

AL-KHAIR GADOON LTD.



AL-KHAIR GROUP



ANNUAL REPORT 2016



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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
	Mrs. Hina Ali	- Director
AUDIT COMMITTEE:	Mrs. Nafeesa Amin	- 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
	Mrs. Hina Ali	- Member
	Mushtaq Ahmed Shaheen	- Secretary
CHIEF FINANCIAL OFFICER:	Mr. Saqib Nawaz, ACA	
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 Suite No.31, 2nd Floor, Sadiq plaza, 69-The Mall, 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	

Vision

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

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.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of Al-Khair Gadoon Limited, will be held on Monday the October 31, 2016 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 25th Annual General Meeting held on October 30, 2015.
- 2 To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2016, together with the Directors' and Auditors' Reports thereon.
- 3 To elect the Directors in accordance with provisions of Section 178 of the Companies Ordinance, 1984. The following are the retiring Directors and number of Directors for next term are fixed at 8.

- (i) Mohammad Afzal Sheikh
- (ii) Mohammad Saeed Sheikh
- (iii) Mohammad Amin Sheikh
- (iv) Sheikh Pervaiz Afzal
- (v) Mrs. Parveen Afzal
- (vi) Mrs. Farnaz Saeed
- (vii) Mrs. Nafeesa Amin
- (viii) Mrs. Hina Ali

The elected Directors will hold office for the next three years.

- 4 To appoint Auditors of the Company and fix their remuneration.
- 5 To transact any other business with the permission of the Chairman.

BY ORDER OF THE BOARD

(MOHAMMAD AMIN SHEIKH)

NOTES:

- 1:** Share Transfer Books of the Company will remain closed from October 24, 2016 to October 31, 2016 (both days inclusive). Transfers received in order up to the close of business on October 23, 2016 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:** Account Holders and Sub Account Holders, holding book entry securities of the company in CDS of Central Depository Company of Pakistan Limited, who wish to attend the Annual General Meeting, are requested to please bring their original CNIC or Passport with copy thereof duly attested by their bankers for identification purposes
- 4:** In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with Proxy Form of the Company.
- 5:** As per directives of SECP, all shareholders are requested to submit their copy of computerized CNICs to the Registrar for updating of record purposes. Otherwise, future dividend warrants could be withheld by the Company that may cause inconvenience to them.
- 6:** Members are requested to notify the change in their addresses, if any, immediately.

DIRECTORS' REPORT TO THE MEMBERS

The Directors of your Company are pleased to present the 26th Annual Report with the audited financial statements of the Company for the year ended June 30, 2016.

For the year 2015 - 2016, the Company achieved sales revenue of PKR 351 million with reduction of 12.23% as compared to 2014 - 2015 resulting into a reduction of 1.53% in Gross profit margin as compared to last year. The reduction in revenue is mainly due to reduction in sales prices connected with the decline in petroleum products prices internationally. During the year under review, the Net profit before tax was Rs.10.20 million converting the loss during last year. The growth was achieved through concerted measures to expand its customer base and improve the quality of its products along with adoption of cost control measures.

During the year under review, the Company strictly controlled Administrative expenses and Distribution expenses resulting a decrease of 2.36% and 27.61% respectively. Financial charges are reduced from Rs.13.7 million to Rs.2.6 million thus recording a reduction of 81.14% with a visionary decision of management to concentrate on interest free borrowings.

Business Performance & Future Outlook

The Company expects to benefit from the recent economic measures, reduced rate of inflation and improved security concerns in Pakistan by 2017. However, intense competition from existing players and new entrants remains the greatest challenge to meet in future. To stand out of the competition, the Company will focus on assessing the needs of our consumers and bringing improved operational efficiencies and synergies. The Company anticipates pressure on margins as a result of aggressive marketing strategy and competitive pricing.

However, your Company stays committed to effective product mix management 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.

Reporting

The Board has ensured completeness, true and fair presentation and timely issuance of its periodic financial statements in accordance with the requirements of the Companies Ordinance, 1984, 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 control 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 listing regulations.
- 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, 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 as formulated by the SECP & ICAP has 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 2016 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, 2016 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	8	N/A	N/A
2	Mohammad Saeed Sheikh	8	N/A	N/A
3	Mohammad Amin Sheikh	8	N/A	N/A
4	Sheikh Pervaiz Afzal	8	N/A	N/A
5	Mrs. Parveen Afzal	6	5	N/A
6	Mrs. Farnaz Saeed	6	5	3
7	Mrs. Nafeesa Amin	5	6	4
8	Mrs. Hina Ali	8	N/A	4
9	Mushtaq Ahmed Shaheen	N/A	N/A	4
10	Khurram Iftikhar	N/A	6	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, 2017.

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 and members of the management team. 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

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز کمپنی کے 26 ویں سالانہ اجلاس میں 30 جون 2016 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 2015-2016 میں کمپنی نے 351 ملین روپے کی سیل کی جو کہ 2014-2015 کے مقابلے میں 12.23 فیصد کم رہی جس کے نتیجے میں مجموعی منافع 1.53 فیصد کم ہوا۔ سالانہ سیل میں کمی کی وجہ بین الاقوامی سطح پر پٹرولیم مصنوعات کی قیمتوں میں کمی کے ساتھ منسلک فروخت کی قیمتوں میں کمی ہے۔ گزشتہ سال کے دوران کمپنی کا ٹیکس سے پہلے خالص منافع پچھلے سال کے نقصان کے مقابلے میں 10.2 ملین روپے رہا۔ اس بڑھوتری کی وجہ کمپنی کے ٹھوس اقدامات برائے کسٹمر کی بنیاد کو وسیع کرنے، مصنوعات کے معیار کو بہتر بنانے اور اخراجات کو کنٹرول کرنا تھی۔

سال کے دوران، کمپنی کے انتظامی اخراجات اور تقسیم کاری کے اخراجات سختی سے کنٹرول کرنے کی وجہ سے بالترتیب 2.36 فیصد اور 27.11 فیصد کمی ہوئی۔ کمپنی کے مالی اخراجات 13.7 ملین روپے سے کم ہو کر 2.6 ملین روپے رہے۔ جس کی وجہ کمپنی کا ایک بصیرتی فیصلہ تھا کہ سود کے بغیر قرضوں پر انحصار کیا جائے۔

