



**Condensed Interim
Financial Statements
Half Year Ended
December 31, 2015
(Un-Audited)**



AL-KHAIR GADOON LTD.



AL-Khair Gadoon Ltd.

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
Mr. Sheikh Pervaiz Afzal	- 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



AL-Khair Gadoon Ltd.

DIRECTORS' REVIEW REPORT For the Half Year Ended December 31, 2015

The Directors are pleased to present Condensed Interim Financial Statements of the Company for the half year ended December 31, 2015.

During the half year ended December 31, 2015, the company has continued to geared up itself into growth trend and has registered growth in its turnover of 15.89% compared to the corresponding period of last year.

During the period under report, Company's absolute gross profit increased by Rs.12.91 million, due to continual reduction in petroleum prices in the international market that supported to improve profitability to the certain extent. There is a rise in rates of Custom duties that has adversely affected the profitability coupled with cut throat competition with competitors.

The operations have generated Earnings before Tax amounting to Rs.4.188 million during the half year ended December 2015 against the loss of Rs.16.55 million of the corresponding period of last year resulting in an increase of Rs.20.738 million mainly due to low petrochemical prices, better product mix and production efficiencies.

Future Prospect

We foresee intensified competition from existing players and new entrants in to the Foam Industry. However, your Company has been exhibiting strong performance against challenges over the years, be it vulnerability of increased competition, rise in duties and taxes or fluctuating exchange rate. Operational excellence and management skills have positioned the Company for sustainable growth to meet challenges ahead. Being socially responsible, financially viable and operationally smart will remain the key objectives of the Company.

FOR AND ON BEHALF OF THE BOARD

MOHAMMAD AFZAL SHEIKH
Chairman



**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, 2015, 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, 2015 and 2014 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, 2015.

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 23, 2016

Audit Engagement Partner : Mohammad Tahir Siddiqi



AL-Khair Gadoon Ltd.

CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2015

	Notes	Un-Audited December 31, 2015 Rupees	Audited June 30, 2015 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipments	4	75,826,439	82,076,501
Deferred Tax Assets		4,394,926	3,844,721
		80,221,365	85,921,222
CURRENT ASSETS			
Store & Spares		1,852,547	1,724,361
Stock in Trade		217,499,392	197,192,004
Trade Debts		10,426,960	13,277,973
Advances, deposits, Prepayments & other receivables		167,948,663	206,718,451
Cash & Bank Balances		4,136,351	1,466,998
		401,863,913	420,379,787
Non-Current assets held for sale	5	13,269,569	13,269,569
		495,354,847	519,570,578
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		56,299,539	53,463,811
Shareholders' Equity		181,299,539	178,463,811
NON-CURRENT LIABILITIES			
Deferred Liabilities		8,475,515	8,475,515
Loan from Directors	6	50,105,342	50,105,342
CURRENT LIABILITIES			
Trade & other Payables		147,897,978	185,134,652
Short Term Borrowings	7	94,692,363	86,409,779
Un-Claimed Dividend		1,844,946	1,844,946
Provision for Taxation		11,039,164	9,136,533
		255,474,451	282,525,910
Contingencies & Commitments			
		495,354,847	519,570,578

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

Lahore: February 23, 2016

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, 2015

	Half year ended		Quarter ended	
	Jul-Dec, 2015	Jul-Dec, 2014	Oct-Dec, 2015	Oct-Dec, 2014
	Rupees		Rupees	
Sales	190,263,119	164,169,963	122,204,916	106,973,553
Cost of Sales	165,220,875	152,032,589	109,526,026	98,945,905
Gross Profit	25,042,244	12,137,374	12,678,890	8,027,648
Operating Expenses				
Administrative Expenses	11,863,725	12,520,985	6,363,875	7,248,353
Distribution Expenses	6,633,642	10,687,214	3,473,476	6,622,205
	18,497,367	23,208,199	9,837,351	13,870,558
Operating Profit	6,544,877	(11,070,825)	2,841,539	(5,842,910)
Financial Expenses	1,936,019	5,476,112	843,216	1,404,016
Other Income / (loss)	(420,704)	-	(420,704)	-
Profit Before Taxation	4,188,154	(16,546,937)	1,577,619	(7,246,926)
Provision for Taxation	1,352,426	580,692	671,844	8,728
Profit/(Loss) after taxation	2,835,728	(17,127,629)	905,775	(7,255,654)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income For the period	2,835,728	(17,127,629)	905,775	(7,255,654)
Earnings/(Loss) per share-Basic & Diluted (Rupees)				
Before tax	0.42	(1.65)	0.16	(0.72)
After tax	0.28	(1.71)	0.09	(0.73)

