

AL-KHAIR GADOON LTD.



Condensed Interim
Financial Statements
Half Year Ended
December 31, 2014
(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 |
| Mrs. Hina Ali | - Director |

AUDIT COMMITTEE:

| | |
|----------------------|-------------|
| Sheikh Pervaiz Afzal | - Chairman |
| Mrs. Parveen Afzal | - Member |
| Mrs. Farnaz Saeed | - Member |
| Mr. Khurram Iftikhar | - Secretary |

HUMAN RESOURCE & REMUNERATION COMMITTEE:

| | |
|-----------------------|-------------|
| Mrs. Munawar Pervaiz | - Chairman |
| Sheikh Pervaiz Afzal | - Member |
| Mrs. Nafeesa Amin | - Member |
| Mushtaq Ahmed Shaheen | - Secretary |

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)
Tel: (0938) 270260
Fax: (0938) 270270

CORPORATE OFFICE:

Al-Khair House,
43-T, Gulberg II,
Lahore.
Tel: (042) 111-111-043



DIRECTORS' REVIEW REPORT
For the Half Year Ended December 31, 2014

The Directors are pleased to present the condensed financial statements of the Company for the half year ended December 31, 2014.

During the half year ended December 31, 2014, the company has faced decline in growth trend and has registered decline in its turnover by 6.41% as compared to the corresponding period of last year whereas a reduction of 15.75% in sales volume is seen during last quarter in comparison of the corresponding period.

During the period under report, Company's absolute gross profit decreased by 31.06%, because of high cost of inventory consumed during the period. Since the continuous reduction in petroleum products prices is effecting the current market prices of end products. The Company managed to mitigate the effect through selective price increases but due to cut throat competition in foam market refrained to achieve the desired results.

Future Prospect

The Company has undertaken concerted measures to expand its customer base and improve the quality standard of our products. The value additions through design change and other marketing techniques will improve the quality of the products resulting into improvement in the sales volumes and numbers as well. Measures have also been taken to further streamline operations for still better management of our costs.

Subject to economic situation in the country the directors are confident that increased sales and enhanced cost control measures would help us improve our bottom line in the foreseeable future.

FOR AND ON BEHALF OF THE BOARD



MOHAMMAD AFZAL SHEIKH
Chairman

Lahore: February 19, 2015



**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, 2014, 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, 2014 and 2013 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, 2014.

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 19, 2015

Engagement Partner : Mohammad Tahir Siddiqi



AL-Khair Gadoon Ltd.

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2014

| | Notes | Un-Audited December 31, 2014 Rupees | Audited June 30, 2014 Rupees |
|---|-------|--|---------------------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, Plant & Equipment | 4 | 85,246,881 | 89,061,521 |
| Deferred Tax Assets | | 1,180,034 | 119,026 |
| | | 86,426,915 | 89,180,547 |
| CURRENT ASSETS | | | |
| Stores & Spares | | 2,154,174 | 1,632,147 |
| Stock in Trade | | 182,272,034 | 142,804,480 |
| Trade Debts | | 11,493,767 | 13,884,797 |
| Advances, deposits, prepayments & other receivables | | 244,729,988 | 182,053,567 |
| Cash & Bank Balances | | 6,014,238 | 6,616,487 |
| | | 446,664,201 | 346,991,478 |
| Non-Current assets held for sale | 5 | 13,269,569 | 13,269,569 |
| | | 546,360,685 | 449,441,594 |
| EQUITY AND LIABILITIES | | | |
| Authorized Capital | | | |
| 12,000,000 ordinary shares of Rs.10 each | | 120,000,000 | 120,000,000 |
| Issued, Subscribed & Paid up Capital | | | |
| 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 | | 40,180,499 | 57,308,128 |
| Shareholders' Equity | | 165,180,499 | 182,308,128 |
| NON-CURRENT LIABILITIES | | | |
| Deferred Liabilities | | 6,801,167 | 6,801,167 |
| CURRENT LIABILITIES | | | |
| Trade & other Payables | | 173,709,834 | 115,471,961 |
| Short Term Borrowings | 6 | 192,048,925 | 137,881,778 |
| Un-Claimed Dividend | | 1,844,946 | 1,844,946 |
| Provision for Taxation | | 6,775,314 | 5,133,614 |
| | | 374,379,019 | 260,332,299 |
| Contingencies & Commitments | | | |
| | | 546,360,685 | 449,441,594 |

The annexed notes 1 to 9 form an integral part of these condensed financial statements.