بزنس کارکردگی اور مستقبل کے نقطہ نظر

کمپنی حالیہ اقتصادی اقدامات، افراط زر کی شرح میں کمی اور بہتر سیکورٹی سے فائدہ کی توقع رکھتی ہے۔ اگرچہ اس بزنس میں موجود کمپنیوں اور نئی آنے والی کمپنیوں سے مستقبل میں شدید مسابقت ایک چیلنج (Challenge) ہوگا۔ مسابقت میں بہتری کے لئے کمپنی اپنے صارفین کی ضروریات کا اندازہ کرنے اور بہتر آپریشنل استعداد کار اور باہمی اشتراک لانے پر توجہ مرکوز کرے گی۔ کمپنی جارحانہ مارکیٹنگ کی حکمت عملی اور مسابقتی قیمتوں کے نتیجے میں مارجن پر دباؤ کی توقع رکھتی ہے۔ تاہم کمپنی موثر مصنوعات کے مرکب اور کسٹمرز کے ساتھ بہتر تجارتی روابط کے لیے مصروف عمل ہے۔ کمپنی نے رواں سال چیلنجوں کے خلاف مضبوط کارکردگی کا مظاہرہ کیا ہے، خواہ وہ بڑھتا ہوا مقابلہ ہو، خام مال کی قیمتوں کا اتار چڑھاؤ یا قیمتی رد و بدل ہو۔ آپریشنل اور مینجمنٹ مہارت کی وجہ سے کمپنی نے اپنی سکہ کو برقرار رکھتے ہوئے چیلنج کا مقابلہ کیا ہے۔ سماجی ذمہ داری، مالی طور پر قابل عمل اور آپریشنل مہارت کمپنی کے مقاصد میں سرفہرست رہیں گے۔

رپورنگ

بورڈ نے کامل سچ اور مناسبت پر مبنی کمپنیز آرڈیننس 1984، پاکستان اسٹاک ایکچینج اور بین الاقوامی معیارات کو مد نظر رکھتے ہوئے متواتر مالیاتی حسابات کو یقینی بنایا ہے۔

کارپوریٹ اور مالیاتی رپورنگ

- 1 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۔
- 2 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۔
- 3 الخیر گدون لمیٹڈ نے باضابطہ طور پر اکاؤنٹس کی کتابوں کو برقرار رکھا ہے۔
- 4 ان مالیاتی حسابات کی تیاری میں مخصوص اکاؤنٹنگ پالیسیوں کے تسلسل کی پیروی کی گئی ہے اور اکاؤنٹنگ تخمینے معقول اور دانش مندانہ رائے پر مبنی ہیں۔
- 5 ان مالیاتی حسابات کی تیاری میں فنانشل رپورنگ کے بین الاقوامی معیارات، جن کا اطلاق پاکستانی کمپنیوں پر ہوتا ہے، کی پیروی کی گئی ہے۔
- 6 انٹرنل کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مستحکم ہے اور اس کے اطلاق کی موثر طریقے سے نگرانی کی گئی ہے۔
- 7 بطور ادارہ کمپنی کے کام جاری رکھنے کی صلاحیت میں کوئی شک و شبہ نہیں ہے۔
- 8 متعین شدہ اصول و ضوابط میں تفصیلاً درج کارپوریٹ گورننس کے رہنما اصولوں سے کوئی انحراف نہیں کیا گیا۔
- 9 گزشتہ 6 سال کا اہم کاروباری اور مالیاتی ڈیٹا کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔
- 10 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۔
- 11 گزشتہ سال کے آپریٹنگ نتائج سے انحراف کے اسباب مالیاتی حسابات کے نوٹس میں دیے گئے ہیں۔
- 12 ٹیکسوں اور محصولات سے متعلق معلومات مالیاتی حسابات کے نوٹس کا حصہ ہیں۔
- 13 کمپنی رواں سال میں کارپوریٹ تنظیم نو، کاروبار کی توسیع اور آپریشن کے بند کرنے کا کوئی ارادہ نہیں رکھتی۔

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

نمبر شمار	نام	حاضری	
		بورڈ	آڈٹ کمیٹی
	ڈائریکٹر / ممبر کمیٹی <td>ہیومن ریسورس کمیٹی <td></td> </td>	ہیومن ریسورس کمیٹی <td></td>	
1	محمد افضل شیخ	8	-
2	محمد سعید شیخ	8	-
3	محمد امین شیخ	8	-
4	شیخ پرویز افضل	8	-
5	مسز پروین افضل	6	5
6	مسز فرناز سعید	6	5
7	مسز نفیسہ امین	5	6
8	مسز حنا علی	8	-
9	مشتاق احمد شاہین	-	4
10	خرم افتخار	-	6

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 اور ICAP کی طرف سے تیار کردہ کارپوریٹ گورننس کے کوڈ کا اطلاق منسلک مالیاتی حسابات کی تیاری پر کیا گیا ہے اور ٹرانسفر پرائسنگ سے متعلقہ سٹاک ایکسچینج کے لسٹنگ قوانین برائے سال 2016 پر بھی عمل کیا گیا ہے۔

ملازمین کی ریٹائرمنٹ کے فوائد:

کمپنی اپنے ملازمین کی ریٹائرمنٹ کے وقت مالی فوائد کے لیے ایکٹ غیر شرکتی گریجویٹ سکیم کا انتظام کرتی ہے جس میں ملازمین، جن کی مدت ملازمت 06 ماہ سے زیادہ ہے، فائدہ حاصل کر سکتے ہیں۔

تقسیم منافع:

مالیاتی سال 30 جون، 2016 کے لیے بورڈ نے منافع تقسیم نہ کرنے کی سفارش کی ہے جس کی وجہ کمپنی کو درپیش لیکویڈٹی مسائل اور پچھلے سالوں میں ہونے والے نقصانات ہیں۔ مستقبل میں کمپنی بہتر اور مثبت کارکردگی کی توقع رکھتی ہے۔

آڈیٹران:

موجودہ آڈیٹرز ظاہر صدیقی اینڈ کو، چارٹرڈ اکاؤنٹنٹ 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 اکاؤنٹنٹ (ICAP) کی طرف سے انہیں تسلی بخش درجہ بندی عطا کی گئی ہے اور کوڈ آف ایٹھکس 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 مال سال 2016-17 سفارش کی ہے۔

شیئر ہولڈنگ کی ترتیب:

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

اظہار تشکر:

بورڈ انتظامی ٹیم کے کارکنوں، عملے اور 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 کرتے ہیں۔

