject to approval of shareholders in Annual General Meeting. Approval is hereby sought from the members of the Company for the following resolution.

"Resolved that consent and approval of the members of Al-Khair Gadoon Limited (The Company) be and is hereby accorded for the transmission of annual audited accounts to the members for future years commencing from the year ended June 30, 2019 through CD/DVD/USB instead of transmission of the same in hard copies."

- 7 In accordance with Section 132 (2) of the Companies Act, 2017 if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 10 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that place subject to availability of such facility in that place. To avail this facility a request is to be submitted to the Company Secretary of the Company on given address:

The Company Secretary, Al-Khair Gadoon Ltd, 43-T, Gulberg II, Lahore.

اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ الٰخیر گدون لمیٹڈ کے حصص داران کا 28 واں سالانہ اجلاس عام مورخہ 26 اکتوبر، 2018 بروز جمعہ بوقت صبح 9:00 بجے بمقام رجسٹرڈ دفتر 3/92، فیئر 3، انڈسٹریل اسٹیٹ، گدون اماڑی، ضلع صوابی، خیبر پختونخواہ میں درج ذیل امور کے انجام دہی کے لیے منعقد ہوگا۔

- 1 27 اکتوبر، 2017 کو منعقدہ گزشتہ سالانہ اجلاس عام کی کارروائی کی توثیق کرنا۔
 - 2 30 جون، 2018 کو ختم شدہ سال کے لئے کمپنی کے پرنٹال شدہ سالانہ مالیاتی گوشوارے بشمول ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری دینا۔
 - 3 30 جون، 2018 کو ختم ہونے والے سال کے لئے محاسب کا تقرر اور ان کے مشاہرہ کا تعین کرنا۔
 - 4 SRO 470(I)/2016 مورخہ 31 مئی، 2016 کے تحت سالانہ آڈٹ شدہ مالی گوشواروں وغیرہ کی بذریعہ سی ڈی/وی ڈی وی ڈی/یو ایس بی ترسیل کے لئے حصص داران سے منظوری لینا۔
 - 5 جناب چیئرمین کی اجازت سے کسی دیگر امر پر کارروائی۔
- کمپنی ایکٹ 2017 کی شق نمبر 134(3) کے تحت ممبران کے لئے نوٹس منسلک ہے۔

حساب الحکم بورڈ
محمد امین شیخ
کمپنی سیکرٹری

تاریخ: 04 اکتوبر، 2018

نوٹس:

- 1 کمپنی کی حصص منتقلی کی کتابیں 19 اکتوبر سے 26 اکتوبر، 2018 (بشمول دونوں دن) بند رہیں گی۔ تمام ٹرانسفرز جو قواعد و ضوابط کے مطابق کمپنی کے کارپوریٹ دفتر الٰخیر ہاؤس، 43-ٹی، گلبرگ II، لاہور میں 18 اکتوبر، 2018 تک وصول ہوگی۔ وہ سالانہ اجلاس عام میں ووٹ کے اہل تصور ہوں گے۔
- 2 سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کا اہل ایک رکن اپنی جگہ دوسرے کسی رکن کو بطور پراسی اجلاس میں شرکت کرنے اور ووٹ دینے کے لیے مقرر کر سکتا/کر سکتی ہے۔ ووٹ ذاتی طور پر، بذریعہ پراسی یا بذریعہ اٹارنی (ادارے) دینے جاسکتے ہیں۔ پراسی کے موثر ہونے کے لئے ضروری ہے کہ وہ کمپنی کے کارپوریٹ آفس، الٰخیر ہاؤس، 43-ٹی، گلبرگ II،

- لاہور میں اجلاس کے وقت سے کم از کم 48 گھنٹے قبل وصول ہو جائیں۔
- 3 سینٹرل ڈیپازٹری کمپنی (CDC) کے/کی شیئرز ہولڈرز جو اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کے/کی حقدار ہیں وہ شناخت کے طور پر اپنا کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ (اگر غیر ملکی ہو تو) اور CDC کا ڈونٹ نمبر ضرور ساتھ لائیں۔ پراکسی کی صورت میں کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی منسلک کرنا لازمی ہے مذکورہ مقصد کے لیے کارپوریٹ ممبر کے نمائندے اپنے ساتھ مطلوبہ دستاویز ضرور لائیں۔
- 4 ممبرز سے درخواست ہے کہ وہ اپنے پتے میں کسی بھی قسم کی تبدیلی کی صورت میں کمپنی کے شیئرز رجسٹرار کو فوری اطلاع دیں۔
- 5 ممبرز سے درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ (غیر ملکی ہو سکی صورت میں) کی نقل بذریعہ ڈاک ارسال کریں (اگر پہلے ندی ہو) تاکہ کمپنی متعلقہ قوانین کے مطابق عمل کر سکے۔
- کمپنی ایکٹ 2017 کی سیکشن نمبر 134(3) کے مطابق نوٹس:
- 6 سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے بذریعہ SRO 470(I)/2016 مورخہ 31 مئی 2016 کو کمپنیز کو اجازت دی ہے کہ سالانہ مالی گوشوارے اپنے ممبران کو سی ڈی/ڈی ڈی ڈی/یو ایس بی میں بجائے کتابچہ حصص داران کو سالانہ اجلاس کی منظوری کے تحت ترسیل کر سکتے ہیں۔ اس کے لئے مندرجہ ذیل قرارداد کی کمپنی کے ممبران سے منظوری لینا۔
- "قرار پایا کہ 30 جون 2019 کو مکمل ہونے والے سال کے لئے اور آئندہ ممبران کو سالانہ آڈٹ شدہ مالی گوشواروں کی اصل کاپی کی بجائے بذریعہ سی ڈی/ڈی ڈی ڈی/یو ایس بی ترسیل کے لئے الخیر گدون لمیٹڈ (کمپنی) کے ممبران کی رائے اور منظوری حاصل کی جائے۔"
- 7 کمپنیز ایکٹ، 2017 کے سیکشن 132(2) کے تحت کمپنی کو مجموعی طور پر 10% یا اس سے زیادہ کے حصص داران جغرافیائی لحاظ سے ویڈیو کانفرنس کی درخواست کم از کم سالانہ اجلاس عام سے 10 دن پہلے وصول کروائیں تاکہ کمپنی اگر متعلقہ جگہ ویڈیو کانفرنس کی سہولت ہو تو اس جگہ اس سہولت کا انتظام کرے گی۔ اس سہولت کو حاصل کرنے کے لیے درخواست کمپنی کے کمپنی سیکرٹری کے نام مندرجہ ذیل پتہ پر ارسال کریں۔
- کمپنی سیکرٹری، الخیر گدون لمیٹڈ، 43-ٹی، گلبرگ II، لاہور۔

CHAIRMAN'S REVIEW REPORT

By the grace of Almighty Allah, during financial year 2017-18, the Company remained on the track of growth and successfully faced the challenges in terms of uncertain economical and political conditions prevailed throughout the year, intense competition from existing players and new entrants in the foam industry. Operational excellence and management skills enabled the Company to maintain sustainable growth. Fluctuation in raw material prices always remained a major risk for foam manufacturing unit since major raw materials are not manufactured in the country and imported from all over the world in addition to currency exchange rate and duty structure on imported materials is also a big threat to foam industry. These factors put immense pressure on margins and always keeps alert the management to concentrate on the issues and make visionary decisions to overcome the challenges. Although the production activity remained closed almost for a period of two months because of fire incident in the factory but the management team had worked hard to restart operations in very

Despite the challenges faced, the Company performed considerably well resulting the Company has been able to generate stable cash flows which enabled it to discharge its operational and financial liabilities well in time. The management of the Company is always committed to stand out the competition by focusing the needs of the customers, improved operational efficiencies and synergies, best product mix, effective cost control measures, aggressive marketing strategy and competitive pricing. The Company also expects better performance in coming future and focused the needs of its trade partnering customers.

The Company has provided safe working conditions avoiding the risk of health of employees and public at large. It is a matter of immense pleasure that the Company is contributing towards the society through social activities and has integrated Corporate Social Responsibility in its business.

Lahore: October 01, 2018



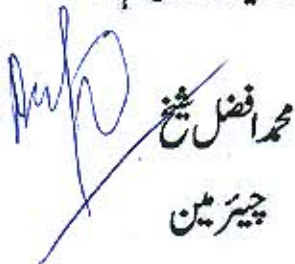
MOHAMMAD AFZAL SHEIKH
CHAIRMAN

چیئر مین کا جائزہ

اللہ تعالیٰ کے فضل و کرم سے مالی سال 2018 کے دوران کمپنی ترقی کے راستے پر قائم رہی اور سارا سال جاری رہنے والی غیر یقینی معاشی اور سیاسی صورت حال، فوم انڈسٹری میں موجودہ اور نئے آنے والے مقابل کاروں کے ساتھ سخت مقابلے کے باوجود کامیابی کے ساتھ چیلنجز کا سامنا کیا۔ آپریشنل فضیلت اور انتظامی مہارت نے کمپنی کی پائیدار ترقی کو فعال رکھا۔ خام مال کی قیمتوں میں اتار چڑھاؤ، کرنسی کے بھاؤ اور کسٹمز کے ریٹ فوم بنانے والے ادارے کے لئے ہمیشہ ہی ایک بڑا خطرہ رہے ہیں کیونکہ خام مال پاکستان میں نہیں بننے بلکہ بیرون ملک سے درآمد کیے جاتے ہیں۔ ان عوامل نے کمپنی کے منافع پر شدید باؤ ڈالا اور انتظامیہ نے اپنی بھرپور توجہ مبذول کی تاکہ مسائل پر دانشمندانہ فیصلے کئے جاسکیں۔ اگرچہ پیداواری سرگرمیاں فیکٹری میں آگ لگنے کی وجہ سے تقریباً دو مہینے بند رہیں مگر کمپنی کی ٹیم نے سخت محنت کی اور پیداواری سرگرمیوں کو مختصر عرصے میں دوبارہ بحال کر دیا۔

چیلنجز کا سامنا کرنے کے باوجود کمپنی کی کارکردگی اچھی رہی، جس کے نتیجے میں کمپنی کا نقد بہاؤ مستحکم رہا جس نے کمپنی کو آپریشنل اور مالی ذمہ داریوں کو وقت پر نبھانے کے قابل بنایا۔ انتظامیہ گاہوں کی ضروریات کو مد نظر رکھتے ہوئے، آپریشنل کارکردگی، مصنوعات کا بہتر انتخاب، کم لاگت کی موثر تدابیر، جارحانہ مارکیٹنگ اور مقابل قیمتوں کی حکمت عملی کے ذریعے مقابلوں کا سامنا کرنے کے دعوے پر ہمیشہ سے قائم ہے۔ کمپنی مستقبل میں بھی اچھی کارکردگی کی توقع کرتی ہے اور اپنے تجارتی شراکت دار گاہوں پر توجہ مرکوز رکھے ہوئے ہے۔

کمپنی اپنے ملازمین اور عام لوگوں کو صحت کے خطرات سے بچانے کے لئے کام کرنے کے محفوظ حالات مہیا کرتی ہے۔ یہ بڑی خوشی کی بات ہے کہ کمپنی معاشرے کی سماجی سرگرمیوں میں مربوط کارپوریٹ سماجی ذمہ داریوں کے ذریعے مدد کر رہی ہے۔


محمد افضل شیخ
چیئر مین

لاہور: یکم اکتوبر 2018

**DIRECTORS' REPORT TO THE MEMBERS**

The Directors of your Company are pleased to present the 28th Annual Report with the audited financial statements of the Company for the year ended June 30, 2018.