Lahore: February 19, 2015

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, 2014

| | Half year ended | | Quarter ended | |
|--|---------------------|---------------------|--------------------|--------------------|
| | Jul-Dec, 2014 | Jul-Dec, 2013 | Oct-Dec, 2014 | Oct-Dec, 2013 |
| | Rupees | | Rupees | |
| Sales | 164,169,963 | 196,395,730 | 106,973,553 | 126,972,974 |
| Cost of Sales | 152,032,589 | 178,791,166 | 98,945,905 | 117,554,607 |
| Gross Profit | 12,137,374 | 17,604,564 | 8,027,648 | 9,418,367 |
| Operating Expenses | | | | |
| Administrative Expenses | 12,520,985 | 15,937,020 | 7,248,353 | 6,859,628 |
| Distribution Expenses | 10,687,214 | 11,945,250 | 6,622,205 | 4,414,216 |
| | 23,208,199 | 27,882,270 | 13,870,558 | 11,273,844 |
| Operating Profit / (Loss) | (11,070,825) | (10,277,706) | (5,842,910) | (1,855,477) |
| Financial Expenses | 5,476,112 | 1,936,733 | 1,404,016 | 754,918 |
| Other Income | - | 424,126 | - | 424,126 |
| Loss Before Taxation | (16,546,937) | (11,790,313) | (7,246,926) | (2,186,269) |
| Provision for Taxation | 580,692 | 3,210,224 | 8,728 | 2,515,996 |
| Profit / (Loss) after taxation | (17,127,629) | (15,000,537) | (7,255,654) | (4,702,265) |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income For the period | (17,127,629) | (15,000,537) | (7,255,654) | (4,702,265) |
| Earnings/(Loss) per share-Basic & Diluted (Rupees) | | | | |
| Before tax | (1.65) | (1.18) | (0.72) | (0.22) |
| After tax | (1.71) | (1.50) | (0.73) | (0.47) |

The annexed notes 1 to 9 form an integral part of these condensed financial statements.

Lahore: February 19, 2015


MOHAMMAD AFZAL SHEIKH
Chairman


MOHAMMAD SAEED SHEIKH
Chief Executive



AL-Khair Gadoon Ltd.

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

| | Jul-Dec, 2014 Rupees | Jul-Dec, 2013 Rupees |
|---|--------------------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| (Loss) before Taxation | (16,546,937) | (11,790,313) |
| Adjustment for: | | |
| Depreciation | 4,740,645 | 4,952,009 |
| Provision for bad debts | (125,844) | (160,244) |
| Finance cost | 5,476,112 | 1,936,733 |
| Provision for Gratuity | - | 633,006 |
| (Gain) / Loss on Sale of Fixed Assets | - | (309,870) |
| | (6,456,024) | (4,738,679) |
| (Increase) / decrease in Current Assets | | |
| Stores & Spares | (522,027) | 87,134 |
| Stocks in Trade | (39,467,554) | (73,695,727) |
| Trade Debts | 2,516,873 | 3,204,874 |
| Advances, deposits, prepayments & other receivables | (18,153,027) | 2,135,527 |
| | (55,625,735) | (68,268,192) |
| Increase / (decrease) in Current Liabilities | | |
| Trade & Other Payables | 58,118,504 | (379,630) |
| Cash used in Operations | (3,963,255) | (73,386,501) |
| Finance cost Paid | (5,356,744) | (1,899,065) |
| Taxes (paid) / Refund | (44,523,394) | 44,164,927 |
| Gratuity Paid | - | (28,654) |
| NET CASH USED IN OPERATING ACTIVITIES | (53,843,393) | (31,149,293) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of PPE | (6,348,963) | (622,150) |
| Capital work in progress | 5,422,958 | (1,540,419) |
| Proceeds from Sale of PPE | - | 350,000 |
| NET CASH USED IN INVESTING ACTIVITIES | (926,005) | (1,812,569) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payment of obligation under finance lease | - | (167,174) |
| Short Term Borrowings | 53,602,505 | 32,039,749 |
| NET CASH USED GENERATED FROM FINANCING ACTIVITIES | 53,602,505 | 31,872,575 |
| Net Decrease in Cash & Cash Equivalents | (1,166,891) | (1,089,287) |
| Cash & Cash Equivalents At the Beginning of the period | (27,565,800) | (21,640,385) |
| Cash & Cash Equivalents at the end of the Period | Note-7 (28,732,691) | (22,729,672) |

The annexed notes 1 to 9 form an integral part of these condensed financial statements.

MOHAMMAD AFZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

Lahore: February 19, 2015

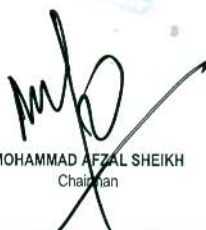


AL-Khair Gadoon Ltd.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

| | Share Capital | Share Premium | Un-appropriated Profit | Total |
|--|---------------|---------------|------------------------|--------------|
| | R | u | p | |
| Balance as at July 01, 2013 - restated | 100,000,000 | 25,000,000 | 83,801,165 | 208,801,165 |
| Total comprehensive income for the first half | | | (15,000,537) | (15,000,537) |
| Balance as on December 31, 2013 | 100,000,000 | 25,000,000 | 68,800,628 | 193,800,628 |
| Total comprehensive income for the second half | - | - | (11,492,500) | (11,492,500) |
| Balance as at July 01, 2014 | 100,000,000 | 25,000,000 | 57,308,128 | 182,308,128 |
| Total comprehensive income for the first half | | | (17,127,629) | (17,127,629) |
| Balance as on December 31, 2014 | 100,000,000 | 25,000,000 | 40,180,499 | 165,180,499 |

The annexed notes 1 to 9 form an integral part of these condensed financial statements.