محمد افضل شیخ

چیئرمین

لاہور: 23 ستمبر، 2016

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of the Company: Al-Khair Gadoon Limited

Year Ending: June 30, 2016

This statement is being presented to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited, Chapter 5.19 of the Code of Corporate Governance where the Company is listed for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:-

- 1 The Company encourages representation of non-executive directors and directors representing minority interest on its Board of Directors. At present the Board includes:

Category	Names
Non-Executive Directors	i. Mohammad Afzal Sheikh
	ii. Mr. Mohammad Amin Sheikh
	iii. Mrs. Parveen Afzal
	iv. Mrs. Farnaz Saeed
	v. Mrs. Nafeesa Amin
	vi. Mrs. Hina Ali
Executive Directors	i. Mr. Mohammad Saeed Sheikh
	ii. Sheikh Pervaiz Afzal

- 2 The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies, where applicable).
- 3 All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4 No casual vacancy occurred on the Board of Directors during the period under review.
- 5 The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
- 6 The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 7 All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other Executive and Non-Executive Directors, have been taken by the Board.
- 8 The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9 The board has been provided with detailed in-house briefings and information package to acquaint them with the CCG, applicable laws, their duties and responsibilities to enable them to effectively manage the affairs of the Company for and on behalf of shareholders.

- 10 No new appointment of CFO, Company Secretary or Head of Internal Audit has been made during the year. However, any changes to the remuneration, terms and conditions of the employment of CFO, Company Secretary and Head of Internal Audit have been determined by the CEO with the approval of the Board of Directors.
- 11 The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
- 12 The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
- 13 The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
- 14 The Company has complied with all the corporate and financial reporting requirements of the CCG.
- 15 The board has formed an audit committee. It comprises of four members, three of whom are Non-Executive Directors including Chairman of the Committee.
- 16 The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed by the Board and advised to the committee for compliance.
- 17 The board has formed an HR and Remuneration Committee. It comprises of three members of whom all are Non-Executive Directors including the Chairman of the Committee.
- 18 The Board has set-up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
- 19 The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that neither the firm nor any of the partners of the firm, their spouses and minor children 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.
- 20 The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21 The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to the directors, employees and the stock exchange.
- 22 Material /price sensitive information has been disseminated among all market participants at once through stock exchange.
- 23 We confirm that all other material principles contained in the Code of Corporate Governance have been complied with.

ON BEHALF OF THE BOARD

MOHAMMAD AFZAL SHEIKH
Chairman

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Al-Khair Gadoon Limited (the Company) for the year ended June 30, 2016 to comply with the requirements of Rule 5.19 of the Rule Book of the Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not and to highlight any non compliance with the requirements of the Code of Corporate Governance. 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 Code.

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 Code 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 determine 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 best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2016.

Further, we highlight an instance of non-compliance with the requirement of the Code as reflected in paragraph 1 in the Statement of Compliance with respect to the appointment of at least one Independent Director as required by clause i(b) of the CCG. The Company has shown intention to appoint an Independent Director in the upcoming elections.

Tahir Siddiqi & Co.

Chartered Accountants

(A member firm of TIAG Int'l)

Engagement Partner: Mohammad Tahir Siddiqi, FCA

Lahore: September 23, 2016

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of AL-KHAIR GADOON LIMITED ("the Company") as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a. in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b. in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purposes of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c. in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and the statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d. in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Tahir Siddiqi & Co.

Chartered Accountants

(A member firm of TIAG Int'l)

Engagement Partner: Mohammad Tahir Siddiqi, FCA

BALANCE SHEET AS AT JUNE 30, 2016

	Note	2016 Rs.	2015 Rs.
ASSETS			
NON CURRENT ASSETS			
Property, Plant and Equipment	4	79,381,848	82,076,501
Deferred Taxation	5	5,815,084	3,844,721
		85,196,932	85,921,222
CURRENT ASSETS			
Stores and Spares		1,612,164	1,724,361
Stock in Trade	6	185,188,657	197,192,004
Trade Debts	7	14,773,590	13,277,973
Advances, Deposits and Prepayments	8	178,715,095	206,718,451
Cash and Bank Balances	9	2,953,241	1,466,998
		383,242,747	420,379,787
Non-Current Assets Held for Sale	10	-	13,269,569
TOTAL ASSETS		468,439,679	519,570,578
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	11	100,000,000	100,000,000
Capital Reserves - Share Premium		25,000,000	25,000,000
Unappropriated Profit		60,661,230	53,463,811
Shareholders' Equity		185,661,230	178,463,811
NON CURRENT LIABILITIES			
Deferred Liabilities	12	10,167,256	8,475,515
Loan from associated undertakings - Unsecured		25,000,000	25,000,000
		35,167,256	33,475,515
CURRENT LIABILITIES			
Trade and Other Payables	13	164,402,544	185,134,652
Short Term Borrowings - secured	14	67,774,708	111,515,121
Un-Claimed Dividend		1,844,946	1,844,946
Provision for Taxation		13,588,995	9,136,533
		247,611,193	307,631,252
CONTINGENCIES AND COMMITMENTS	15	-	-
TOTAL EQUITY AND LIABILITIES		468,439,679	519,570,578

The annexed notes 1 to 31 form an integral part of these financial statements.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rs.	2015 Rs.
Sales - net	16	351,321,479	400,291,928
Cost of sales	17	(303,649,387)	(345,132,102)
Gross profit		47,672,092	55,159,826
Administrative expenses	18	(20,672,586)	(21,173,146)
Distribution expenses	19	(13,991,087)	(19,326,183)
		(34,663,673)	(40,499,329)
Operating profit		13,008,419	14,660,497
Finance cost	20	(2,589,060)	(13,730,079)
Other operating expenses	21	(829,923)	-
Other operating income	22	613,517	474,281
		(2,805,466)	(13,255,798)
Profit before taxation		10,202,953	1,404,699
Provision for Taxation	23	(2,482,099)	(5,104,033)
Profit / (loss) for the year		7,720,854	(3,699,334)
Earnings per share - before tax (basic and diluted - Rupees)	24	1.02	0.14
Earnings per share - after tax (basic and diluted - Rupees)	24	0.77	(0.37)

The annexed notes 1 to 31 form an integral part of these financial statements.