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

Lahore: February 23, 2016


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, 2015

	Jul-Dec, 2015 Rupees	Jul-Dec, 2014 Rupees
CASH FLOWS OPERATING ACTIVITIES		
Profit / (Loss) before Taxation	4,188,154	(16,546,937)
Adjustment for:		
Depreciation	4,194,582	4,740,645
Provision for bad debts	(150,054)	(125,844)
Finance cost	1,936,019	5,476,112
Loss of fixed assets due to fire - net of insurance claim	420,704	-
	10,589,405	(6,456,024)
(Increase) / decrease in Current Assets		
Stores & Spares	(128,186)	(522,027)
Stocks in Trade	(20,307,388)	(39,467,554)
Trade Debts	3,001,068	2,516,873
Advances, deposits, prepayments & other receivables	(3,225,578)	(18,153,027)
	(20,660,084)	(55,625,735)
Increase / (decrease) in Current Liabilities		
Trade & Other Payables	(37,034,984)	58,118,504
Net Cash used in Operations	(47,105,663)	(3,963,255)
Finance cost Paid	(2,137,710)	(5,356,744)
Taxes paid/Refund	41,995,366	(44,523,394)
NET CASH USED IN OPERATING ACTIVITIES	(7,248,007)	(53,843,393)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of PPE	(2,397,037)	(6,348,963)
Capital work in progress	341,050	5,422,958
Proceeds from Insurance Company against loss due to fire	3,690,763	-
NET CASH USED IN INVESTING ACTIVITIES	1,634,776	(926,005)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short Term Borrowings	33,277,264	53,602,505
NET CASH GENERATED FROM FINANCING ACTIVITIES	33,277,264	53,602,505
Net Decrease in Cash & Cash Equivalent	27,664,033	(1,166,891)
Cash & Cash Equivalent At the Beginning of the period	(23,527,682)	(27,565,800)
Cash & Cash Equivalent at the end of the Period Note-8	4,136,351	(28,732,691)

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

Lahore: February 23, 2016


MOHAMMAD AFZAL SHEIKH
Chairman


MOHAMMAD SAEED SHEIKH
Chief Executive



AL-Khair Gadoon Ltd.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Share Capital	Share Premium	Un-appropriated Profit	Total
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 at December 31, 2014	100,000,000	25,000,000	40,180,499	165,180,499
Total Comprehensive income for the second half	-	-	13,283,312	13,283,312
Balance as at July 01, 2015	100,000,000	25,000,000	53,463,811	178,463,811
Total comprehensive income for the first half	-	-	2,835,726	2,835,726
Balance as on December 31, 2015	100,000,000	25,000,000	56,299,539	181,299,539

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

Lahore: February 23, 2016


MOHAMMAD AFZAL SHEIKH
Chairman


MOHAMMAD SAEED SHEIKH
Chief Executive



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2015

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, 2015.
- 2.2 The comparative balance sheet presented in these financial information as at June 30, 2015 has been extracted from the audited financial statements for the year ended June 30, 2015 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, 2014 and were subject to review but not audited. The comparative profit and loss account for the quarter ended December 31, 2014 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, 2015.
- 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, 2015.
- 3.4 The provision for taxation for the half year ended December 31, 2015 has been made on an estimated basis.

	December 31, 2015	June 30, 2015
	Rupees	Rupees
4 PROPERTY, PLANT AND EQUIPMENTS		
Opening book value	81,735,451	83,638,564
Addition during the period/year	2,397,037	7,677,282
Disposal during the period/year		
Cost	5,873,524	452,300
Accumulated Depreciation	(1,762,057)	(383,607)
	4,111,467	68,693
Depreciation charge for the period/year	(4,194,582)	(9,511,702)
Closing net book value	75,826,439	81,735,451
Capital work in progress	-	341,050
	75,826,439	82,076,501



AL-Khair Gadoon Ltd.

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 LOAN FROM DIRECTORS

Loan from Directors

50,105,342

50,105,342

This represents the Interest free Loan from Directors. It is unsecured and interest free. The repayment of this loan will be in lump sum or in installments and commence when the company has sufficient funds which the management has not foreseen in the next twelve month.

7 SHORT TERM BORROWINGS

ABL-Running Finance

- 24,994,680

ABL-Finance Against Trust Receipts

- 2,367,025

ABL-Finance Against Imported Material

- 11,927,061

BAFL-Finance Against Imported Material

49,692,363 22,121,013

49,692,363 61,409,779

Loan from Associated undertakings - Unsecured

45,000,000 25,000,000

94,692,363 86,409,779

7.1 The company has obtained the loan from associated undertaking and the same shall be repaid without any mark up when the company has sufficient funds which the management has not foreseen in the next twelve month.

8 CASH AND CASH EQUIVALENT

Cash and Bank Balances

December 31,
2015
Rupees

4,136,351

December 31,
2014
Rupees

6,014,238

Running Finance

-

(34,746,929)

4,136,351

(28,732,691)


9 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.

10 Date of authorization

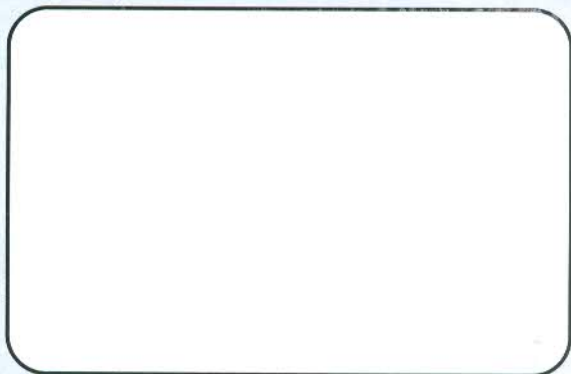
These financial statements were authorized for issue on February 23, 2016 by the Board of Directors of the Company.

Lahore: February 23, 2016


MOHAMMAD AFZAL SHEIKH
Chairman


MOHAMMAD SAEED SHEIKH
Chief Executive

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