Company Performance

During the year 2017 - 2018, despite stiff economic conditions and challenges, the Company remained on the track of profitability. The Company posted sales revenue of PKR 370 million as compared to PKR 366 million of last year. An increase of 2.58% in gross profit margin has also been witnessed as compared to last year. The increase in gross profit was achieved through optimal production strategies and effective cost controls. During the year under review, the net profit remained Rs.7.50 million as compared to Rs.8.10 million for the last year. The decrease was mainly due to loss of fixed assets and stocks as a result of fire incident at factory occurred during the year resulting closure of production activities from March 13, 2018 to May 12, 2018.

During the year under review, administrative expenses and distribution expenses were kept strictly under control and no major deviation has been witnessed. However, finance cost was increased from Rs.1.9 million to Rs.3.4 million mainly due to utilization of finance facilities for import of raw materials. By the grace of Almighty Allah, the Company has been able to generate stable cashflows which enabled the Company to discharge all its operating and financial liabilities in time.

Future Outlook

The management of the Company is well aware of economic conditions prevailing in the country and expect from the newly elected Government to take effective measures for reduction in rate of inflation, to establish security situation and smooth level of doing business in the country. However, increase in custom tariff, imposition of new taxes through amendment of Finance Bill for the 2019 under legislative consideration, unpredictable exchange rate, in addition to intense competition from existing players and new entrants will remain the greatest challenges to meet in future.

However, the management is cognizant of the situation and will overcome through improved operational efficiencies, synergies, best product mix management, effective cost control measures and better trade partnering customers. The Company has been exhibiting strong performance against challenges over the years, be it vulnerability of increased competition, fluctuation in raw material prices or exchange rate. Operational excellence and management skills have positioned the Company for sustainable growth to meet challenges ahead. Being socially responsible, financially viable and operationally smart will remain the key objectives of the Company.

Environment, Health and Safety

The Company maintains safe working conditions avoiding the risk to health of employees and public at large. The management has maintained environment in all its operations and consistently upgrading their safety.

Corporate Social Responsibility

The Company strongly believes in the integration of Corporate Social Responsibility into its business and consistently endeavors to uplift the people that are influenced directly or indirectly by our business.

Reporting

The Board has ensured completeness, true and fair presentation and timely issuance of its financial statements in accordance with the requirements of third and fourth schedules to the Companies Act, 2017, the Listing Regulations of Pakistan Stock Exchange and International Financial Reporting Standards.

Corporate and Financial Reporting

The Company is committed to gain highest standards of corporate governance. The Board is pleased to give the following specific statements to comply with the requirements of the Code of Corporate Governance.

- The financial statements prepared by the management of Al-Khair Gadoon Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of Al-Khair Gadoon Limited have been maintained.

- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Code of Corporate Governance Regulations, 2017 issued by SECP.
- Key operating and financial data for last six years in summarized form is annexed to the report.
- No trades in shares of Al-Khair Gadoon Limited were carried out by the Directors, CEO, CFO, Head of Internal Audit & Company secretary and their spouses and minor children except those notified to the regulatory authorities.
- Reasons for significant deviations from last year's operating results have been explained in the relevant section of the Directors' report.
- Information about outstanding taxes, duties, levies and charges is given in the notes to the Financial Statements.
- The Company has no significant plans and decisions regarding corporate restructuring, business expansion and discontinuing of operations.
- Details of number of board and committees' meetings held during the year and attendance by each director has been disclosed below.
- The board has been provided with detailed in-house briefings and information package to acquaint them with the code of conduct, applicable laws, their duties and responsibilities to enable them to effectively manage the affairs of the Company for and on behalf of shareholders.

Compliance with the Code of Corporate Governance & Transfer Pricing

The Code of Corporate Governance Regulations, 2017 as formulated by the SECP & ICAP regulations have been complied with and the statement to that effect is annexed. The requirements of transfer pricing as set out in the listing rules of Pakistan Stock Exchange relevant to the year 2018 have also been complied.

Staff Retirement Benefits

The Company operates an un-funded gratuity scheme for all employees with qualifying services period of six months.

Dividend

No dividend is being recommended by the Board of Directors for the year ended June 30, 2018 because of the reason that the Company had to sustain losses during past years and liquidity problems faced by the Company in the past. The Company is expecting positive performance in future.

Attendance of Board and Committee Meetings

During the year eight board meetings, six Audit Committee, and four Human Resource and Remuneration Committee meetings were held. Leave of absence was granted to directors who could not attend some of the meetings. The attendance is as follows:

| Sr. No. | Directors / Members of Committees | Number of attendance | | |
|---------|-----------------------------------|----------------------|-----------------|------------------|
| | | Board of Directors | Audit Committee | HR & R Committee |
| 1 | Mohammad Afzal Sheikh | 6 | N/A | N/A |
| 2 | Mohammad Saeed Sheikh | 6 | N/A | N/A |
| 3 | Mohammad Amin Sheikh | 6 | N/A | N/A |
| 4 | Sheikh Pervaiz Afzal | 6 | N/A | 2 |
| 5 | Mrs. Parveen Afzal | 5 | 4 | N/A |
| 6 | Mrs. Farnaz Saeed | 5 | 4 | 2 |
| 7 | Mrs. Nafeesa Amin | 6 | 4 | 2 |
| 8 | Mr. Tahir Subhani | 2 | 2 | N/A |
| 9 | Mr. Kamal Subhani | 2 | 2 | N/A |
| 10 | Mushtaq Ahmed Shaheen | N/A | N/A | 2 |
| 11 | Khurram Iftikhar | N/A | 4 | N/A |

Auditors

The auditors Messers Tahir Siddiqi & Co. Chartered Accountants are the retiring auditors of the Company and offer their services for re-appointment. They confirmed that they have been given satisfactory rating under the Quality Control Review program of The Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the ICAP. The audit committee and the Board recommended their re-appointment by the shareholders at the Annual General Meeting of the Company as auditors of the Company for the year ending June 30, 2019.


Pattern of Shareholding

The pattern of shareholding of the Company is annexed to the report.

Appreciation

The Board would like to articulate their appreciation for the allegiance, hard toil of the workers, staff members of the management team, bankers and other stakeholders. Customers and retailers are the key element of our Company and we thank them for their continued co-operation.

ON BEHALF OF THE BOARD


MOHAMMAD AFZAL SHEIKH
 CHAIRMAN

Lahore: October 01, 2018

ڈائریکٹرز رپورٹ

کمپنی کی کارکردگی

آپ کی کمپنی کے ڈائریکٹرز کمپنی کے 28 ویں سالانہ اجلاس میں 30 جون 2018 کو ختم ہونے والے سال کے کمپنی کے آڈٹ شدہ حسابات کے ساتھ آپ کو سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی سال 2018-2017 کے دوران سخت معاشی حالات کے باوجود کمپنی منافع کے راستے پر رہی۔ کمپنی کی سیل پچھلے سال کے 366 ملین روپے کے مقابلے میں 370 ملین روپے رہی۔ پچھلے سال کے مقابلے میں مجموعی منافع میں 2.58 فیصد کا اضافہ ہوا۔ مجموعی منافع میں اضافہ بہتر پیداواری حکمت عملی اور لاگت پر موثر کنٹرول سے حاصل ہوا۔ سال کے دوران خالص منافع پچھلے سال کے 8.10 ملین روپے کے مقابلے میں 7.50 ملین روپے رہا۔ کمی کی بنیادی وجہ فیکٹری میں آگ لگنے کی وجہ سے لکسڈ اثاثہ جات اور راس مال کا نقصان اور 13 مارچ، 2018 سے لے کر 12 مئی، 2018 تک فیکٹری کا بند رہنا ہے۔

دوران سال کمپنی نے انتظامی اور کاروباری اخراجات کو سختی سے کنٹرول کیا گیا اور کوئی خاص فرق دیکھنے میں نہیں آیا۔ مالی اخراجات 1.9 ملین روپے سے زیادہ ہو کر 3.4 ملین روپے ہوئے جس کی بنیادی وجہ خام مال کی درآمد کے لئے مالی سہولیات کا استعمال تھا۔ اللہ تعالیٰ کے فضل سے کمپنی مستحکم نقد بہاؤ حاصل کرنے میں کامیاب رہی جس سے کمپنی اپنی آپریشنل اور مالی واجبات کی ادائیگیاں کرنے کے قابل ہوئی۔

مستقبل کے نقطہ نظر

کمپنی کی انتظامیہ ملک میں جاری موجودہ معاشی صورت حال سے پوری طرح باخبر ہے اور نئی منتخب حکومت سے توقع کرتی ہے کہ وہ افراط زر میں کمی، سیکورٹی کو مستحکم کرنے اور ملک میں کاروبار کے بہتر حالات کے لئے اقدامات کرے۔ البتہ مستقبل میں کشم ریش، فنانس بل 2018 میں ترمیم جو کہ قانون ساز اداروں کے زیر غور ہے کے ذریعے نئے ٹیکسوں کا اجراء، زرمبادلہ کے غیر یقینی ریش کے ساتھ ساتھ موجودہ اور نئے آنے والوں سے مقابلہ بڑے چیلنجز رہیں گے۔

البتہ انتظامیہ اس صورت حال سے پوری طرح آگاہ ہے اور آپریشنل کارکردگی میں اضافے، مصنوعات کی ترسیل کا بہتر انتظام، کم

لاگت کی موخر تدابیر اور گاہکوں سے بہتر تجارتی شراکت داری کے ذریعے قابو پائے گی۔ کمپنی سالوں سے اپنی پائیدار کارکردگی سے چیلنجز کا مقابلہ کرتی آرہی ہے خواہ وہ مقابلے کی کمزوری ہو یا خام مال یا زر مبادلہ کی قیمتوں میں اتار چڑھاؤ ہو۔ آپریشنل اور انتظامی مہارت نے پیش آنے والے چیلنجز کو پورا کرنے کے لئے کمپنی کو متواتر ترقی کے راستے پر کھڑا کیا ہے۔ سماجی طور پر ذمہ دار، مالی مستحکم آپریشنل طور پر مستعد ہونا کمپنی کے بنیادی مقاصد ہیں گے۔

ماحول، صحت اور حفاظت

کمپنی ملازمین اور عام لوگوں کو صحت کے خطرات سے بچانے کے لئے کام کے محفوظ حالات مہیا کرتی ہے۔ انتظامیہ نے اپنے تمام اپریٹرز میں ماحولیاتی معیار اپنایا ہوا ہے اور اسے مسلسل بہتر کرتی رہتی ہے۔

منظم سماجی ذمہ داری

کمپنی اپنے کاروبار میں منظم سماجی ذمہ داری کو مربوط بنانے اور لوگوں جو کے بلواسطہ یا بلاواسطہ اس کے کاروبار سے وابستہ ہیں کی مسلسل ترقی کے لئے کوشاں رہتی ہے۔

رپورٹنگ

بورڈ نے کال سچ اور مناسبت پر مبنی کمپنیز ایکٹ 2017 اور اس سے منسلک تیسرے اوچوتھے جدول اور پاکستان اسٹاک ایکسچینج اور بین الاقوامی معیارات کو مد نظر رکھتے ہوئے متواتر مالیاتی حسابات کو بروقت اور یقینی بنایا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ

آپ کی کمپنی کارپوریٹ گورننس کے اعلیٰ ترین معیارات کو حاصل کرنے میں مصروف عمل ہے۔ بورڈ کارپوریٹ گورننس کے درجہ ذیل ضوابط کے تقاضوں کو پورا کرنے میں خوشی محسوس کرتا ہے۔

- 1 الخیر گدون لمیٹڈ کی طرف سے بنائے گئے مالی حسابات اس کے معاملات، اس کی کاروباری سرگرمیوں کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- 2 الخیر گدون لمیٹڈ نے باضابطہ طور پر اکاؤنٹس کی کتابوں کو برقرار رکھا ہے۔
- 3 ان مالیاتی حسابات کی تیاری میں مخصوص اکاؤنٹنگ پالیسیوں کے تسلسل کی پیروی کی گئی ہے اور اکاؤنٹنگ تخمینے معقول اور دانش