MOHAMMAD AFZAL SHEIKH
CHAIRMAN

MOHAMMAD SAEED SHEIKH
CHIEF EXECUTIVE

Lahore: September 23, 2016

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	<u>Rs.</u>	<u>Rs.</u>
Profit / (loss) for the year	7,720,854	(3,699,334)
Other comprehensive income for the year:		
<i>Items that will not be re-classified to profit or loss</i>		
Re-measurement of retirement benefits	(523,435)	(144,983)
Total comprehensive income for the year	<u><u>7,197,419</u></u>	<u><u>(3,844,317)</u></u>

The annexed notes 1 to 31 form an integral part of these financial statements.

Lahore: September 23, 2016

MOHAMMAD AFZAL SHEIKH
CHAIRMAN

MOHAMMAD SAEED SHEIKH
CHIEF EXECUTIVE

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rs.	2015 Rs.
Cash flows from operating activities			
Profit before taxation		10,202,953	1,404,699
Adjustments for non cash items:			
Depreciation on property, plant and equipment		8,724,968	9,511,702
Finance cost		2,589,060	13,730,079
Gain on sale of property, plant and equipment		(233,415)	(421,341)
Provision for Gratuity		1,717,972	1,905,977
Provision for doubtful debt		78,716	(31,938)
Gain on Disposal of Investment in Associated Company		(600,806)	-
Loss of fixed assets due to fire - net of insurance claim		420,704	-
Provision for Workers' profit participation fund		551,644	-
Provision for Workers' welfare fund		278,279	-
		13,527,121	24,694,479
Operating profit before working capital changes		23,730,074	26,099,178
(Increase)/decrease in current assets			
Stores and spares		112,197	(92,214)
Stock-in-trade		12,003,347	(54,387,524)
Trade debts		(1,574,334)	638,762
Advances, deposits and prepayments		(22,422,466)	11,960,886
		(11,881,256)	(41,880,090)
Increase/(decrease) in current liabilities			
Trade and other payables		(20,809,183)	69,170,943
Cash (used in) / generated from operations		(8,960,365)	53,390,031
Finance cost paid		(3,341,908)	(13,238,330)
Taxes (paid) / Refund		50,425,823	(41,452,580)
Gratuity paid		(549,666)	(376,612)
		46,534,249	(55,067,522)
Net cash generated from / (used in) operating activities		37,573,884	(1,677,491)
Cash flows from investing activities			
Fixed capital expenditure		(10,524,416)	(7,677,282)
Capital work in progress		341,050	5,081,908
Proceeds from sale of property, plant and equipment		275,000	490,034
Proceeds from Insurance Company against loss due to fire		3,690,763	-
Proceeds from disposal of Associated Company		13,870,375	-
Net cash generated from / (used in) investing activities		7,652,772	(2,105,340)
Cash flows from financing activities			
Short term borrowings		(43,740,413)	(51,472,000)
Loan from Directors		-	50,105,342
Net cash used in financing activities		(43,740,413)	(1,366,658)
Net increase / (decrease) in cash and cash equivalents		1,486,243	(5,149,489)
Cash and cash equivalents at the beginning of year		1,466,998	6,616,487
Cash and cash equivalents at the end of year	9	2,953,241	1,466,998

The annexed notes 1 to 31 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2016

	Share Capital	Share Premium	Unappropriated Profit	Total
	(-----Rupees-----)			
Balance as at 1 July 2014	100,000,000	25,000,000	57,308,128	182,308,128
Comprehensive income for the year				
Loss for the year	-	-	(3,699,334)	(3,699,334)
Other comprehensive income for the year	-	-	(144,983)	(144,983)
	-	-	(3,844,317)	(3,844,317)
Balance as at 1 July 2015	100,000,000	25,000,000	53,463,811	178,463,811
Comprehensive income for the year				
Profit for the year	-	-	7,720,854	7,720,854
Other comprehensive income for the year	-	-	(523,435)	(523,435)
	-	-	7,197,419	7,197,419
Balance as at 30 June 2016	100,000,000	25,000,000	60,661,230	185,661,230

The annexed notes 1 to 31 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

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 Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.3 Standards and amendments to approved accounting standards which became effective during the year ended June 30, 2016

There were certain new standards and amendments to the approved accounting standards which became effective during the year ended June 30, 2016 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.

2.4 Amendments to approved accounting standards that are effective for the Company's accounting periods beginning after July 1, 2016:

There are certain new amendments to the approved accounting standards that are mandatory for the Company's accounting periods beginning after July 1, 2016 but are considered not to be relevant or are not expected to have any significant effect on the Company's operations and are, 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 4 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 4. 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 and conversion cost

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-7);
- (b) Assumptions and estimates used in the recognition of deferred taxation (note-5);
- (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).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		(Rupees)	
4 PROPERTY, PLANT AND EQUIPMENT			
Operating Fixed Assets	4.1	79,381,848	81,735,451
Capital Work in Progress	4.3	-	341,050
		79,381,848	82,076,501

