



SINCE 1980

**Condensed Interim  
Financial Statements  
Half Year Ended  
December 31, 2017  
(Un-Audited)**



## COMPANY INFORMATION

### BOARD OF DIRECTORS:

Mr. Mohammad Afzal Sheikh	- Chairman
Mr. Mohammad Saeed Sheikh	- Chief Executive
Mr. Mohammad Amin Sheikh	- Director
Mr. Sheikh Pervaiz Afzal	- Director
Mrs. Parveen Afzal	- Director
Mrs. Farnaz Saeed	- Director
Mrs. Nafeesa Amin	- Director

### AUDIT COMMITTEE:

Mr. Sheikh Pervaiz Afzal	- 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
Mr. Sheikh Pervaiz Afzal	- Member
Mushtaq Ahmed Shaheen	- Secretary

### CHIEF FINANCIAL OFFICER

Abdul Hafeez Poswal

### COMPANY SECRETARY:

Mr. Mohammad Amin Sheikh

### AUDITORS:

M/s. Tahir Siddiqi & Co., Chartered Accountants.  
(A member firm of TIAG International)

### LEGAL ADVISOR:

Mr. Naeem Anjum (Advocate High Court)

### SHARES REGISTRAR:

Shemas International (Pvt) Limited  
533-Imperial Garden Block, Main Boulevard, Barki 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](http://www.alkhairgadoon.com)



**DIRECTORS' REVIEW REPORT**  
**For the Half Year Ended December 31, 2017**

The Directors are pleased to present Condensed Interim Financial Statements of the Company for the half year ended December 31, 2017.

During the half year ended December 31, 2017, the company has achieved sales revenue of PKR 148 million as compared to PKR 162 million of the first half of the last year thus resulting in increase of 2.02% in Gross Profit Margin of the Company.

During the period under report, the Company's absolute gross profit increased by Rs.1.26 million. Although there is a rise in petroleum product prices internationally that has adversely affected the profitability coupled with cut throat competition with competitors, yet your Company has managed to tackle the increase in raw material prices by better managing the product mix and with the help of increasing the prices of its products in the market.

The operations have generated earnings before tax amounting to Rs.9.11 million during the half year ended December 2017 as compared to Rs.5.47 million of the corresponding period of last year resulting in an increase of Rs.3.64 million. Further, the Company has tried its best to keep the operating expenses at its low level with a commitment to ensure the same quality standards.

**Future Prospect**

We foresee intensified competition from existing players and new entrants in to the Foam Industry. However, your Company has been exhibiting strong performance against challenges over the years, be it vulnerability of increased competition, rise in duties and taxes or fluctuating 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.

**FOR AND ON BEHALF OF THE BOARD**

**MOHAMMAD AFZAL SHEIKH**  
Chairman

Lahore: February 26, 2018



## AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the accompanying condensed interim balance sheet of Al-Khair Gadoon Limited as at December 31, 2017, the related condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement and notes to the accounts for the six-month period then ended (here-in-after referred to as the 'interim financial information'). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures included in the condensed interim profit and loss account for the quarters ended December 31, 2017 and 2016 and the notes to the accounts have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2017.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**Tahir Siddiqi & Co.**

**Chartered Accountants**

Lahore : February 26, 2018

Audit Engagement Partner : Mohammad Tahir Siddiqi, FCA



# AL-Khair Gadoon Ltd.

## CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2017

	Notes	Un-Audited December 31, 2017 Rupees	Audited June 30, 2017 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment	4	73,676,325	79,207,584
Deferred Tax Assets		11,269,496	11,373,624
		<b>84,945,821</b>	<b>90,581,208</b>
<b>CURRENT ASSETS</b>			
Store & Spares		852,476	1,825,410
Stock in Trade		109,687,195	158,502,062
Trade Debts		9,532,774	12,935,623
Advances, deposits, Prepayments & other receivables		152,354,547	152,229,856
Cash & Bank Balances		3,863,717	2,889,378
		<b>276,290,709</b>	<b>328,382,329</b>
		<b>361,236,530</b>	<b>418,963,537</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Authorized Capital</b>			
12,000,000 ordinary shares of Rs.10 each		120,000,000	120,000,000
<b>Issued, Subscribed &amp; Paid up Capital</b>			
7,000,000 ordinary shares of Rs.10 each		70,000,000	70,000,000
3,000,000 ordinary shares of Rs.10 each issued as fully paid bonus shares.		30,000,000	30,000,000
Capital Reserves - Share Premium		25,000,000	25,000,000
Un-Appropriated Profit		74,588,519	68,208,415
<b>Shareholders' Equity</b>		<b>199,588,519</b>	<b>193,208,415</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred Liabilities		10,560,339	12,358,233
Loan from Directors		25,000,000	25,000,000
<b>CURRENT LIABILITIES</b>			
Trade & other Payables		60,185,978	131,365,160
Short Term Borrowings	5	56,345,104	50,105,342
Un-Claimed Dividend		1,844,946	1,844,946
Provision for Taxation		7,711,644	5,081,441
		<b>126,087,672</b>	<b>188,396,889</b>
<b>Contingencies &amp; Commitments</b>		<b>-</b>	<b>-</b>
		<b>361,236,530</b>	<b>418,963,537</b>