- مندانہ رائے پڑتی ہیں۔
- 4 ان مالیاتی حسابات کی تیاری میں فنانشل رپورٹنگ کے بین الاقوامی معیارات، جن کا اطلاق پاکستانی کمپنیوں پر ہوتا ہے، کی پیروی کی گئی ہے۔
- 5 انٹرنل کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مستحکم ہے اور اس کے اطلاق کی موثر طریقے سے نگرانی کی گئی ہے۔
- 6 بطور ادارہ کمپنی کے کام جاری رکھنے کی صلاحیت میں کوئی شک و شبہ نہیں ہے۔
- 7 متعین شدہ اصول و ضوابط میں تفصیلاً درج کارپوریٹ گورننس کے رہنما اصولوں سے کوئی انحراف نہیں کیا گیا۔
- 8 گزشتہ 6 سال کا اہم کاروباری اور مالیاتی ڈیٹا کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔
- 9 کمپنی کے ڈائریکٹرز، سی ای او، سی ایف او، انٹرنل آڈٹ کے ہیڈ، کمپنی سیکرٹری اور ان کے اہل و عیال نے کمپنی کے حصص کی خرید و فروخت میں کوئی حصہ نہیں لیا۔ سوائے اس کے جو ریگولیٹری حکام کو مطلع کیے جا چکے ہیں۔
- 10 گزشتہ سال کے آپریٹنگ نتائج سے انحراف کے اسباب ڈائریکٹرز رپورٹ کے متعلقہ سیکشن میں دیے گئے ہیں۔
- 11 ٹیکسوں اور محصولات سے متعلق معلومات مالیاتی حسابات کے نوٹس کا حصہ ہیں۔
- 12 کمپنی رواں سال میں کارپوریٹ تنظیم نو، کاروبار کی توسیع اور آپریشن کے بند کرنے کا کوئی ارادہ نہیں رکھتی۔
- 13 دوران سال منعقد ہونے والی بورڈ اور اس کی ذیلی کمیٹیوں کے اجلاس اور حاضری کی تعداد آگے دی گئی ہے۔
- 14 بورڈ کو درون خانہ بریفنگ میں تمام معلومات برائے کوڈ، لاگو قوانین، انکی ذمہ داریاں اور فرائض فراہم کر دی گئی ہیں۔ تاکہ وہ حصص یافتگان کی جانب سے کمپنی کے امور کو موثر طور پر منظم کرنے کے قابل ہو سکیں۔

کوڈ آف کارپوریٹ گورننس اور ٹرانسفر پرائسنگ کا اطلاق:

SECP کے جاری شدہ کارپوریٹ گورننس ریگولیشنز 2017 اور ICAP کی طرف سے تیار کردہ کوڈ کا اطلاق منسلک مالیاتی حسابات کی تیاری پر کیا گیا ہے اور ٹرانسفر پرائسنگ سے متعلقہ سٹاک ایکچینج کے لسٹنگ قوانین برائے سال 2018 پر بھی عمل کیا گیا ہے۔

ملازمین کی ریٹائرمنٹ کے فوائد:

کمپنی اپنے ملازمین کی ریٹائرمنٹ کے وقت مالی فوائد کے لیے ایک غیر شرکتی گریجویٹی سکیم کا انتظام کرتی ہے جس میں ملازمین، جن کی مدت ملازمت 6 ماہ سے زیادہ ہے، فائدہ حاصل کر سکتے ہیں۔

تقسیم منافع:

مالیاتی سال 30 جون، 2018 کے لیے بورڈ نے منافع تقسیم نہ کرنے کی سفارش کی ہے جس کی وجہ کمپنی کو درپیش لیکویڈیٹی مسائل اور پچھلے سالوں میں ہونے والے نقصانات ہیں۔ مستقبل میں کمپنی بہتر اور مثبت نتائج کی توقع رکھتی ہے۔

حاضری برائے بورڈ اور کمیٹی میٹنگ:

ممبران بورڈ، آڈٹ کمیٹی اور ہیومن ریسورس کمیٹی کے اجلاس اور حاضری کی تفصیلات درج ذیل ہیں۔

| نمبر شمار | نام | بورڈ | حاضری | ہیومن ریسورس کمیٹی |
|-----------|---------------------|------|-----------|--------------------|
| | ڈائریکٹر/ممبر کمیٹی | | آڈٹ کمیٹی | |
| 1 | محمد فضل شیخ | 6 | - | - |
| 2 | محمد سعید شیخ | 6 | - | - |
| 3 | محمد امین شیخ | 6 | - | - |
| 4 | شیخ پرویز افضل | 6 | - | 2 |
| 5 | مسز پروین افضل | 5 | 4 | - |
| 6 | مسز فرناز سعید | 5 | 4 | 2 |
| 7 | مسز نفیسہ امین | 6 | 4 | 2 |
| 8 | طاہر سبحانی | 2 | 2 | - |
| 9 | کمال سبحانی | 2 | 2 | - |
| 10 | مشاق احمد شاہین | - | - | 2 |
| 11 | خرم افتخار | 4 | - | - |

آڈیٹران:

موجودہ آڈیٹرز طاہر صدیقی اینڈ کو، چارٹرڈ اکاؤنٹنٹس جو ریٹائر ہو رہے ہیں اور انہوں نے دوبارہ تعیناتی کے لیے رضامندی ظاہر کی ہے۔ یہ یقین دہانی کرائی ہے کہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس (ICAP) کی طرف سے انہیں تسلی بخش درجہ بندی عطا کی گئی ہے اور کوڈ

آف اسٹیکس آف انٹرنیشنل فیڈریشن آف اکاؤنٹنٹ (IFAC) جو کہ ICAP نے اختیار کئے ہیں سے بھی مطابقت کی تصدیق کی ہے۔

آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے آڈیٹرز کی دوبارہ تعیناتی کے سلسلے میں باہمی رضامندی سے طے ہونے والے مشاہدے پر تعیناتی کی برائے مالی سال 2018-19 سفارش کی ہے۔

شیئر ہولڈنگ کی ترتیب:

کمپنی کے شیئر ہولڈنگ کی ترتیب اور اضافی معلومات کی نشاندہی کرنے والی ایک اسٹیٹمنٹ رپورٹ ساتھ منسلک ہے۔

اظہار تشکر:

بورڈ انتظامی ٹیم کے کارکنوں، عملے، بینکرز اور دیگر ارکان کی سخت محنت کے لیے انکی تعریف کرتا ہے۔ صارفین اور خوردہ فروش ہماری کمپنی کے اہم عناصر ہیں اور ہم ان کے مسلسل تعاون پر ان کا شکریہ ادا کرتا ہے۔


محمد نذیر
چیئرمین

لاہور: یکم اکتوبر، 2018

**Statement of Compliance with Listed Companies
(Code of Corporate Governance) Regulations, 2017**

Name of Company: Al-Khair Gadoon Limited
Year Ending: 30-06-2018

The Company has complied with the requirements of the Regulations in the following manner:

- 1 The total number of directors are 8 as per the following:
 - a) Male: 5
 - b) Female: 3
- 2 The composition of board is as follows:
 - a) Independent Director: Mr. Kamal Subhani
 - b) Other Non-executive Directors: Mohammad Afzal Sheikh
Mohammad Amin Sheikh
Mrs. Parveen Afzal
Mrs. Farnaz Saeed
Mrs. Nafecsa Amin
 - c) Executive Directors: Mohammad Saeed Sheikh
Sheikh Pervaiz Afzal
- 3 The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company.
- 4 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.
- 5 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.
- 6 All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Companies Act 2017 and Code of Corporate Governance Regulations, 2017.
- 7 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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
- 8 The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
- 9 Majority of the Directors of the Company are exempted from the requirement Directors' Training Program.
- 10 No new appointment of CFO, Company Secretary and Head of Internal Audit has been made during the year. However, any change to their remuneration and terms and conditions of employment have been complied with relevant requirements of the Regulations.

- 11 CFO and CEO duly endorsed the financial statements before approval of the board.
- 12 The board has formed committees comprising of members given below:

Audit Committee:


| | | |
|--------------------|------------------------|----------|
| Mr. Kamal Subhani | Independent Director | Chairman |
| Mrs. Parveen Afzal | Non-Executive Director | Member |
| Mrs. Farnaz Saeed | Non-Executive Director | Member |
| Mrs. Nafeesa Amin | Non-Executive Director | Member |

HR and Remuneration Committee

| | | |
|----------------------|------------------------|----------|
| Sheikh Pervaiz Afzal | Non-Executive Director | Chairman |
| Mrs. Farnaz Saeed | Non-Executive Director | Member |
| Mrs. Nafeesa Amin | Non-Executive Director | Member |

- 13 The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
- 14 The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

| | |
|----------------------------------|---|
| a) Audit Committee: | 4 |
| b) HR and Remuneration Committee | 2 |
- 15 The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and conversant with the policies and procedures of the Company.
- 16 The statutory auditors of the Company M/S Tahir Siddiqui & Co., Chartered Accountants have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board 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 (IFAC) guidelines on code of ethics as adopted by the ICAP.
- 17 The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 18 We confirm that all other requirements of the Regulations have been complied with.


MOHAMMAD SAEED SHEIKH
 CHIEF EXECUTIVE

Lahore: October 01, 2018



**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
AL-KHAIR GADOON LIMITED**

**Review Report on the Statement of Compliance contained in Listed Companies
(Code of Corporate Governance) Regulations 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations 2017 (the Regulations) prepared by the Board of Directors of Al-Khair Gadoon Limited (the Company) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a 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 of Directors' 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.

The Regulations requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions and also ensure compliance with the requirements of Section 208 of the Companies Act 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to assess and determine the Company's process for identifications of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, 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 Regulations as applicable to the Company for the year ended June 30, 2018.

Tahir Siddiqi & Co.
Chartered Accountants

Engagement Partner: Sarah Tahir Siddiqi, ACA

Lahore: October 01, 2018

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
AL-KHAIR GADOON LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of AL-KHAIR GADOON LIMITED ("the Company"), which comprise the statement of financial position as at June 30, 2018 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flow for the year then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information, 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.

In our opinion and to the best of our information and according to explanations given to us, the statement of financial position, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flow together with the notes forming part thereof confirm with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act 2017 (XIX 2017), in the manner so required and respectively give a true and fair view of the Company's affairs as at June 30, 2018 and of the profit or loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (IASs) as applicable in Pakistan. Our responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. The matters were addressed in the context of our audit of the financial statements as a whole, and in forming opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

| S. No. | Key Audit Matters | How the matter was addressed in our audit |
|--------|---|---|
| (i) | <p>As stated in note 2.4 to the annexed financial statements, the fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these annexed financial statements.</p> <p>The Companies Act, 2017 has also brought certain changes with regard to preparation and presentation of the annual financial statements of the Company.</p> <p>As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous financial reporting framework and the current financial reporting framework and as a result certain changes were made in the Company's annexed financial statements which are included in notes 5.2, 23.2, 27 and 30 to the annexed financial statements.</p> <p>In view of the extensive impacts in the annexed financial statements due to first time application of the fourth schedule to the Companies Act, 2017, we considered it as a key audit matter.</p> | <p>We reviewed and understood the requirements of the fourth schedule to the Companies Act, 2017. Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Considered the management's process to identify the additional disclosures required in the Company's annexed financial statements. • Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence. • Verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made. |
| (ii) | <p>As stated in note 4 to the annexed financial statements, on March 13, 2018 when a sudden breakout of fire resulted short circuit coupled with chemical reaction caused the damage to building, plant & machinery and stocks detail of which has been provided in note 21 to the annexed financial statements.</p> | <p>We reviewed and understood the reasons of the incident occurred, safety measures adopted by the management to safe guard the assets of the Company, and procedures of insurance claims.</p> <ul style="list-style-type: none"> • Considered the management's process to identify the amount of loss, verified from the books of accounts and obtained necessary supporting evidence in respect of loss and insurance claims settlement and indentified the disclosure required in the Company's annexed financial statements. |

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures

in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Sarah Tahir Siddiqui.