4.1 Operating Fixed Assets

	Land Lease Hold	Building		Plant & Machinery	Tools & Equipment	Office Equipment	Furniture & Fixtures	Computer	Vehicle		Total Amount in Rupees
		Lease Hold	Free Hold						Owned	Leased	
As at July 1, 2014											
Cost	1,499,819	9,094,652	41,889,275	32,977,816	2,677,491	6,39,818	2,402,252	1,28,238	4,272,986	-	1,09,974,019
Accumulated Depreciation	-	5,911,578	27,899,545	31,117,869	1,081,535	2,234,448	1,503,544	600,940	17,671,376	-	76,119,291
Net Book Value	1,499,819	3,183,074	14,189,730	21,860,347	1,595,956	4,164,370	898,708	681,298	2,501,610	-	33,854,728
Year ended June 30, 2015											
Opening Net Book Value	1,499,819	3,172,446	14,189,730	21,859,851	1,546,876	4,172,141	898,708	681,297	2,501,119	-	33,854,728
Addition of Cost	-	3,084,229	-	3,111,089	1,106	290,331	3,259	7,239	1,888,254	-	7,477,202
Transfer	-	-	-	-	-	-	-	-	-	-	-
	1,499,819	6,256,675	14,189,730	24,970,940	1,547,882	4,462,472	901,967	688,536	4,389,373	-	41,111,641
Deprec (NEV)											
Cost	-	-	-	-	-	-	-	23,308	42,000	-	65,308
Accumulated Depreciation	-	-	-	-	-	-	-	(1,586)	(23,699)	-	(25,285)
	-	-	-	-	-	-	-	15,722	18,301	-	34,023
Depreciation Charge	-	71,991	1,709,448	1,436,894	33,571	29,681	91,387	51,282	3,111,186	-	4,603,960
Closing Net Book Value	1,499,819	7,738,684	15,899,178	26,244,916	1,581,457	4,491,853	900,155	732,518	7,500,459	-	41,711,641
As at July 1, 2015											
Cost	1,499,819	11,986,251	61,669,275	35,988,885	2,681,811	6,486,730	2,511,502	1,286,180	4,302,728	-	1,10,313,601
Accumulated Depreciation	-	6,272,907	29,199,833	21,751,869	1,265,286	2,191,154	1,609,330	646,637	22,428,693	-	53,465,599
Net Book Value	1,499,819	5,713,344	32,469,442	14,237,016	1,416,525	4,295,576	902,172	639,543	2,074,035	-	56,848,002
Year ended June 30, 2016											
Opening Net Book Value	1,499,819	7,738,684	15,899,178	26,244,916	1,581,457	4,491,853	900,155	732,518	7,500,459	-	41,711,641
Addition of Cost	-	421,111	-	2,948,082	17,159	180,633	3,209	86,799	7,277,071	-	10,535,164
Transfer	-	-	-	-	-	-	-	-	-	-	-
	1,499,819	8,159,795	15,899,178	29,192,998	1,601,616	4,672,486	903,364	819,317	14,777,530	-	52,246,805
Deprec (NEV)											
Cost	-	-	3,983,221	-	-	76,158	1,281,171	11,147	42,000	-	6,303,597
Accumulated Depreciation	-	-	(1,118,096)	-	-	(259,847)	(373,681)	(35,282)	(387,681)	-	(2,174,587)
	-	-	2,865,125	-	-	106,311	1,654,852	46,269	80,781	-	4,129,010
Depreciation Charge	-	76,694	1,694,201	1,499,302	14,644	19,528	3,367	40,111	4,594,341	-	8,298,088
Closing Net Book Value as at June 30, 2016	1,499,819	7,963,101	17,563,379	29,192,998	1,616,260	4,692,014	906,721	859,628	12,271,780	-	60,544,893
Annual Rate of Depreciation	-	8%	3%	8%	8%	8%	8%	10%	30%	30%	

4.2 Depreciation is allocated as under:

Cost of Goods Sold	17	2,433,240	1,591,675
Administrative Expenses	18	1,701,385	2,787,831
Distribution Expenses	19	4,590,343	5,132,196
		8,724,968	9,511,702

	Note	2016	2015
		(Rupees)	
4.3 Capital Work in Progress			
Building		-	2,200
Machinery		-	338,850
		<u>-</u>	<u>341,050</u>

4.4 Disposal of Assets (30.06.2016)

Sr. No.	Particulars	Cost	Acc. Dep.	W.D.V	Sale Proceed	Profit / (loss)	Sold to	Mode of Disposal
1	Motor Vehicle	429,000	387,415	41,585	275,000	233,415	Mr. Agha Gali	Negotiation
2	Building	3,700,320	1,110,096	2,590,224	-	(2,590,224)	-	Loss due to fire
3	Office Equipment	763,558	229,067	534,491	-	(534,491)	-	Loss due to fire
4	Furniture & Fixture	1,292,175	387,653	904,522	-	(904,522)	-	Loss due to fire
5	Computer	117,470	35,241	82,229	-	(82,229)	-	Loss due to fire
		<u>6,302,523</u>	<u>2,149,472</u>	<u>4,153,051</u>	<u>275,000</u>	<u>(3,878,051)</u>		

5 DEFERRED TAXATION

Deferred Tax Assets

Trade debts	241,043	223,629
Deferred liability - Employee benefits	3,151,849	2,712,165
Unutilized Tax Credits	13,868,907	13,868,907

Deferred Tax Liabilities

Accelerated Tax Depreciation	(11,446,715)	(12,959,980)
	<u>5,815,084</u>	<u>3,844,721</u>

6 STOCK IN TRADE

Raw and Packing Material	92,959,555	98,315,417
Work-in-Process	44,236,524	51,524,170
Finished Goods	47,992,578	47,352,417
	<u>185,188,657</u>	<u>197,192,004</u>

7 TRADE DEBTS

Considered Good - unsecured	15,551,147	13,976,814
Provision for Doubtful Debts	(777,557)	(698,841)
	<u>14,773,590</u>	<u>13,277,973</u>

8 ADVANCES, DEPOSITS & PREPAYMENTS

Advances to Employees	3,900,137	1,324,276
Advance Taxes	153,631,334	204,057,157
Letter of Credit	13,213,249	132,160
Prepayments	-	1,204,858
Other receivables	7,970,375	-
	<u>178,715,095</u>	<u>206,718,451</u>

9 CASH AND BANK BALANCES

Cash in Hand	429,674	419,214
Cash at Bank - in current accounts	2,523,567	1,047,784
	<u>2,953,241</u>	<u>1,466,998</u>

	Note	2016 (Rupees)	2015
10 NON-CURRENT ASSETS HELD FOR SALE			
Investment in associated company: Al-Khair, Mirpur (Pvt) Ltd.			
1,499,500 Ordinary shares of Rs. 10/-each		-	13,269,569

The Company had entered into an agreement for disposal of investment in Al-Khair Mirpur (Private) Limited that was inoperative for a long period of time and was not providing appropriate return on investment. The investment has been disposed off at a gain of Rs.600,806/- and utilized to pay off the financial liabilities of the Company.

**11 SHARE CAPITAL
AUTHORISED**

12,000,000 (2015: 12,000,000) Ordinary shares of Rs. 10 each

120,000,000 120,000,000

ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

7,000,000 Ordinary shares of Rs.10 each fully paid in cash

70,000,000 70,000,000

3,000,000 Ordinary shares of Rs. 10 each issued as bonus shares

30,000,000 30,000,000

100,000,000 100,000,000

12 DEFERRED LIABILITIES

Gratuity 12.1 10,167,256 8,475,515

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.