The annexed notes form an integral part of these condensed financial statements.

Lahore: February 26, 2018

MOHAMMAD AFZAL SHEIKH  
Chairman

MOHAMMAD SAEED SHEIKH  
Chief Executive



# AL-Khair Gadoon Ltd.

## CONDENSED INTERIM PROFIT & LOSS ACCOUNT (Un-Audited)

For the Half Year and Quarter Ended December 31, 2017

	Half year ended		Quarter ended	
	Jul-Dec, 2017	Jul-Dec, 2016	Oct-Dec, 2017	Oct-Dec, 2016
	Rupees		Rupees	
Sales	148,213,576	161,831,965	83,095,616	107,343,822
Cost of Sales	126,358,749	141,243,334	71,533,692	96,126,664
<b>Gross Profit</b>	<b>21,854,827</b>	<b>20,588,631</b>	<b>11,561,924</b>	<b>11,217,158</b>
<b>Operating Expenses</b>				
Administrative Expenses	9,502,980	9,877,456	4,901,589	5,520,087
Distribution Expenses	4,444,055	4,663,603	2,103,161	2,002,088
	13,947,035	14,541,059	7,004,750	7,522,175
<b>Operating Profit</b>	<b>7,907,792</b>	<b>6,047,572</b>	<b>4,557,174</b>	<b>3,694,983</b>
Financial Expenses	383,622	572,879	261,715	33,232
Other Income	1,590,265	-	1,590,265	-
<b>Profit Before Taxation</b>	<b>9,114,435</b>	<b>5,474,693</b>	<b>5,885,724</b>	<b>3,661,751</b>
Provision for Taxation	2,734,331	1,819,960	1,920,356	1,275,079
<b>Profit after taxation</b>	<b>6,380,104</b>	<b>3,654,733</b>	<b>3,965,368</b>	<b>2,386,672</b>
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income for the period</b>	<b>6,380,104</b>	<b>3,654,733</b>	<b>3,965,368</b>	<b>2,386,672</b>
Earnings per share - Basic & Diluted (Rupees)				
Before tax	0.91	0.55	0.59	0.37
After tax	0.64	0.37	0.40	0.24

The annexed notes form an integral part of these condensed financial statements.

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Jul-Dec, 2017 Rupees	Jul-Dec, 2016 Rupees
<b>CASH FLOWS OPERATING ACTIVITIES</b>		
Profit before Taxation	9,114,435	5,474,693
Adjustment for:		
Depreciation	4,575,089	3,626,879
Provision for bad debts	(179,097)	(198,072)
Finance cost	383,622	572,879
Gain on sale of fixed assets	(1,590,265)	-
	<b>12,303,784</b>	<b>9,476,379</b>
<b>(Increase) / decrease in Current Assets</b>		
Stores & Spares	972,934	486,747
Stocks in Trade	48,814,867	2,291,355
Trade Debts	3,581,947	3,961,438
Advances, deposits, prepayments & other receivables	3,094,839	15,400,690
	<b>56,464,587</b>	<b>22,140,230</b>
<b>Increase / (decrease) in Current Liabilities</b>		
Trade & Other Payables	(71,180,862)	(66,983,773)
<b>Net Cash used in Operations</b>	<b>(2,412,491)</b>	<b>(35,367,164)</b>
Finance cost Paid	(381,943)	(54,888)
Taxes paid	(3,219,530)	(10,904,403)
Gratuity Paid	(1,797,894)	-
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(7,811,858)</b>	<b>(46,326,455)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of PPE	(38,565)	(4,261,844)
Proceeds from sale of fixed assets	2,585,000	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>2,546,435</b>	<b>(4,261,844)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short Term Borrowings	6,239,762	50,442,963
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>6,239,762</b>	<b>50,442,963</b>
Net Increase / (Decrease) in Cash & Cash Equivalent	974,339	(145,336)
Cash & Cash Equivalent At the Beginning of the period	2,889,378	2,953,241
<b>Cash &amp; Cash Equivalent at the end of the Period Note-6</b>	<b>3,863,717</b>	<b>2,807,905</b>

The annexed notes form an integral part of these condensed financial statements.