Tahir Siddiqui & Co.
Chartered Accountants


Lahore: October 01, 2018


STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

| ASSETS | Note | 2018 Rupees | 2017 Rupees |
|---|------|--------------------|--------------------|
| NON CURRENT ASSETS | | | |
| Property, Plant and Equipment | 5 | 70,927,116 | 79,207,584 |
| Deferred Taxation | 6 | 4,281,083 | 11,373,624 |
| | | 75,208,199 | 90,581,208 |
| CURRENT ASSETS | | | |
| Stores and Spares | | 2,924,178 | 1,825,410 |
| Stock in Trade | 7 | 178,643,988 | 158,502,062 |
| Trade Debts | 8 | 48,557,302 | 12,935,623 |
| Advances, Deposits and Prepayments | 9 | 175,921,578 | 152,229,856 |
| Cash and Bank Balances | 10 | 2,781,299 | 2,889,378 |
| | | 408,828,345 | 328,382,329 |
| TOTAL ASSETS | | 484,036,544 | 418,963,537 |
| EQUITY AND LIABILITIES | | | |
| Authorized Capital | | | |
| 12,000,000 Ordinary shares of Rs. 10 each | 11 | 120,000,000 | 120,000,000 |
| Issued, Subscribed and Paid up Capital | | | |
| Capital Reserves - Share Premium | 11 | 100,000,000 | 100,000,000 |
| Unappropriated Profit | | 25,000,000 | 25,000,000 |
| | | 76,617,029 | 68,208,415 |
| Shareholders' Equity | | 201,617,029 | 193,208,415 |
| NON CURRENT LIABILITIES | | | |
| Deferred Liabilities | 12 | 10,295,080 | 12,358,233 |
| Loan from associated undertakings – Unsecured | | 25,000,000 | 25,000,000 |
| | | 35,295,080 | 37,358,233 |
| CURRENT LIABILITIES | | | |
| Trade and Other Payables | 13 | 54,487,132 | 131,365,160 |
| Short Term Borrowings - secured | 14 | 185,377,085 | 50,105,342 |
| Un-Claimed Dividend | | 1,844,946 | 1,844,946 |
| Provision for Taxation | | 5,415,272 | 5,081,441 |
| | | 247,124,435 | 188,396,889 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 15 | - | - |
| TOTAL EQUITY AND LIABILITIES | | 484,036,544 | 418,963,537 |

The annexed notes 1 to 32 form an integral part of these financial statements.


MOHAMMAD AFZAL SHEIKH
CHAIRMAN


MOHAMMAD SAEED SHEIKH
CHIEF EXECUTIVE


ABDUL HAFEEZ POSWAL
CHIEF FINANCIAL OFFICER

Lahore: October 01, 2018

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018**

| | Note | 2018 Rupees | 2017 Rupees |
|--|------|-------------------|-------------------|
| Sales - net | 16 | 370,231,633 | 366,692,651 |
| Cost of sales | 17 | (314,213,543) | (320,662,620) |
| Gross profit | | 56,018,090 | 46,030,031 |
| Administrative expenses | 18 | (20,319,932) | (19,551,401) |
| Distribution expenses | 19 | (12,814,397) | (12,755,334) |
| | | (33,134,329) | (32,306,735) |
| Operating profit | | 22,883,761 | 13,723,296 |
| Finance cost | 20 | (3,381,832) | (1,916,553) |
| Other operating expenses | 21 | (9,968,022) | (968,923) |
| Other operating income | 22 | 1,590,265 | 1,015,024 |
| | | (11,759,589) | (1,870,452) |
| Profit before taxation | | 11,124,172 | 11,852,844 |
| Provision for Taxation | 23 | (3,626,779) | (3,751,276) |
| Profit for the year | | 7,497,393 | 8,101,568 |
| Other comprehensive income: | | | |
| Items that will not be re-classified to profit or loss | | | |
| Re-measurement of retirement benefits | | 911,221 | (554,383) |
| Total comprehensive income for the year | | 8,408,614 | 7,547,185 |
| Earnings per share - before tax (basic and diluted - Rupees) | 24 | 1.11 | 1.19 |
| Earnings per share - after tax (basic and diluted - Rupees) | 24 | 0.75 | 0.81 |

The annexed notes 1 to 32 form an integral part of these financial statements.


MOHAMMAD AFZAL SHEIKH
 CHAIRMAN


MOHAMMAD SAEED SHEIKH
 CHIEF EXECUTIVE


ABDUL HAFEEZ POSWAL
 CHIEF FINANCIAL OFFICER

Lahore: October 01, 2018



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018

| | Note | 2018 Rupees | 2017 Rupees |
|---|------|----------------------|---------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Cash (used in) / generated from operation | 28 | (152,634,457) | 30,304,267 |
| Finance cost paid | | (931,217) | (1,956,948) |
| WPPF paid | | (641,088) | (551,644) |
| Taxes (paid) / Refunds received | | 21,870,050 | (2,073,195) |
| Gratuity paid | | (2,797,894) | (64,384) |
| | | <u>17,499,851</u> | <u>(4,646,171)</u> |
| Net cash (used in) generated from operating activities | | (135,134,606) | 25,658,096 |
| Cash flows from investing activities | | | |
| Fixed capital expenditure | | (4,932,511) | (9,472,593) |
| Capital work in progress | | (8,701,223) | - |
| Proceeds from sale of property, plant and equipment | | 2,548,517 | 1,420,000 |
| Proceeds from Insurance Company against loss due to fire | | 10,840,000 | - |
| Net cash (used in) investing activities | | (245,217) | (8,052,593) |
| Cash flows from financing activities | | | |
| Short term borrowings | | 135,271,743 | (17,669,366) |
| Net cash generated / (used in) financing activities | | 135,271,743 | (17,669,366) |
| Net (decrease) in cash and cash equivalents | | (108,080) | (63,863) |
| Cash and cash equivalents at the beginning of year | | 2,889,379 | 2,953,241 |
| Cash and cash equivalents at the end of year | 10 | <u>2,781,299</u> | <u>2,889,379</u> |

The annexed notes 1 to 32 form an integral part of these financial statements.

MOHAMMAD AFZAL SHEIKH
CHAIRMAN

Lahore: October 01, 2018

MOHAMMAD SAEED SHEIKH
CHIEF EXECUTIVE

ABDUL HAFEEZ POSWAL
CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2018

| | Issued, Subscribed and paid up | | | Total |
|--|-----------------------------------|---------------|-----------------------|-------------|
| | Share Capital | Share Premium | Unappropriated Profit | |
| | (----- Rupees -----) | | | |
| Balance as at 1 July 2016 | 100,000,000 | 25,000,000 | 60,661,230 | 185,661,230 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 8,101,568 | 8,101,568 |
| Other comprehensive (loss) for the year | - | - | (554,383) | (554,383) |
| | - | - | 7,547,185 | 7,547,185 |
| Balance as at 1 July 2017 | 100,000,000 | 25,000,000 | 68,208,415 | 193,208,415 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 7,497,393 | 7,497,393 |
| Other comprehensive income for the year | - | - | 911,221 | 911,221 |
| | - | - | 8,408,614 | 8,408,614 |
| Balance as at 30 June 2018 | 100,000,000 | 25,000,000 | 76,617,029 | 201,617,029 |

The annexed notes 1 to 32 form an integral part of these financial statements.


MOHAMMAD AFZAL SHEIKH
CHAIRMAN

Lahore: October 01, 2018


MOHAMMAD SAEED SHEIKH
CHIEF EXECUTIVE


ABDUL HAFEEZ POSWAL
CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1 THE COMPANY AND ITS OPERATIONS

The Company was incorporated as a Private Limited Company on August 27, 1990 and converted into Public Limited Company on August 31, 1995 and is enlisted on Pakistan Stock Exchange. It is principally engaged in manufacturing of foam and allied products. The registered office of the Company is situated at 92/3, Phase III, Industrial Estate, Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa – Pakistan.

2 BASIS OF PREPARATION

2.1 Accounting Convention

These financial statements have been prepared under the historical cost convention except for those as stated in the respective policies and notes given here under.

2.2 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 Standard Board (IASB) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 have been followed.

2.3 Standard and amendments to approved accounting standards which became effective during the year ended June 30, 2018

There were standard and amendments to the approved accounting standards which became effective during the year ended June 30, 2018 but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

The third and fourth schedule to the Companies Act 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 including its third and fourth schedules form an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and contents of disclosures in relation to various elements of the financial statements.

2.4 Amendments to approved accounting standards that are effective for the Company's accounting periods beginning after July 1, 2018:

There are certain new standards and amendments to the approved accounting standards and interpretations that will be effective from the accounting periods beginning on or after July 1, 2018 but are considered not to be relevant or are expected to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements. During the current year SECP has adopted IFRS 9 "Financial Instruments", IFRS 15 "Revenue from Customers" and IFRS 16 "Leases" which will not have any significant impact on the financial reporting of the company.

The third and fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company (refer note 5.2), management assessment of sufficiency of tax provision in the financial statements (refer note 23.2), change in threshold for identification of executives (refer note 25), additional disclosure requirements for related parties

(refer note 27) etc. The other amendments to published standards and interpretations that were mandatory for the Company's financial year ended June 30, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and therefore not disclosed in these financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, Plant and Equipment

Owned

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss except the leasehold land which is stated at cost and is not amortized for the reason that it is a lease of 99 years.

Depreciation on all property, plant and equipment is charged to Profit and Loss Account on the reducing balance method over its estimated useful life at annual rates mentioned in note 5 after taking into account their residual values. Depreciation on additions is charged from the month in which asset is put to use and, on disposal, before the month of disposal. Residual values and the useful lives of the assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Maintenance and repairs are charged to Profit & Loss Account as and when incurred. Major renewals and improvements are capitalized.

The carrying value of fixed assets is reviewed for impairment, when events or changes in circumstances indicate that the carrying value may not be recoverable. If such indications exist and where carrying value exceeds the estimated recoverable amount, the assets are written down to the recoverable amount.

An item of property, plant & equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) included in the Profit & Loss Account in the year the asset is derecognized.

Leased

Leases wherein the Company has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non-current depending upon the timing of the payment.

Minimum lease payments made under finance leases are apportioned between the finance cost and principal liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments, if any, are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed. The interest element of the rental is charged to Profit & Loss Account over the lease term.

Assets acquired under a finance lease are depreciated on systematic basis over the estimated useful life of the assets on reducing balance method at the rates mentioned in note 5. Depreciation of leased

assets is charged to Profit & Loss Account.

Residual values and the useful lives of the assets are reviewed at least at each financial year-end and adjusted if impact of depreciation is significant.

3.2 Capital Work in Progress

Capital work in progress is stated at cost less any identified impairment loss.

3.3 Stock - In - Trade

Stock of raw materials, work in process and finished goods are valued at lower of cost and net realizable value. The cost is determined as follows:-

| | |
|----------------------------------|--|
| Raw Materials | - weighted average cost |
| Work in Process & Finished Goods | - manufacturing cost and appropriate overheads |

Stock in transit is valued at cost comprising invoice value and other charges incurred thereon as accumulated to the balance sheet date.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

3.4 Stores, Spares & Loose Tools

These are valued at lower of cost and estimated net realizable value. The cost is determined on weighted average cost basis. Items in transit are valued at cost comprising invoice value and other charges thereon accumulated at the balance sheet date.

3.5 Taxation

Current

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credit available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessments made / finalised during the year.

Deferred

Deferred tax is accounted for using the balance sheet method in respect of all temporary differences arising from differences between carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of tax. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent to which it is probable that taxable profits will be available against which the deductible temporary difference, unused tax loss, and tax credits can be utilized. Deferred tax is charged or credited to profit & loss account.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted at the balance sheet date.