12.1.1 Movement in Net liability recognized

Net Liability at the beginning of the year	8,475,515	6,801,167
Re-Measurements chargeable in Other Comprehensive income	523,435	144,983
Charge for the year	1,717,972	1,905,977
Benefits paid during the year	(549,666)	(376,612)
	<u>10,167,256</u>	<u>8,475,515</u>

12.1.2 Movement in Present value of defined benefit plan

Present value of defined benefit obligation	8,475,515	6,801,167
Current service cost	918,406	807,922
Interest costs	799,566	1,098,055
Benefits Paid	(549,666)	(376,612)
Re-Measurements	523,435	144,983
	<u>10,167,256</u>	<u>8,475,515</u>

	Note	2016 (Rupees)	2015
12.1.3 Expense recognized in Profit & loss account			
Current service cost		918,406	807,922
Interest costs		799,566	1,098,055
		<u>1,717,972</u>	<u>1,905,977</u>
12.1.4 Principal actuarial assumptions			
Discount rate used for Interest cost in P&L charge		9.75%	13.25%
Discount rate used for year-end obligation		7.25%	9.75%
Expected rate of increase in salaries per annum		6.25%	8.75%
Average expected remaining life time of employees		9 years	8 years

Expected charge to Profit & Loss Account for the year ended June 30, 2017 amounts to Rs.1,635,757 in respect of Gratuity.

13 TRADE AND OTHER PAYABLES

Trade creditors and other payables		160,808,045	180,657,597
Taxes Payable		94,458	1,400,576
Mark-up Payable		40,395	793,243
Accrued Expenses		2,629,723	2,283,236
Others		829,923	-
		<u>164,402,544</u>	<u>185,134,652</u>

14 SHORT TERM BORROWINGS
Banking Companies - Secured

ABL - Running Finance	14.1	-	24,994,680
ABL - Finance against Trust Receipts	14.2	-	2,367,025
ABL - Finance against Imported Material	14.3	-	11,927,061
BAFL - Finance against Imported Material	14.4	17,669,366	22,121,013
		17,669,366	61,409,779
Loan from Directors - Unsecured	14.5	50,105,342	50,105,342
		<u>67,774,708</u>	<u>111,515,121</u>

14.1 Short term running finance facility under mark-up arrangements of Rs.25 million (2015: Rs.25 million) has been availed from Allied Bank Limited. The finance facility carries markup at 3 months average KIBOR plus 300 basis points per annum. It is secured against first charge on all present and future stocks amounting to Rs.25 Million.

- 14.2 Short term finance against trust receipts is available from Allied Bank Limited amounting to Rs. 10 million (2015: Rs.10 million). The FATR carries markup at flexible rate linked with 3 months average KIBOR plus 275 (2015: 275) basis points per annum. The facility is secured against first charge on all present and future stocks amounting to Rs.25 Million.
- 14.3 Finance against imported material is also available for Rs.40 million (2015: Rs.40 million) from Allied Bank Limited against L/C documents. The FIM facility carries mark-up at flexible rate linked with 3 months average KIBOR plus 275 (2015: 275) basis points per annum. The FIM facility is secured by lien over import documents, pledge of imported merchandise and the personal guarantees of Directors. Facility against letter of credit is also available for Rs.90 million (2015: Rs.90 million) from Allied Bank Limited for import of raw material only. This facility carries mark-up 0.1% per quarter and adjusted through own sources/FATR/FIM. The facility is secured by lien over import documents and nil cash margin.
- 14.4 The Company has obtained the facility of Finance against imported material from Bank Al-Falah Limited amounting to Rs150 million (2015: 150 million). The facility attracts mark-up at flexible rate linked with 3 months KIBOR plus 200 (2015: 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 (2015: 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.
- 14.5 This represents the Interest free Loan from Directors received during the year ended 2015. 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 Nil (2015 : Nil)

15.2 Commitments

Commitments in respect of L/Cs at the terminal date were Rs.24.53 million (2015: 57.58 million).

	Note	2016 (Rupees)	2015
16 SALES			
Local sales		417,200,430	475,832,234
Less: Sales tax		65,878,951	75,540,306
		<u>351,321,479</u>	<u>400,291,928</u>

	Note	2016	2015
		(Rupees)	
17 COST OF GOODS SOLD			
Opening stock of raw material		100,039,778	96,891,629
Purchases		274,787,398	382,328,324
Closing stock of raw material		(94,571,719)	(100,039,778)
Raw material consumed		280,255,457	379,180,175
Salaries, wages and other benefits	17.1	11,427,605	9,167,828
Power & Fuel and Lubricants		1,393,398	3,807,729
Repair & Maintenance		996,333	2,216,122
Depreciation	4.2	2,433,240	1,591,675
Insurance		495,869	500,162
		297,001,902	396,463,691
Opening stock of work in process		51,524,170	26,064,552
Closing stock of work in process		(44,236,524)	(51,524,170)
Cost of goods manufactured		304,289,548	371,004,073
Opening stock of finished goods		47,352,417	21,480,446
Closing stock of finished goods		(47,992,578)	(47,352,417)
Cost Of Goods Sold		303,649,387	345,132,102

17.1 Salaries and other benefits include Rs.775,858 (2015: Rs.860,764) in respect of defined benefit plan under non-funded gratuity scheme.

18 ADMINISTRATIVE EXPENSES

Directors' Remuneration		4,366,531	4,030,424
Salaries & benefits	18.1	6,183,436	5,883,132
Travelling & Conveyance		562,968	444,005
Postage, telephone & telefaxes		793,686	147,059
Rent, rates & taxes		331,200	35,000
Vehicle running & maintenance		779,900	256,715
Legal & professional charges		154,250	228,635
Auditors' remuneration	18.2	500,000	450,000
Printing & stationery		146,417	274,658
Staff Welfare		450,416	852,514
Entertainment		216,450	369,357
Utility Charges		2,771,272	2,419,930
Fee & subscription		31,234	617,227
Depreciation	4.2	1,701,385	2,787,831
Medical Expenses		33,231	176,001
Internet Charges		112,540	206,300
Newspaper & periodicals		19,547	26,700
Provision for bad debts		78,716	(31,938)
Repair and Maintenance		392,415	532,417
Insurance		896,661	832,025
Advertisements		14,000	444,699
Property Tax		136,331	190,455
		20,672,586	21,173,146