MOHAMMAD AFZAL SHEIKH
Chairman



MOHAMMAD SAEED SHEIKH
Chief Executive

Lahore: February 19, 2015



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2014

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. 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, 2014.

2.2 The comparative balance sheet presented in these financial information as at June 30, 2014 has been extracted from the audited financial statements for the year ended June 30, 2014 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, 2013 and were subject to review but not audited. The comparative profit and loss account for the quarter ended December 31, 2013 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, 2014.

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, 2014.

3.4 The provision for taxation for the half year ended December 31, 2014 has been made on an estimated basis.

| | December 31, 2014 Rupees | June 30, 2014 Rupees |
|---|--------------------------------|----------------------------|
| 4 PROPERTY, PLANT AND EQUIPMENTS | | |
| Opening book value | 83,638,563 | 84,748,920 |
| Addition during the period / year | 6,348,963 | 9,013,084 |
| Disposal during the period / year | | |
| Cost | - | 877,500 |
| Accumulated Depreciation | - | (833,372) |
| | - | 44,128 |
| Depreciation charge for the period / year | (4,740,645) | (10,079,313) |
| Closing net book value | 85,246,881 | 83,638,563 |
| Capital work in progress | - | 5,422,958 |
| | 85,246,881 | 89,061,521 |



AL-Khair Gadoon Ltd.

| | |
|--------------------------------|----------------------------|
| December 31, 2014 Rupees | June 30, 2014 Rupees |
|--------------------------------|----------------------------|

5 NON-CURRENT ASSETS HELD FOR SALE

| | | |
|----------------------------------|------------|------------|
| Investment in associated Company | 13,269,569 | 13,269,569 |
|----------------------------------|------------|------------|

The members of the Company in Annual General Meeting held on October 31, 2013, had approved the divestment of 1,499,500 Ordinary Shares of Rs.10/- each of Al-Khair Mripur (Private) Limited due to the reason that such investment was not giving the desired results for the last many years. Therefore, "Investment in associated company" having book value of Rs.13.269 Million have been classified as Non-Current Assets Held for Sale.

6 SHORT TERM BORROWINGS

| | | |
|---|-------------|-------------|
| ABL-Running Finance | 34,746,929 | 34,182,287 |
| ABL-Finance Against Imported Material | 27,159,750 | 4,307,000 |
| BAFL-Finance Against Imported Material | 85,142,246 | 74,392,491 |
| | 147,048,925 | 112,881,778 |
| Loan from Associated undertakings - Unsecured | 45,000,000 | 25,000,000 |
| | 192,048,925 | 137,881,778 |

7 CASH AND CASH EQUIVALENT

| | | |
|------------------------|--------------------------------|--------------------------------|
| | December 31, 2014 Rupees | December 31, 2013 Rupees |
| Cash and Bank Balances | 6,014,238 | 8,093,632 |
| Running Finance | (34,746,929) | (30,823,304) |
| | (28,732,691) | (22,729,672) |

8 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.

9 Date of authorization

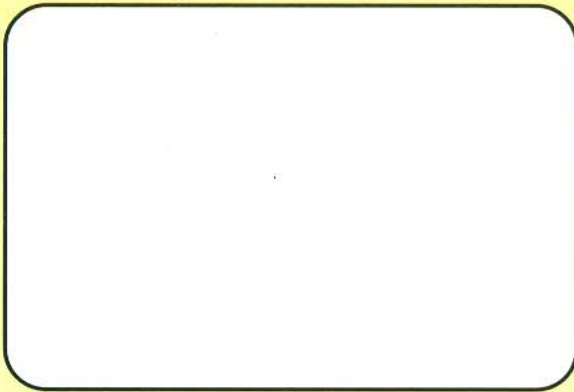
These financial instruments were authorized for issue on February 19, 2015 by the Board of Directors of the Company.


 MOHAMMAD AFZAL SHEIKH
 Chairman


 MOHAMMAD SAEED SHEIKH
 Chief Executive

Lahore: February 19, 2015

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Since 1980

Al-Khair Gadoon Ltd.

43-T, Gulberg II, Lahore.

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

E-mail: info@alkhairgroup.com, alkhairgroup@hotmail.com

URL: www.alkhairgroup.com