3.6 Trade Debts

Debtors originated by the company are recognized and carried at the original invoice amount less an allowance for any uncollectible. A provision for doubtful debt is established based on the review of all outstanding amounts at the year end. Bad debts are written off with the approval of Board of Directors, when identified.

3.7 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and bank balances, cheques in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and running finance under mark-up arrangements which form an integral part of the Company's cash management.

3.8 Creditors, Accrued and Other Liabilities

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

3.9 Mark-up Bearing Borrowings

Mark-up bearing borrowings are recognized initially at amortized cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost less subsequent repayments. The company accounts for lease obligations by recording the asset and corresponding liability there against determined on the basis of discounted value of minimum lease payments. Financial Charges are recognized in the profit & loss account using the effective mark-up rate method.

3.10 Borrowing Costs

Mark-up, interest and other direct charges on borrowings are capitalized to the related qualifying asset till substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. All other mark-up, interest and related charges are charged to the profit & loss account in the year in which they are incurred.

3.11 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past event, and it is probable that outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

3.12 Foreign Currency Transactions

Transactions in foreign currencies are accounted for in Pakistan rupees at monthly average rates. Monetary assets and liabilities in foreign currencies are translated into rupees at the rate of exchange prevailing at the balance sheet date. Exchange gains or losses are charged to Profit & Loss Account.

3.13 Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. The particular measurement methods adopted are considered in individual policy statement associated with each item.

3.14 Offsetting of Financial Assets and Liabilities

A financial asset and financial liability is offset and net amount is reported in the balance sheet if the company has a legal enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the assets' value and settle the liability simultaneously.

3.15 Impairments

The carrying amount of Company's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognized.

3.16 Related Party Transactions

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

3.17 Long Term Investments in Associates

Investment in associated companies is accounted for using the equity method. Under this method investments are stated at cost plus the company's equity in undistributed earnings and losses after acquisition, less any impairment in the value of individual investments.

3.18 Staff Retirement Benefits

The Company operates a defined benefit plan i.e. gratuity scheme for all its permanent employees subject to attainment of retirement age and minimum service of prescribed period. Contributions are made to the fund on the basis of actuarial recommendations. Actuarial valuation is carried out using the projected unit credit method. All actuarial gains and losses are recognised in 'other comprehensive income' as they occur.

3.19 Dividend and Appropriations

Dividend is recognized as liability in the period in which it is declared. Appropriations of profit are reflected in the statement of changes in equity in the period in which appropriations are approved.

3.20 Revenue Recognition

- Revenue from sale is recognized on dispatch of goods to the customers.
- Income from property is recognized when the rental becomes due.
- Income from Banks is recognized when earned.

3.21 Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimate. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, the management has made the following estimates and judgments which are significant to the financial statements:

- (a) Assumptions and estimates used in calculating the provision for impairment for trade debts (note-8);
- (b) Assumptions and estimates used in the recognition of deferred taxation (note-6);
- (c) Assumptions and estimates used in accounting for defined benefit plan (note-12); and
- (d) Assumptions and estimates used in disclosure and assessment of provision for contingencies (note-15).

4 Significant Transactions And Events During The Year

- (a) During the year, a fire incident occurred at factory on March 13, 2018. A sudden breakout of fire resulted from chemicals reactions caused the damage to the plant itself, production hall and raw material store. Resulting factory operation remained closed from march 13, 2018 evening to May 12, 2018. Detail of loss to buiding, plant and machonery and Stocks has been reported at Note 21 to the financial statements.
- (b) Due to first time implementation of financial ereporting requirements under the Companies Act 2017, including disclosure and presentation of fourth schedule to the Companie Act, 2017, amounts reported for previous period have been re-arranged for comparison purpose wherever necessary.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

| | Note | 2018 Rupees | 2017 Rupees |
|--|------|-------------------|-------------------|
| 5 PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating Fixed Assets | 5.1 | 62,225,893 | 79,207,584 |
| Capital Work in Progress | 5.5 | 8,701,223 | - |
| | | 70,927,116 | 79,207,584 |

5.1 Operating Fixed Assets

| | Land Lease Hold | Building | | Plant & Machinery | Tech & Equipment's | Office Equipment | Furniture & Fixtures | Computer | Vehicle | Total Amount in Rupees |
|---|--------------------|------------------|-------------------|-------------------------|--------------------------|---------------------|----------------------------|----------------|-------------------|------------------------------|
| | | Lease Hold | Fron Hold | | | | | | | |
| As at July 1, 2016 | | | | | | | | | | |
| Cost | 1,459,819 | 14,410,404 | 57,968,953 | 38,587,777 | 2,657,961 | 3,738,252 | 1,259,527 | 1,128,410 | 50,210,391 | 171,421,294 |
| Accumulated Depreciation | - | 7,064,261 | 29,573,438 | 23,249,071 | 1,377,650 | 2,265,591 | 1,218,945 | 659,597 | 36,630,981 | 92,039,446 |
| Net Book Value | 1,459,819 | 7,346,143 | 28,395,515 | 15,338,706 | 1,280,311 | 1,472,459 | 40,582 | 468,913 | 13,579,410 | 79,381,848 |
| Year ended June 30, 2017 | | | | | | | | | | |
| Opening Net Book Value | 1,459,819 | 7,346,143 | 28,395,515 | 15,338,706 | 1,280,311 | 1,472,459 | 40,582 | 468,913 | 13,579,410 | 79,381,848 |
| Addition (Cost) | - | - | - | 92,520 | - | 134,620 | 8,403 | 17,500 | 9,219,523 | 9,472,593 |
| Transfer | - | - | - | - | - | - | - | - | - | - |
| | 1,459,819 | 7,346,143 | 28,395,515 | 15,431,226 | 1,280,311 | 1,607,109 | 48,985 | 486,413 | 13,798,933 | 88,854,441 |
| Disposal (NBV) | | | | | | | | | | |
| Cost | - | - | - | - | - | - | - | - | 2,590,000 | 2,590,000 |
| Accumulated Depreciation | - | - | - | - | - | - | - | - | (1,545,024) | (1,545,024) |
| | - | - | - | - | - | - | - | - | 404,976 | 404,976 |
| Depreciation Charge | | | | | | | | | | |
| | - | 734,614 | 1,415,776 | 1,541,581 | 128,051 | 153,867 | 4,408 | 47,765 | 5,211,859 | 9,341,831 |
| Closing Net Book Value | 1,459,819 | 6,611,529 | 26,979,739 | 13,889,645 | 1,152,260 | 1,453,242 | 44,574 | 438,638 | 27,182,118 | 79,207,584 |
| As at July 1, 2017 | | | | | | | | | | |
| Cost | 1,459,819 | 14,410,404 | 57,968,953 | 38,680,297 | 2,657,961 | 3,872,702 | 1,267,927 | 1,145,910 | 57,379,914 | 178,445,887 |
| Accumulated Depreciation | - | 7,798,875 | 30,993,214 | 24,790,652 | 1,505,681 | 2,419,460 | 1,223,353 | 707,272 | 30,197,796 | 99,636,303 |
| Net Book Value | 1,459,819 | 6,611,529 | 26,975,739 | 13,889,645 | 1,152,280 | 1,453,242 | 44,574 | 438,638 | 27,182,118 | 79,207,584 |
| Year ended June 30, 2018 | | | | | | | | | | |
| Opening Net Book Value | 1,459,819 | 6,611,529 | 26,975,739 | 13,889,645 | 1,152,280 | 1,453,242 | 44,574 | 438,638 | 27,182,118 | 79,207,584 |
| Addition (Cost) | - | - | - | 1,668,001 | 252,885 | 153,500 | 13,565 | 24,650 | 2,819,970 | 4,932,511 |
| Transfer | - | - | - | - | - | - | - | - | - | - |
| | 1,459,819 | 6,611,529 | 26,975,739 | 15,557,646 | 1,405,165 | 1,606,742 | 58,139 | 463,288 | 30,002,028 | 84,140,095 |
| Disposal (NBV) | | | | | | | | | | |
| Cost | - | 6,624,227 | - | 12,318,008 | - | - | - | - | 2,599,700 | 22,161,935 |
| Accumulated Depreciation | - | (2,980,819) | - | (4,515,120) | - | - | - | - | (1,641,448) | (9,135,387) |
| | - | 3,643,408 | - | 7,802,888 | - | - | - | - | 958,252 | 13,026,548 |
| Depreciation Charge | | | | | | | | | | |
| | - | 531,031 | 1,348,737 | 1,115,874 | 121,243 | 153,524 | 5,467 | 44,551 | 5,567,112 | 8,887,594 |
| Closing Net Book Value as at June 30, 2018 | 1,459,819 | 2,437,090 | 25,626,952 | 6,016,824 | 1,283,917 | 1,453,218 | 52,672 | 418,737 | 23,476,664 | 62,225,893 |
| Annual Rate of Depreciation | | 10% | 5% | 10% | 10% | 10% | 10% | 10% | 20% | |

5.2 Particulars of immovable fixed assets in the name of company are as follows:

| Location | Usage of Property | Covered Area | Covered Area |
|---|--------------------|--------------|--------------|
| a) 43-T, Gulberg II, Lahore | Head Office | 2 Kanals | 17100 Sq.ft |
| b) 92/3, Phse III, Industrial Estate, Gadoon Amazai, District Swabi - KPK | Manufacturing Unit | 2 Acres | 18940 Sq.ft |

5.3 DISPOSAL OF ASSETS

| Sr. No. | Particulars | Cost | Acc. Dep. | W.D.V | Sale Proceed | Profit / (loss) | Sold to | Mode of Disposal |
|----------------------|---------------------|-------------------|------------------|-------------------|-------------------|------------------|------------------|------------------|
| 1 | Building-Lease Hold | 6,624,227 | 2,980,819 | 3,643,408 | 3,045,000 | (598,408) | Insurance Claim | Insurance Claim |
| 2 | Plant & Machinery | 12,938,068 | 4,513,120 | 8,424,948 | 7,795,000 | (629,948) | Insurance Claim | Insurance Claim |
| 3 | Motor Vehicle | 1,193,300 | 736,702 | 456,598 | 1,260,000 | 803,402 | Mr. Hanif Irfan | Negotiation |
| 4 | Motor Vehicle | 1,406,400 | 904,746 | 501,654 | 1,288,517 | 786,863 | Mr. Kamran Qadir | Negotiation |
| June 30, 2018 | | 22,161,995 | 9,135,387 | 13,026,608 | 13,388,517 | 361,909 | | |
| June 30, 2017 | | 2,050,000 | 1,645,024 | 404,976 | 1,420,000 | 1,015,024 | | |

| 5.4 Depreciation is allocated as under: | Note | 2018 Rupees | 2017 Rupees |
|---|------|------------------|------------------|
| Cost of Goods Sold | 17 | 1,768,153 | 2,404,226 |
| Administrative Expenses | 18 | 1,552,329 | 1,625,816 |
| Distribution Expenses | 19 | 5,567,112 | 5,211,839 |
| | | 8,887,594 | 9,241,881 |

5.5 Capital Work in Progress

Building

8,701,223
6 DEFERRED TAXATION ASSETS

| | | |
|--|--------------------|---------------------|
| Trade debts | 206,927 | 204,247 |
| Deferred liability - Employee benefits | 2,985,573 | 3,707,470 |
| Unutilized Tax Credits | 9,136,533 | 17,871,826 |
| Accelerated Tax Depreciation | | |
| Net Deferred Tax Assets | (8,047,950) | (10,409,919) |