18.1	Salaries and other benefits include Rs.498,766 (2015: Rs.553,348) in respect of defined benefit plan under non-funded gratuity scheme.			
			2016	2015
18.2	Auditors' remuneration	Note	(Rupees)	
	Audit fee		475,000	425,000
	Out of pocket expenses		25,000	25,000
			<u>500,000</u>	<u>450,000</u>
19	DISTRIBUTION EXPENSES			
	Salaries & wages	19.1	5,325,418	7,042,209
	Staff welfare		433,020	667,398
	Entertainment		346,414	662,254
	Printing and stationery		132,541	425,140
	Telephone and postage		265,870	297,059
	Travelling and conveyance		872,627	2,034,464
	Vehicle repair and maintenance		963,541	1,267,550
	Newspaper and periodicals		81,265	132,541
	Utility charges		980,048	1,665,372
	Depreciation	4.2	4,590,343	5,132,196
			<u>13,991,087</u>	<u>19,326,183</u>
19.1	Salaries and other benefits include Rs.443,348 (2015: Rs.491,865) in respect of defined benefit plan under non-funded gratuity scheme.			
20	FINANCE COST			
	Mark up on short term financing		2,140,856	12,998,710
	Bank & muddadam charges		448,204	731,369
			<u>2,589,060</u>	<u>13,730,079</u>
21	OTHER OPERATING EXPENSES			
	Workers' Profit Participation Fund - WPPF		551,644	-
	Workers' Welfare Fund - WWF		278,279	-
			<u>829,923</u>	<u>-</u>
22	OTHER OPERATING INCOME			
	Loss of fixed assets due to fire		(4,111,467)	-
	Insurance claim received against loss due to fire		3,690,763	-
	Gain on sale of fixed assets		233,415	421,341
	Insurance claim - Others		200,000	-
	Gain on Disposal of Investment in Associated Company		600,806	-
	Rebate on advertisement		-	52,940
			<u>613,517</u>	<u>474,281</u>
23	PROVISION FOR TAXATION			
	Current Taxation			
	- For the year		4,452,462	4,002,919
	- For prior year		-	4,826,809
			<u>4,452,462</u>	<u>8,829,728</u>
	Deferred Taxation		(1,970,363)	(3,725,695)
			<u>2,482,099</u>	<u>5,104,033</u>

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 / (loss) for the year before taxation	(Rupees)	10,202,953	1,404,699
Profit / (loss) for the year after taxation	(Rupees)	7,720,854	(3,699,334)
Number of Shares	(Shares)	10,000,000	10,000,000
Earnings / (loss) per share before taxation	(Rupees)	1.02	0.14
Earnings / (loss) per share after taxation	(Rupees)	0.77	(0.37)

25 CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE REMUNERATION

	Chief Executive		Directors		Executives		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rupees		Rupees		Rupees		Rupees	
Managerial Remuneration	2,006,256	1,785,693	2,006,256	1,785,693	7,424,714	4,692,708	11,437,226	8,264,094
Utilities	273,105	254,711	80,914	204,327	-	-	354,019	459,038
Total	2,279,361	2,040,404	2,087,170	1,990,020	7,424,714	4,692,708	11,791,245	8,723,132

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.

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:-

	2016	2015
	(Rupees)	
Trade Debtors	15,551,147	13,976,814
Advances to staff	3,900,137	1,324,276
Other Receivables	7,970,375	-
Cash at Bank	2,523,567	1,047,784
	29,945,226	16,348,874

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:-

	2016	2015
Past due 0-30 days	8,134,373	7,588,489
Past due 31-120 days	4,127,760	3,271,210
Past due 121-365 days	2,756,139	2,458,660
More than one year	532,875	658,455
	15,551,147	13,976,814

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.777,557/- (2015 : Rs.698,841/-).

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.

2016	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	163,532,226	163,532,226	113,946,749	49,585,477	-	-
Unclaimed dividend	1,844,946	1,844,946	1,844,946	-	-	-
Financial charges payable	40,395	40,395	40,395	-	-	-
Short term borrowings	67,774,708	67,774,708	67,774,708	-	-	-
Total	233,192,275	233,192,275	183,606,798	49,585,477	-	-

2015	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	184,341,409	184,341,409	125,374,835	58,966,574	-	-
Unclaimed dividend	1,844,946	1,844,946	1,844,946	-	-	-
Financial charges payable	793,243	793,243	793,243	-	-	-
Short term borrowings	111,515,121	111,515,121	111,515,121	-	-	-
Total	298,494,719	298,494,719	239,528,145	58,966,574	-	-

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	2016		2015	
	Effective rate in %	Carrying amount (Rs.)	Effective rate in %	Carrying amount (Rs.)
Financial Liabilities				
Variable Rate instruments:-				
Short Term Borrowings	11.50 to 12.85	67,774,708	13.60 to 14.95	111,515,121

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:-

	2016	2015
	(Rupees)	
	Increase Profit	(Decrease) Profit
As at June 30, 2016	677,747	(677,747)
As at June 30, 2015	1,115,151	(1,115,151)

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:-

Outstanding Letter of Credits	24,531,926	57,580,000
Average Rate	104.49	101.46
Reporting date rate	104.70	101.78

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.

	2016	2015
	(Rupees)	
The effect on Profit and loss Account is (Rs.)	2,453,193	5,758,000

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.

	2016	2015
Total Debt	92,774,708	136,515,121
Total Equity	185,661,230	178,463,811
Total Capital Employed	<u>278,435,938</u>	<u>314,978,932</u>
Gearing Ratio	33.32%	43.34%

27 TRANSACTIONS WITH RELATED PARTIES

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. Transactions with related parties are disclosed as under:-

Description	Nature of transaction	Amount	Outstanding balance
Al-Khair Global (Private) Limited	Purchase of materials	5,736,292	-
Noble Foam (Private) Limited	Purchase of materials	1,800,572	-
Loan from Directors	Loan	-	-

27.1 Loan from Directors

This represents the Interest free Loan from Directors received during the year ended 2015. It is unsecured and interest free loan which is repayable on Demand.

28 CAPACITY AND PRODUCTION

	2016 Tones	2015 Tones
Rated capacity	13,280	13,280
Capacity utilized	1,374	1,341

It is important to disclose that the capacity of plant is utilized according to the demand of the products.

29 NUMBER OF EMPLOYEES

	2016	2015
Total number of Employees	174	181
Average number of Employees	176	182

30 FIGURES

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

31 DATE OF AUTHORIZATION

These financial statements were authorized for issue on September 23, 2016 by the Board of Directors of the Company.