# AL-Khair Gadoon Ltd.

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Share Capital	Share Premium	Un- appropriated Profit	Total
Rupees				
Balance as at July 01, 2016	100,000,000	25,000,000	60,661,230	185,661,230
Total Comprehensive income for first half	-	-	3,654,733	3,654,733
Balance as at December 31, 2016	100,000,000	25,000,000	64,315,963	189,315,963
Total Comprehensive income for second half	-	-	3,892,452	3,892,452
Balance as at July 01, 2017	100,000,000	25,000,000	68,208,415	193,208,415
Total Comprehensive income for first half	-	-	6,380,104	6,380,104
<b>Balance as on December 31, 2017</b>	<b>100,000,000</b>	<b>25,000,000</b>	<b>74,588,519</b>	<b>199,588,519</b>

The annexed notes form an integral part of these condensed financial statements.





## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017

### 1 Legal Status and 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 Karachi, Lahore and Islamabad Stock Exchanges. It is primarily engaged in manufacturing of foam and allied products.

### 2 Basis of Preparation and significant accounting policies

- 2.1 The condensed interim financial statements have been presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 and circular No. 23 of 2017 dated October 4, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), the Company has prepared these financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance). This condensed interim financial information is unaudited but subject to limited scope review by the auditors and is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984. This condensed financial information does not include all the information required for full annual financial statements and should be read in conjunction with the annual statements as at and for the year ended June 30, 2017.
- 2.2 The comparative balance sheet presented in these financial information as at June 30, 2017 has been extracted from the audited financial statements for the year ended June 30, 2017 whereas comparative profit and loss account, cash flow statement and the statement of changes in equity are for the six months period ended December 31, 2016 and were subject to review but not audited. The comparative profit and loss account for the quarter ended December 31, 2016 is also included in the financial statements.

### 3 Significant Accounting Policies

- 3.1 The accounting policies and methods of computation adopted in the preparation of the condensed interim financial information are the same as those applied in preparation of preceding annual financial statements for the year ended June 30, 2017.
- 3.2 The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain accounting estimates. It also requires exercising judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.
- 3.3 During the preparation of this condensed interim financial information, there were no significant changes in the accounting judgment and estimates. Hence, the same judgments and estimates are applied in preparation of this condensed interim financial statement as were applied in preparation of financial statements for the year ended June 30, 2017.
- 3.4 The provision for taxation for the half year ended December 31, 2017 has been made on an estimated basis.



	December 31, 2017 Rupees	June 30, 2017 Rupees
<b>4 PROPERTY, PLANT AND EQUIPMENTS</b>		
Opening book value	79,207,584	79,381,848
Addition during the period/year	38,565	9,472,593
Disposal during the period/year		
Cost	2,599,700	2,050,000
Accumulated Depreciation	(1,604,965)	(1,645,024)
	994,735	404,976
Depreciation charge for the period/year	4,575,089	9,241,881
	<b>73,676,325</b>	<b>79,207,584</b>
<b>5 SHORT TERM BORROWINGS</b>		
ABL-Running Finance	-	-
BAFL-Finance Against Imported Material	6,239,762	-
	6,239,762	-
Loan from Director- Unsecured	50,105,342	50,105,342
	<b>56,345,104</b>	<b>50,105,342</b>

5.1 This represents the Interest free loan from directors received during the year 2015. It is unsecured and repayable on demand.

	December 31, 2017 Rupees	December 31, 2016 Rupees
<b>6 CASH AND CASH EQUIVALENT</b>		
Cash and Bank Balances	3,863,717	2,807,905
Running Finance	-	-
	<b>3,863,717</b>	<b>2,807,905</b>

**7 General**

- Corresponding figures have been re-arranged wherever necessary for the purposes of comparison, however no significant re-arrangements have been made.
- Figures have been rounded off to the nearest rupees.

**8 Date of authorization**

These financial statements were authorized for issue on February 26, 2018 by the Board of Directors of the Company.

BOOK POST



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43-T, Gulberg II, Lahore.

UAN: (+92-42) 111-111-043 Tel: (+92-42) 35716580-86 Fax: (+92-42) 35716588-35753719

E-mail: [info@alkhaigadoon.com](mailto:info@alkhaigadoon.com), [alkhairgroup@hotmail.com](mailto:alkhairgroup@hotmail.com)

URL: [www.alkhaigadoon.com](http://www.alkhaigadoon.com)