7 STOCK IN TRADE

| | | |
|--------------------------|--------------------|--------------------|
| Raw and Packing Material | | |
| Work-in-Process | 107,823,546 | 76,325,470 |
| Finished Goods | 39,251,472 | 42,517,851 |
| | 31,568,970 | 39,658,741 |
| | 178,643,988 | 158,502,062 |



| | Note | 2018 Rupees | 2017 Rupees |
|---|------------|--------------------|--------------------|
| 8 TRADE DEBTS | | | |
| Considered Good - unsecured | | 49,270,844 | 13,616,445 |
| Provision for Doubtful Debts | 8.2 | <u>(713,542)</u> | <u>(680,822)</u> |
| | | <u>48,557,302</u> | <u>12,935,623</u> |
| | | | |
| 8.1 Trade debtors of Rs.48,557,302 (2017: Rs.12,593,623) were past due but not impaired. These relates to routine customers from there no recent history of default is found. The aging analysis of the trade debtors is as follows: | | | |
| Upto 1 month | | 28,954,216 | 7,431,625 |
| 1 to 6 months | | 15,408,672 | 3,517,642 |
| more than 6 monts | | <u>4,194,414</u> | <u>1,986,356</u> |
| | | <u>48,557,302</u> | <u>12,935,623</u> |
| | | | |
| 8.2 Movement in provision in doubtful debts: | | | |
| Balance as of July 01 | | 680,822 | 777,557 |
| Provision made / (reversed) during the year | | <u>32,720</u> | <u>(96,735)</u> |
| | | <u>713,542</u> | <u>680,822</u> |
| | | | |
| 9 ADVANCES, DEPOSITS & PREPAYMENTS | | | |
| Advances to Employees | 9.1 | 4,395,960 | 2,619,312 |
| Advance Taxes | 9.2 | 119,816,702 | 137,887,159 |
| Letter of Credit | 9.3 | 44,603,067 | 48,669 |
| Prepayments | | - | 1,204,341 |
| Other receivables | | <u>7,105,849</u> | <u>10,470,375</u> |
| | | <u>175,921,578</u> | <u>152,229,856</u> |
| | | | |
| 9.1 Advances to employees are provided to meet business expenses and are settled as and when expenses are incurred. Advances are also provided in view of their personal needs and adjusted from their salaries for respective month. | | | |
| 9.2 Adnace taxes represents the amount of income tax refunds determined / retained by FBR on account of tax withheld on import stage and other sources as well as amounts of sales tax carried forward detail of which is as follows: | | | |
| | Income Tax | 72,162,556 | 109,373,361 |
| | Sales Tax | <u>47,654,146</u> | <u>28,513,798</u> |
| | | <u>119,816,702</u> | <u>137,887,159</u> |
| | | | |
| 9.3 This represents amount deposited against various letters of credit established with Alfah Bank Limited for import of raw materials and will be adjusted on maturity dates of respective letters of credit. | | | |
| | | | |
| 10 CASH AND BANK BALANCES | | | |
| Cash in Hand | | 350,970 | 868,816 |
| Cash at Bank - in current accounts | | <u>2,430,329</u> | <u>2,020,562</u> |
| | | <u>2,781,299</u> | <u>2,889,378</u> |

| | Note | 2018 Rupees | 2017 Rupees |
|---|------|--------------------|--------------------|
| 11 SHARE CAPITAL | | | |
| AUTHORISED | | | |
| 12,000,000 (2016: 12,000,000) Ordinary shares of Rs. 10 each | | <u>120,000,000</u> | <u>120,000,000</u> |
| ISSUED, SUBSCRIBED AND PAID-UP CAPITAL | | | |
| 7,000,000 Ordinary shares of Rs.10 each fully paid in cash | | <u>70,000,000</u> | <u>70,000,000</u> |
| 3,000,000 Ordinary shares of Rs.10 each issued as bonus shares | | <u>30,000,000</u> | <u>30,000,000</u> |
| | | <u>100,000,000</u> | <u>100,000,000</u> |
| 12 DEFERRED LIABILITIES | | | |
| Gratuity | 12.1 | <u>10,295,080</u> | <u>12,358,233</u> |
| <p>12.1 The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial techniques of Projected Unit Credit Method.</p> | | | |
| <p>12.1.1 Movement in Net liability recognized</p> | | | |
| Net Liability at the beginning of the year | | 12,358,233 | 10,167,256 |
| Re-Measurements chargeable in Other Comprehensive Income | | (911,221) | 554,383 |
| Charge for the year | | 1,645,962 | 1,700,978 |
| Benefits paid during the year | | (2,797,894) | (64,384) |
| | | <u>10,295,080</u> | <u>12,358,233</u> |
| <p>12.1.2 Movement in Present value of defined benefit plan</p> | | | |
| Present value of defined benefit obligation | | 12,358,233 | 10,167,256 |
| Current service cost | | 796,617 | 966,186 |
| Interest costs | | 849,345 | 734,792 |
| Benefits Paid | | (2,797,894) | (64,384) |
| Re-Measurements | | (911,221) | 554,383 |
| | | <u>10,295,080</u> | <u>12,358,233</u> |
| <p>12.1.3 Expense recognized in Profit & loss account</p> | | | |
| Current service cost | | 796,617 | 966,186 |
| Interest costs | | 849,345 | 734,792 |
| | | <u>1,645,962</u> | <u>1,700,978</u> |
| <p>12.1.4 Principal actuarial assumptions</p> | | | |
| Discount rate used for Interest cost in P&L charge | | 7.75% | 7.25% |
| Discount rate used for year-end obligation | | 9.00% | 7.75% |
| Expected rate of increase in salaries per annum | | 8.00% | 6.75% |
| Average expected remaining life time of employees | | 9 years | 9 years |

Expected charge to Profit & Loss Account for the year ended June 30, 2019 amounts to Rs.1,699,971 in respect of Gratuity.

| | Note | 2018 Rupees | 2017 Rupees |
|---|------|--------------------|--------------------|
| 13 TRADE AND OTHER PAYABLES | | | |
| Trade creditors and other payables | 13.1 | 39,594,276 | 119,119,042 |
| Advances from Customers | 13.2 | 6,798,055 | 7,389,115 |
| Taxes Payable | | 209,715 | 204,215 |
| Mark up Payable | | 2,450,615 | - |
| Accrued Expenses | | 3,412,728 | 3,405,586 |
| Others | | 2,021,743 | 1,247,202 |
| | | <u>54,487,132</u> | <u>131,365,160</u> |
| 13.1 These includes the following amounts due to related parties: | | | |
| Al-Khair Global (Private) Limited | | 8,256,641 | 3,701,160 |
| Noble Foam (Private) Limited | | 8,216,800 | - |
| | | <u>16,473,441</u> | <u>3,701,160</u> |
| 13.2 These represent amounts deposited in advance by the customers against sales orders. | | | |
| 14 SHORT TERM BORROWINGS | | | |
| Banking Companies - Secured | | | |
| BAFL - Finance against Imported material | 14.1 | 135,271,743 | - |
| Loan from Directors – Unsecured | 14.2 | 50,105,342 | 50,105,342 |
| | | <u>185,377,085</u> | <u>50,105,342</u> |
| 14.1 The Company has obtained the facility of finance against imported material from Bank Al-Falah Limited amounting to Rs.150 million (2017: 150 million). The facility attracts mark-up at flexible rate linked with 3 months KIBOR plus 200 (2017: 200) basis points per annum. The facility is secured against lien over imported documents, pledge of imported material and personal guarantees of Directors of the Company. The Company has also been provided the facility for sight letter of credit (SLC) of Rs. 150 million (2017: Rs.150 million) to retire import documents under SLCs. The Company has provided the securities to the bank at nil cash margin and lien on import documents. | | | |
| 14.2 This represents the Interest free loan received form directors to meet working capital requirement of the Company. It is unsecured and interest free loan which is repayable on Demand. | | | |
| 15 CONTINGENCIES & COMMITMENTS | | | |
| 15.1 Contingencies | | | |
| The commercial banks have issued guarantees on behalf of the Company amounted to Rs.7.378 million (2017 : Rs.1.131 million). | | | |
| 15.2 Commitments | | | |
| Commitments in respect of letters of credit for raw materials at the terminal date were Rs.37.729 million (2017: Rs.28.412 million). | | | |
| 16 SALES | | | |
| Local sales | | 431,976,338 | 429,565,706 |
| Less: Sales tax | | 61,744,705 | 62,873,055 |
| | | <u>370,231,633</u> | <u>366,692,651</u> |

| | Note | 2018 Rupees | 2017 Rupees |
|--|------|--------------------|--------------------|
| 17 COST OF GOODS SOLD | | | |
| Opening stock of raw material | | 78,150,880 | 94,571,719 |
| Purchases net of fire loss | | 320,000,081 | 277,640,292 |
| Closing stock of raw material | | (110,747,724) | (78,150,880) |
| Raw material and Store & Spares consumed | | 287,403,237 | 294,061,131 |
| Salaries, wages and other benefits | 17.1 | 10,946,575 | 12,035,605 |
| Power & Fuel and Lubricants | | 1,868,451 | 1,380,602 |
| Repair & Maintenance | | 375,108 | 217,230 |
| Depreciation | 5.4 | 1,768,153 | 2,404,226 |
| Insurance | | 495,869 | 511,316 |
| | | 302,857,393 | 310,610,110 |
| Opening stock of work in process | | 42,517,851 | 44,236,524 |
| Closing stock of work in process | | (39,251,472) | (42,517,851) |
| Cost of goods manufactured | | 306,123,772 | 312,328,783 |
| Opening stock of finished goods | | 39,658,741 | 47,992,578 |
| Closing stock of finished goods | | (31,568,970) | (39,658,741) |
| Cost of Goods Sold | | 314,213,543 | 320,662,620 |

17.1 Salaries, wages and other benefits include Rs.702,825 (2017: Rs.728,990) in respect of defined benefit plan under non-funded gratuity scheme.

18 ADMINISTRATIVE EXPENSES

| | | | |
|--------------------------------|------|-------------------|-------------------|
| Directors' remuneration | | 5,477,899 | 4,853,523 |
| Salaries & benefits | 18.1 | 4,902,465 | 5,638,014 |
| Travelling & Conveyance | | 585,402 | 532,417 |
| Postage, telephone & telefaxes | | 786,885 | 865,520 |
| Rent, rates & taxes | | 16,000 | 24,000 |
| Vehicle running & maintenance | | 386,060 | 421,418 |
| Legal & professional charges | | 80,316 | 105,940 |
| Auditors' remuneration | 18.2 | 661,700 | 500,000 |
| Printing & stationery | | 68,570 | 131,288 |
| Staff welfare | | 487,094 | 352,417 |
| Entertainment | | 129,665 | 154,780 |
| Utility charges | | 2,737,400 | 2,617,996 |
| Fee & subscription | | 248,241 | 46,521 |
| Depreciation | 5.4 | 1,552,329 | 1,625,816 |
| Medical Expenses | | 40,253 | 26,524 |
| Internet charges | | 14,300 | 132,326 |
| Provision for bad debts | 8.2 | 32,720 | (96,735) |
| Repair and maintenance | | 239,549 | 256,984 |
| Insurance | | 1,297,223 | 829,853 |
| Advertisements | | 424,976 | 389,940 |
| Property tax | | 150,885 | 142,859 |
| | | 20,319,932 | 19,551,401 |

18.1 Salaries and other benefits include Rs.524,239 (2017: Rs.546,743) in respect of defined benefit plan under non-funded gratuity scheme.