YEAR WISE STATISTICAL SUMMARY

	2016	2015	2014	2013	2012	2011
	(Amount in millions)					
Investment Measures						
Share Capital	100	100	100	100	100	100
Shareholders' Equity	185.66	178.46	182.30	208.80	198.99	156.78
Profit / (loss) before taxation	10.20	1.40	(18.33)	40.13	35.06	13.34
Profit after taxation	7.72	(3.70)	(26.27)	25.30	45.05	5.12
Dividend Per share	-	-	-	-	1.50	1.00
Earnings / (Loss) per share - Rs.	0.77	(0.37)	(2.63)	2.53	4.51	0.51
Break-up value per share - Rs.	18.57	17.85	18.23	20.88	19.89	15.68
Measures of Financial Status						
Current Ratio	1.55:1	1.37:1	1.33:1	1.39:1	1.39:1	1.37:1
No of days - Stock	232	179	96	63	166	100
No of days - Debtors	14.37	12.38	9.12	2.36	39.00	40.00
Measures of Financial Performance						
Return on Capital Employed	3.50%	-1.31%	-10.05%	18.56%	11.24%	4.68%
Gross Profit Ratio	13.57%	13.78%	7.15%	11.90%	14.30%	16.45%
Profit before tax to sales	2.90%	0.35%	-3.57%	3.50%	4.02%	2.47%
Profit after tax to sales	2.20%	-0.92%	-5.12%	2.21%	5.16%	0.95%
Debt Equity Ratio	33.32%	43.34%	43.06%	33.44%	40.36%	45.36%

**PATTERN OF HOLDING OF THE SHARES HELD
BY THE MEMBERS OF AL-KHAIR GADOON LIMITED
AS AT JUNE 30, 2016**

Sr. No.	Number of Shareholders	HOLDING		Total Shares Held
		From	To	
1	29	1	100	500
2	181	101	500	90,300
3	57	501	1000	57,000
4	50	1001	5000	142,645
5	16	5001	10000	127,000
6	6	10001	15000	69,500
7	1	15001	20000	20,000
8	2	20001	25000	42,793
9	1	30001	35000	32,000
10	1	35001	40000	38,923
11	1	60001	65000	63,500
12	5	95001	100000	491,500
13	2	120001	125000	244,437
14	1	195001	200000	200,000
15	1	245001	250000	250,000
16	1	425001	430000	430,000
17	1	435001	440000	435,500
18	2	495001	500000	999,000
19	3	600001	605000	1,805,000
20	1	665001	670000	666,500
21	1	675000	680000	676,291
22	1	695001	700000	699,000
23	1	700001	705000	701,000
24	1	795001	800000	800,000
25	1	915001	920000	917,611
	367			10,000,000

Categories of Shareholders	No. of Shareholders	No. of Shares held	Percentage
Individuals	360	9,975,120	99.751%
Investment Companies	1	500	0.005%
Joint Stock Companies	6	24,380	0.244%
	367	10,000,000	100.000%

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	699,000
	e) Mrs. Parveen Afzal	Director	601,000
	f) Mrs. Farnaz Saeed	Director	800,000
	g) Mrs. Nafeesa Amin	Director	500,000
	h) Mrs. Hina Ali	Director	1,000
			<hr/> 4,797,902
3	SPOUSE AND CHILDREN		
	a) Mr. Nadeem Afzal s/o M. Afzal Sheikh		601,000
	b) Mr. Ali Afzal s/o M. Afzal Sheikh		121,700
	c) Miss Huma Afzal d/o Sheikh Pervaiz Afzal		100,000
	d) Mr. Muhammad Saad		499,000
	e) Mr. Muhammad Ahmed		98,000
	e) Mrs. Munawar Pervaiz		701,000
			<hr/> 2,120,700
4	PUBLIC SECTOR COMPANIES		24,380
5	GENERAL PUBLIC		3,056,518
			<hr/> 10,000,000 <hr/>
6	SHAREHOLDING 5% OR MORE		
	Mrs. Mahmooda Iqbal		666,500
7	Trades in the shares by Directors, CEO, CFO, Company Secretary, Executives and their Spouses and Minor Children		
	Name	Sale	Purchase

Form of Proxy

I/We _____

of _____

a member of **AL-KHAIR GADOON LIMITED**

hereby appoint _____

of _____

or failing him _____

of _____

who is/are also member/s of **AL-KHAIR GADOON LIMITED** to act as my/our proxy and to vote for me/us and on my/our behalf at the Annual General Meeting of the shareholders of the Company to be held on the 31st day of October 2016 and at any adjournment thereof.

Signed this _____ day of _____ 2016.

Folio No.	CDC Participant ID No.	CDC Account/ Sub-Account No.	No. of Shares held	Signature over Revenue Stamp

Witness 1

Signature _____

Name _____

CNIC No. _____

Address _____

Witness 2

Signature _____

Name _____

CNIC No. _____

Address _____

- Notes:
1. The proxy must be a member of the Company.
 2. The signature must tally with the specimen signature/s registered with the Company.
 3. If a proxy is granted by a member who has deposited his/her shares in Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and CDC account/sub-account number along with attested photocopies of Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.
 4. The instrument of Proxy properly completed should be deposited at the Corporate Office of the Company not less than 48 hours before the time of the meeting.

مختار نامہ (پراکسی فارم)

میں / ہم _____ ساکن
 _____ ساکن
 بحیثیت رکن (ممبر) الخیر گدون لیمیٹڈ مقرر کرتا / کرتی ہوں / کرتے ہیں سنی اسماء _____ ساکن
 کو یا ان کی غیر حاضری میں سنی اسماء _____ ساکن
 کو جو خود بھی الخیر گدون لیمیٹڈ کا رکن ہے کہ وہ بطور میرا / ہمارا مختار نامہ (پراکسی) الخیر گدون لیمیٹڈ کے سالانہ اجلاس عام میں جو 131 اکتوبر 2016 کو منعقد ہو رہا ہے یا اس کے کسی متوی شدہ اجلاس میں شرکت کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔

_____ کو میرے / ہمارے دستخط سے جاری ہوا۔

رسیدی ٹکٹ پر دستخط

فولیو نمبر	سی ڈی سی نمبر	حصص کی تعداد

گواہ نمبر _____ دستخط _____	گواہ نمبر _____ دستخط _____
نام _____	نام _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____
پتہ _____	پتہ _____

ہدایات:

- 1- مختار (پراکسی) کا کہنی کارکن (ممبر) ہونا ضروری ہے۔
- 2- ممبر (رکن) کے دستخط، نمونہ شدہ دستخط / اندراج شدہ دستخط سے مماثلت ہونا ضروری ہے۔
- 3- سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی صدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ ادارے کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔
- 3- مختار نامہ (پراکسی فارم) مکمل پُر شدہ کہنی کے باہرین آفس میں اجلاس کے مقرر وقت سے کم از کم ۳۸ گھنٹے قبل جمع کرانا ضروری ہے۔

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