| | Note | 2018 Rupees | 2017 Rupees |
|---|------|-------------------|-------------------|
| 18.2 Auditors' remuneration | | | |
| Audit fee | | 635,000 | 475,000 |
| Out of pocket expenses | | 26,700 | 25,000 |
| | | <u>661,700</u> | <u>500,000</u> |
| 19 DISTRIBUTION EXPENSES | | | |
| Salaries & benefits | 19.1 | 5,691,498 | 5,687,410 |
| Staff welfare | | 235,041 | 326,540 |
| Entertainment | | 122,128 | 255,879 |
| Printing and stationery | | 61,725 | 85,874 |
| Telephone and postage | | 249,309 | 203,241 |
| Travelling and conveyance | | 368,602 | 450,114 |
| Vehicle repair and maintenance | | 378,541 | 365,974 |
| Newspaper and periodicals | | 89,650 | 63,597 |
| Utility charges | | 50,791 | 104,866 |
| Depreciation | 5.4 | 5,567,112 | 5,211,839 |
| | | <u>12,814,397</u> | <u>12,755,334</u> |
| 19.1 Salaries and other benefits include Rs.418,898 (2017: Rs.425,245) in respect of defined benefit plan under non-funded gratuity scheme. | | | |
| 20 FINANCE COST | | | |
| Mark up on short term financing | | 3,065,347 | 1,546,346 |
| Bank & muddadam charges | | 316,485 | 370,207 |
| | | <u>3,381,832</u> | <u>1,916,553</u> |
| 21 OTHER OPERATING EXPENSES | | | |
| Loss of fixed assets due to fire - net | | | |
| Written down value | | 12,068,356 | - |
| Insurance claim received | | (10,840,000) | - |
| | | 1,228,356 | - |
| Loss of materials due to fire - net | | | |
| Cost of materials | | 55,637,361 | - |
| Insurance claim received | | (48,313,323) | - |
| | | 7,324,038 | - |
| Workers' Profit Participation Fund - WPPF | | 1,054,610 | 641,088 |
| Workers' Welfare Fund - WWF | | 361,018 | 327,835 |
| | | <u>9,968,022</u> | <u>968,923</u> |
| 22 OTHER OPERATING INCOME | | | |
| Gain on sale of fixed assets | | 1,590,265 | 1,015,024 |
| | | <u>1,590,265</u> | <u>1,015,024</u> |



| | 2018 Rupees | 2017 Rupees |
|---|------------------|------------------|
| 23 PROVISION FOR TAXATION | | |
| Current Taxation | | |
| - For the year | 5,415,272 | 5,081,441 |
| - For prior year | (8,881,034) | 4,228,375 |
| | (3,465,762) | 9,309,816 |
| Deferred Taxation | 7,092,541 | (5,558,540) |
| | <u>3,626,779</u> | <u>3,751,276</u> |
| 23.1 Relationship between income tax expenses and accounting profit: | | |
| Profit before taxation | 11,124,172 | 11,852,844 |
| Tax at the applicable tax rate of 30% (2017: 31%) | 3,337,251 | 3,674,381 |
| Tax effect of income tax provision relating to prior years | 8,881,034 | 4,228,375 |
| Others | (8,591,506) | (4,151,480) |
| | <u>3,626,779</u> | <u>3,751,276</u> |
| Effective rate of tax | 32.60% | 31.65% |

23.2 In view of the assessment of the management, sufficient tax provisions have been made in the Company's financial statements. Comparison of tax provisions as per the financial statements viz-a-viz tax assessment for last three years is as follows:

| | 2017 | 2016 (Rupees) | 2015 |
|--|-----------|------------------|-----------|
| Tax assessed as per the most recent tax Assessment | 5,081,441 | 4,452,462 | 4,002,919 |
| Provision in accounts for income tax | 5,081,441 | 4,452,462 | 4,002,919 |

24 EARNINGS PER SHARE - basic and diluted

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

| | | | |
|-------------------------------------|----------|------------|------------|
| Profit for the year before taxation | (Rupees) | 11,124,172 | 11,852,844 |
| Profit for the year after taxation | (Rupees) | 7,497,393 | 8,101,568 |
| Number of Shares | (Shares) | 10,000,000 | 10,000,000 |
| Earnings per share before taxation | (Rupees) | 1.11 | 1.19 |
| Earnings per share after taxation | (Rupees) | 0.75 | 0.81 |

25 CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE REMUNERATION

| | Chief Executive | | Directors | | Executives | | Total | |
|-------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | Rupees | | Rupees | | Rupees | | Rupees | |
| Managerial Remuneration | 2,557,392 | 2,265,120 | 2,557,392 | 2,265,120 | 3,316,140 | 8,820,119 | 8,430,924 | 13,350,359 |
| Utilities | 363,115 | 323,283 | - | - | - | - | 363,115 | 323,283 |
| Total | <u>2,920,507</u> | <u>2,588,403</u> | <u>2,557,392</u> | <u>2,265,120</u> | <u>3,316,140</u> | <u>8,820,119</u> | <u>8,794,039</u> | <u>13,673,642</u> |

In addition to above, the Chief Executive and Director are provided with free use of Company maintained cars for Company's as well as for their personal use. Whereas, no remuneration is paid to any other Director of the Company.

2018 **2017**
Rupees **Rupees**

26 FINANCIAL RISK MANAGEMENT

26.1 Credit Risk

The Company's Credit risk exposures are categorized under the following heads:-

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date was:-

| | | |
|-------------------|-------------------|-------------------|
| Trade Debtors | 49,270,844 | 13,616,445 |
| Advances to staff | 4,395,960 | 2,619,312 |
| Other Receivables | 7,105,849 | 10,470,375 |
| Cash at Bank | 2,430,329 | 2,020,562 |
| | <u>63,202,982</u> | <u>28,726,694</u> |

The trade debts as at the balance sheet date are all domestic debts. The aging of trade receivables at the reporting dates is as under:-

| | | |
|-----------------------|-------------------|-------------------|
| Past due 0-30 days | 28,954,216 | 7,278,794 |
| Past due 31-120 days | 12,365,050 | 3,048,411 |
| Past due 121-365 days | 7,085,643 | 2,541,265 |
| More than one year | 865,935 | 747,976 |
| | <u>49,270,844</u> | <u>13,616,446</u> |

Based on the historic records, the company believes that no impairment allowance in respect of loans and receivables is required except for the provisions provided for impairment amounting to Rs.713,542/- (2017: Rs.680,822/-).

26.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the company's reputation. Following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any.

| 2018 | Carrying amount | Contractual cash flows | Six months or less | Six to twelve months | One to two years | Two to five years |
|---------------------------|--------------------|------------------------|--------------------|----------------------|-------------------|-------------------|
| Trade and other payables | 43,216,719 | 43,216,719 | 27,226,533 | 15,990,186 | - | - |
| Unclaimed dividend | 1,844,946 | 1,844,946 | 1,844,946 | - | - | - |
| Financial charges payable | 2,450,615 | 2,450,615 | 2,450,615 | - | - | - |
| Short term borrowings | 185,377,085 | 185,377,085 | - | 160,377,085 | 25,000,000 | - |
| Total | <u>232,889,365</u> | <u>232,889,365</u> | <u>31,522,094</u> | <u>176,367,271</u> | <u>25,000,000</u> | <u>-</u> |

| 2017 | Carrying amount | Contractual cash flows | Six months or less | Six to twelve months | One to two years | Two to five years |
|---------------------------|--------------------|------------------------|--------------------|----------------------|-------------------|-------------------|
| Trade and other payables | 122,728,843 | 122,728,843 | 69,949,742 | 52,779,101 | - | - |
| Unclaimed dividend | 1,844,946 | 1,844,946 | 1,844,946 | - | - | - |
| Financial charges payable | - | - | - | - | - | - |
| Short term borrowings | 50,105,342 | 50,105,342 | - | 25,105,342 | 25,000,000 | - |
| Total | 174,679,131 | 174,679,131 | 71,794,688 | 77,884,443 | 25,000,000 | - |

26.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate, foreign currency, commodity price and equity price that will affect the Company's income or the value of its holdings of financial instruments.

26.3.1 Interest Rate Risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments were:-

| Particulars | 2018 | 2017 | 2018 | 2017 |
|------------------------------------|---------------------|---------------|-----------------------|------------|
| | Effective rate in % | | Carrying amount (Rs.) | |
| Financial Liabilities | | | | |
| Variable Rate instruments:- | | | | |
| Short Term Borrowings | 8.15 to 9.18 | 8.25 to 10.85 | 185,377,085 | 50,105,342 |

Fair value of 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 rate at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for various rate instruments

A change of 100 basis points in interest rate at the reporting date would have increased/ (decreased) profit or loss by amounts shown below. This analysis assumes that all other variables, in a particular foreign currency rate (if any), remains constant. The analysis is performed on the same basis as for the previous year:-

| | Increase Profit | Decrease Profit |
|---------------------|-----------------|-----------------|
| As at June 30, 2018 | 1,853,771 | (1,853,771) |
| As at June 30, 2017 | 501,053 | (501,053) |

The sensitivity analysis prepared is not necessarily indicative of the effect on Profit for the year and assets / liabilities of the company.

26.3.2 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

26.3.3 Currency Risk

The company is exposed to currency risk on import of raw materials mainly dominated in US dollars. The Company's exposure to foreign currency risk for US Dollars is as follows:-

| | 2018 Rupees | 2017 Rupees |
|-------------------------------------|----------------|----------------|
| Outstanding Letter of Credits (Rs.) | 37,729,440 | 28,412,470 |
| Average Rate | 110.64 | 104.65 |
| Reporting date rate | 121.60 | 104.80 |

26.3.4 Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the foreign currencies with all other variables held constant, post-tax Profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of outstanding letter of credits.

| | | |
|--|-----------|-----------|
| The effect on Profit and loss Account is (Rs.) | 3,772,944 | 2,841,247 |
|--|-----------|-----------|

The weakening of PKR against foreign currencies would have an equal but opposite impact on the post tax profit. The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) /profit for the year and assets/liabilities of the Company.

26.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

26.5 Capital Risk Management

The Company's prime objective when managing capital is to safeguard its ability to continue as going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total capital employed. Total capital employed is calculated as equity as shown in the balance sheet plus debt.

| | | |
|------------------------|--------------------|--------------------|
| Total Debt | 210,377,085 | 75,105,342 |
| Total Equity | 201,617,029 | 193,208,415 |
| Total Capital Employed | <u>411,994,114</u> | <u>268,313,757</u> |
| Gearing Ratio | 51.06% | 27.99% |

27 TRANSACTIONS WITH RELATED PARTIES

27.1 The Company's related parties include associated companies, entities over which directors are able to exercise influence, subsidiaries, staff retirement fund, directors and key management personnel. Detail of transactions with related parties during the year other than those which have been disclosed elsewhere in the financial statements are as follows:-

| Description | Relationship | Nature of Transactions | Amount | |
|-----------------------------------|--------------|------------------------|----------------|----------------|
| | | | 2018 Rupees | 2017 Rupees |
| Al-Khair Global (Private) Limited | Associate | Purchases | 26,427,661 | 34,234,748 |
| Al-Khair Global (Private) Limited | Associate | Sales | 2,046,365 | 8,364,447 |
| Noble Foam (Private) Limited | Associate | Purchases | 16,860,000 | 9,874,800 |
| Noble Foam (Private) Limited | Associate | Sales | 20,033,366 | - |

27.2 Loan from Directors

This represents the Interest free loan received directors to meet working capital requirement of the company. It is unsecured and interest free loan which is repayable on Demand.

28 CASH GENERATED FROM OPERATIONS

| | 2018 Rupees | 2017 Rupees |
|--|----------------------|-------------------|
| Profit before taxation | 11,124,172 | 11,852,844 |
| Adjustments for non cash items: | | |
| Depreciation on property, plant and equipment | 8,887,594 | 9,241,881 |
| Finance cost | 3,381,832 | 1,916,553 |
| Gain on sale of property, plant and equipment | (361,909) | (1,015,024) |
| Provision for Gratuity | 1,645,962 | 1,700,978 |
| Provision for doubtful debt | 32,720 | (96,735) |
| Provision for Workers' profit participation fund | 1,054,610 | 641,088 |
| Provision for Workers' welfare fund | 361,018 | 327,835 |
| | <u>15,001,827</u> | <u>12,716,576</u> |
| Operating profit before working capital changes | 26,125,999 | 24,569,420 |
| (Increase)/decrease in current assets | | |
| Stores and spares | (1,098,768) | (213,246) |
| Stock-in-trade | (20,141,926) | 26,686,595 |
| Trade debts | (35,654,399) | 1,934,702 |
| Advances, deposits and prepayments | (41,762,179) | 10,741,064 |
| | <u>(98,657,272)</u> | <u>39,149,115</u> |
| Increase/(decrease) in current liabilities | | |
| Trade and other payables | (80,103,184) | (33,414,268) |
| Net cash flow from Operating Activities | (152,634,457) | 30,304,267 |
| 28.1 Cash and cash equivalents | | |
| Cash in hand | 350,970 | 868,816 |
| Cash at Bank - in current accounts | 2,430,329 | 2,020,562 |
| | <u>2,781,299</u> | <u>2,889,378</u> |



29 CAPACITY AND PRODUCTION

| | 2018 | 2017 |
|--------------------------|---------------|---------------|
| | Tons | Tons |
| Rated capacity | 13,280 | 13,280 |
| Capacity utilized | 960 | 1,105 |

It is important to disclose that the capacity of plant is utilized according to the demand of the products. The very nature of plant is such that the producing speed is so high, it can run on average ranging from 90 Kgs to 125 Kgs per minute flow, resulting it can produce one month's stock in just two days. The plant is working as per its specifications and there is no indication of any under utilization.

30 NUMBER OF EMPLOYEES

| | 2018 | 2017 |
|---|-------------|-------------|
| Number of employees as at June 30 - factory | 136 | 136 |
| - Others | 35 | 42 |
| | 171 | 178 |
| | | |
| Average number of employees during the year - factory | 140 | 130 |
| - Others | 37 | 45 |
| | 177 | 175 |


31 FIGURES

- have been rounded off to the nearest rupee
- of previous year have been re-classified where necessary for comparison purpose.

32 DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 01, 2018 by the Board of Directors of the Company.


MOHAMMAD AFZAL SHEIKH
CHAIRMAN


MOHAMMAD SAEED SHEIKH
CHIEF EXECUTIVE


ABDUL HAFEEZ POSWAL
CHIEF FINANCIAL OFFICER

Lahore: October 01, 2018



YEAR WISE STATISTICAL SUMMARY

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|----------------------|--------|--------|--------|---------|--------|
| | (Amount in millions) | | | | | |
| Investment Measures | | | | | | |
| Share Capital | 100 | 100 | 100 | 100 | 100 | 100 |
| Shareholders' Equity | 201.62 | 193.21 | 185.66 | 178.46 | 182.30 | 208.80 |
| Profit / (loss) before taxation | 11.12 | 11.85 | 10.20 | 1.40 | (18.33) | 40.13 |
| Profit after taxation | 7.50 | 8.10 | 7.72 | (3.70) | (26.27) | 25.30 |
| Dividend Per share | - | - | - | - | - | - |
| Earnings / (Loss) per share - Rs. | 0.75 | 0.81 | 0.77 | (0.37) | (2.63) | 2.53 |
| Break-up value per share - Rs. | 20.16 | 19.32 | 18.57 | 17.85 | 18.23 | 20.88 |
| Measures of Financial Status | | | | | | |
| Current Ratio | 1.65:1 | 1.74:1 | 1.55:1 | 1.37:1 | 1.33:1 | 1.39:1 |
| No of days – Stock | 199 | 195 | 232 | 179 | 96 | 63 |
| No of days - Debtors | 29.90 | 13.60 | 14.37 | 12.38 | 9.12 | 2.36 |
| Measures of Financial Performance | | | | | | |
| Return on Capital Employed | 3.16% | 3.51% | 3.50% | -1.31% | -10.05% | 18.56% |
| Gross Profit Ratio | 15.13% | 12.55% | 13.57% | 13.78% | 7.15% | 11.90% |
| Profit before tax to sales | 3.00% | 3.23% | 2.90% | 0.35% | -3.57% | 3.50% |
| Profit after tax to sales | 2.03% | 2.21% | 2.20% | -0.92% | -5.12% | 2.21% |
| Debt Equity Ratio | 51.06% | 27.99% | 33.32% | 43.34% | 43.06% | 33.44% |

**PATTERN OF HOLDING OF THE SHARES HELD
BY THE MEMBERS OF AL-KHAIR GADOON LIMITED
AS AT JUNE 30, 2018**

| Sr. No. | Number of Shareholders | HOLDING | | Total Shares Held |
|---------|------------------------|---------|--------|-------------------|
| | | From | To | |
| 1 | 30 | 1 | 100 | 398 |
| 2 | 187 | 101 | 500 | 92,761 |
| 3 | 58 | 501 | 1000 | 58,000 |
| 4 | 56 | 1001 | 5000 | 160,079 |
| 5 | 14 | 5001 | 10000 | 108,000 |
| 6 | 3 | 10001 | 15000 | 40,000 |
| 7 | 2 | 15001 | 20000 | 36,500 |
| 8 | 2 | 30001 | 35000 | 67,000 |
| 9 | 1 | 65001 | 70000 | 70,000 |
| 10 | 1 | 100001 | 105000 | 100,923 |
| 11 | 1 | 120001 | 125000 | 122,737 |
| 12 | 1 | 185001 | 190000 | 186,000 |
| 13 | 1 | 375001 | 380000 | 377,000 |
| 14 | 1 | 385001 | 390000 | 383,500 |
| 15 | 1 | 450001 | 455000 | 452,200 |
| 16 | 2 | 490001 | 495000 | 985,000 |
| 17 | 2 | 495001 | 500000 | 997,000 |
| 18 | 3 | 600001 | 605000 | 1,805,000 |
| 19 | 1 | 675001 | 680000 | 676,291 |
| 20 | 1 | 685001 | 690000 | 686,000 |
| 21 | 1 | 795001 | 800000 | 800,000 |
| 22 | 1 | 875001 | 880000 | 878,000 |
| 23 | 1 | 915001 | 920000 | 917,611 |
| | <u>371</u> | | | <u>10,000,000</u> |

| Categories of Shareholders | No. of Shareholders | No. of Shares held | Percentage |
|----------------------------|---------------------|--------------------|-----------------|
| Individuals | 367 | 9,997,913 | 99.979% |
| Investment Companies | 1 | 500 | 0.005% |
| Joint Stock Companies | 3 | 1,587 | 0.016% |
| | <u>371</u> | <u>10,000,000</u> | <u>100.000%</u> |



PATTERN OF SHAREHOLDING

| | | No. of Shares | |
|----------|--|-------------------------------|---------|
| 1 | SHARES HELD BY ICP | 500 | |
| 2 | DIRECTORS | | |
| | a) Mr. Mohammad Afzal Sheikh | Chairman/Director 676,291 | |
| | b) Mr. Mohammad Saeed Sheikh | Chief Executive 603,000 | |
| | c) Mr. Mohammad Amin Sheikh | Director 917,611 | |
| | d) Mr. Sheikh Pervaiz Afzal | Director 878,000 | |
| | e) Mrs. Parveen Afzal | Director 601,000 | |
| | f) Mrs. Farnaz Saeed | Director 800,000 | |
| | g) Mrs. Nafeesa Amin | Director 686,000 | |
| | h) Mr. Kamal Subhani | Independent Director 500 | |
| | | <hr/> 5,162,402 | |
| 3 | SPOUSE AND CHILDREN | | |
| | a) Mr. Nadeem Afzal s/o M. Afzal Sheikh | 601,000 | |
| | b) Mr. Ali Afzal s/o M. Afzal Sheikh | 452,200 | |
| | c) Miss Huma Afzal d/o Sheikh Pervaiz Afzal | 492,500 | |
| | d) Mr. Muhammad Saad | 499,000 | |
| | e) Mr. Muhammad Ahmed | 377,000 | |
| | | <hr/> 2,421,700 | |
| 4 | PUBLIC SECTOR COMPANIES | 1,587 | |
| 5 | GENERAL PUBLIC | 2,413,811 | |
| | | <hr/> 10,000,000 <hr/> | |
| 6 | SHAREHOLDING 5% OR MORE | | |
| | Mrs. Mahmooda Iqbal | - | |
| 7 | Trades in the shares by Directors, CEO, CFO, Company Secretary, Executives and their Spouses and Minor Children | | |
| | Name | Sale | |
| | | Purchase | |
| | Mr. Sheikh Pervaiz Afzal | - | 179,000 |
| | Mr. Ali Afzal Sheikh | - | 186,000 |
| | Miss Huma Afzal | - | 42,000 |



FORM OF PROXY

I/We _____
of _____
being a member of Al-Khair Gadoon Limited and holder of _____ Ordinary Shares as
per registered Folio No./CDC Participant's ID and Account No. _____ Sub-Account
No. _____ hereby appoint _____ (Name)
_____ of

or failing him/her _____
(NAME) _____
of _____
who is also a member of the Company vide registered Folio No./CDC Participant's ID and Account
No. _____ as my / our proxy to vote for me / us and on my / our behalf at the 28th
Annual General Meeting of the Company to be held at Registered Office at 92/3, Phase III, Industrial
Estate, Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa, on Friday October 26, 2018 at 09:00
A.M. and at every adjournment thereof.

As witness my hand this _____ day of
_____ 2018.
signed by the said _____ in the presence
of _____

Signature:

Signature Across Two Rupees
Revenue Stamps

Note: Proxies, in order to be effective, must be received at the Corporate Office of the Company at Al-Khair House, 43 - T, Gulberg II, Lahore, not less than forty eight hours before the time for holding the meeting and must be stamped, signed and witnessed.

مختار نامہ (پراکسی فارم)

_____ میں ام
 _____ ساکن
 _____ بحیثیت رکن (ممبر) الخیر گدون لمیٹڈ مقرر کرنا / کرتی ہوں / کرتے ہیں سنی اسماء
 _____ ساکن
 _____ کو یا ان کی غیر حاضری میں سنی اسماء
 _____ ساکن

کو جو خود بھی الخیر گدون لمیٹڈ کارکن ہے کہ وہ بطور میرا / ہمارا مختار نامہ (پراکسی) الخیر گدون لمیٹڈ کے سالانہ اجلاس عام میں جو 28 اکتوبر 2018 کو منعقد ہو رہا ہے یا اس کے کسی ہفتوی شدہ اجلاس میں شرکت کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔

_____ 2018 کو میرے / ہمارے دستخط سے جاری ہوا۔

_____ رسیدی ٹکٹ پر دستخط

| فولیو نمبر | سی ڈی سی نمبر | حصص کی تعداد |
|------------|---------------|--------------|
| | | |

| | |
|--|--|
| _____ گواہ نمبر ۱ | _____ گواہ نمبر ۲ |
| _____ دستخط | _____ دستخط |
| _____ نام | _____ نام |
| _____ کیپٹول رائز ڈیوٹی شناختی کارڈ نمبر | _____ کیپٹول رائز ڈیوٹی شناختی کارڈ نمبر |
| _____ پتہ | _____ پتہ |

ہدایات:

- ۱- مختار (پراکسی) کا کہنی کارکن (ممبر) ہونا ضروری ہے۔
- ۲- ممبر (رکن) کے دستخط، نمونہ شدہ دستخط / اندراج شدہ دستخط سے مماثلت ہونا ضروری ہے۔
- ۳- سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کیپٹول رائز ڈیوٹی شناختی کارڈ یا پاسپورٹ کی صدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ ادارے کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔
- ۴- مختار نامہ (پراکسی فارم) مکمل پُر شدہ کہنی کے کارپوریٹ آفس میں اجلاس کے مقرر وقت سے کم از کم ۴۸ گھنٹے قبل جمع کرانا ضروری ہے۔

-۴-

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- 📊 Risk profiler*
- 🧮 Financial calculator
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E-mail: info@alkhairgroup.com, alkhairgroup@hotmail.com

URL: www.alkhairgroup.com