

AL-KHAIR GADOON LTD.



AL-KHAIR GROUP



Condensed Interim
Financial Statements
Half Year Ended
December 31, 2016
(Un-Audited)





S.NO	CONTENTS
I	COMPANY INFORMATION
II	DIRECTORS' REVIEW REPORT
III	AUDITORS' REVIEW REPORT
IV	CONDENSED INTERIM BALANCE SHEET
V	CONDENSED INTERIM PROFIT & LOSS ACCOUNT
VI	CONDENSED INTERIM CASH FLOW STATEMENT
VII	CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
VIII	NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS



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
Mr. Tahir Subhani	- Independent Director

AUDIT COMMITTEE:

Mr. Tahir Subhani	- Chairman
Mrs. Parveen Afzal	- Member
Mrs. Farnaz Saeed	- Member
Mr. Khurram Iftikhar	- Secretary

HUMAN RESOURCE & REMUNERATION COMMITTEE:

Mrs. Nafeesa Amin	- Chairman
Mrs. Farnaz Saeed	- Member
Mr. Sheikh Pervaiz Afzal	- Member
Mr. 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



DIRECTORS' REVIEW REPORT
For the Half Year Ended December 31, 2016

The Directors are pleased to present the financial statements of the Company for the half year ended December 31, 2016.

During the half year ended December 31, 2016, the company achieved sales revenue of PKR 162 million as compared to PKR 190 million of the first half of the last year thus resulting into reduction of Gross Profit margin by 0.5%.

Despite the reduction in sales, the Company has maintained the profit margins and the operations have generated earnings before tax amounting to Rs.5.47 million during the half year ended December 2016 against the profit of Rs.4.18 million of the corresponding period of last year. The company has tried its best to keep the operating expenses at low level with a commitment to ensure the same quality standards.

Future Prospect

The Company expects benefits to be derived from the recent economic measures, reduced rate of inflation and improved security concerns in Pakistan by 2017. However, exorbitant price hike of TDI in the international market will create vacuum in the supply chain of raw material and will be very challenging to foam industry. The Company will focus on assessing the needs of our consumers and introducing improved economical products to mitigate the upcoming price hike of TDI. The Company anticipates pressure on margins as a result of aggressive pricing strategy due to increased competition.

However, your Company stays committed to effective product mix management and better trade partnering with customers. The Company has been exhibiting strong performance against challenges over the years, be it vulnerability of increased competition, rise in raw material prices 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



AL-Khair Gadoon Ltd.

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2016

ASSETS	Notes	Un-Audited December 31, 2016 Rupees	Audited June 30, 2016 Rupees
NON-CURRENT ASSETS			
Property, Plant & Equipment	4	80,016,813	79,381,848
Deferred Taxation		5,938,432	5,815,084
		85,955,245	85,196,932
CURRENT ASSETS			
Stores and Spares		1,125,417	1,612,164
Stock in Trade		182,897,302	185,188,657
Trade Debts		11,010,224	14,773,590
Advances, deposits, Prepayments & other receivables		174,218,808	178,715,095
Cash & Bank Balances		2,807,905	2,953,241
		372,059,656	383,242,747
TOTAL ASSETS		458,014,901	468,439,679
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 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
Capital Reserves -Share Premium		25,000,000	25,000,000
Un-Appropriated Profit		64,315,963	60,661,230
Shareholders' Equity		189,315,963	185,661,230
NON-CURRENT LIABILITIES			
Deferred Liabilities		10,167,256	10,167,256
Loan from associated undertakings - Unsecured	5	25,000,000	25,000,000
CURRENT LIABILITIES			
Trade & other Payables		97,936,762	164,402,544
Short Term Borrowings	6	118,217,671	67,774,708
Un-Claimed Dividend		1,844,946	1,844,946
Provision for Taxation		15,532,303	13,588,995
		233,531,682	247,611,193
Contingencies & Commitments			
TOTAL LIABILITIES		458,014,901	468,439,679

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

Lahore: February 23, 2017

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, 2016

	Jul - Dec, 2016 Rupees	Jul-Dec, 2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before Taxation	5,474,693	4,188,154
Adjustment for:		
Depreciation	3,626,879	4,194,582
Provision for bad debts	(198,072)	(150,054)
Finance cost	572,879	1,936,019
Loss of fixed assets due to fire - net of insurance claim	-	420,704
Operating profit before working capital changes	9,476,379	10,589,405
(Increase) / decrease in Current Assets		
Stores & Spares	486,747	(128,186)
Stocks in Trade	2,291,355	(20,307,388)
Trade Debts	3,961,438	3,001,068
Advances, deposits, prepayments & other receivables	15,400,690	(3,225,578)
	22,140,230	(20,660,084)
Increase / (decrease) in Current Liabilities		
Trade & Other Payables	(66,983,773)	(37,034,984)
Net Cash used in Operations	(35,367,164)	(47,105,663)
Finance cost Paid	(54,888)	(2,137,710)
Taxes paid/Refund	(10,904,403)	41,995,366
NET CASH USED IN OPERATING ACTIVITIES	(46,326,455)	(7,248,007)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of PPE	(4,261,844)	(2,397,037)
Capital work in progress	-	341,060
Proceeds from Insurance Company against loss due to fire	-	3,690,763
NET CASH USED IN INVESTING ACTIVITIES	(4,261,844)	1,634,776
CASH FLOWS FROM FINANCING ACTIVITIES		
Short Term Borrowings	50,442,963	33,277,264
NET CASH GENERATED FROM FINANCING ACTIVITIES	50,442,963	33,277,264
Net Decrease in Cash & Cash Equivalent	(145,336)	27,664,033
Cash & Cash Equivalent At the Beginning of the period	2,953,241	(23,527,682)
Cash & Cash Equivalent at the end of the Period	2,807,905	4,136,351

Note-7

MOHAMMAD AFZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

Lahore: February 23, 2017



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

Introduction

We have reviewed the accompanying condensed interim balance sheet of **AL-KHAIR GADOON LIMITED** as at December 31, 2016, and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarter ended December 31, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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 condensed interim financial information as of and for the half year ended December 31, 2016 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

Engagement Partner: Mohammad Tahir Siddiqi - FCA

Lahore:
February 23, 2017



AL-Khair Gadoon Ltd.

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (Un-Audited)

For the Half Year and Quarter Ended December 31, 2016

	Half year ended		Quarter ended	
	Jul - Dec, 2016	Jul - Dec, 2015	Oct - Dec, 2016	Oct - Dec, 2015
	Rupees		Rupees	
Sales - Net	161,831,965	190,263,119	107,343,822	122,204,916
Cost of Sales	141,243,334	165,220,875	96,126,664	109,526,026
Gross Profit	20,588,631	25,042,244	11,217,158	12,678,890
Operating Expenses				
Administrative Expenses	9,877,456	11,863,725	5,520,087	6,363,875
Distribution Expenses	4,663,603	6,633,642	2,002,088	3,473,476
	14,541,059	18,497,367	7,522,175	9,837,351
Operating Profit	6,047,572	6,544,877	3,694,983	2,841,539
Financial Expenses	572,879	1,936,019	33,232	843,216
Other Income / (loss)	-	(420,704)	-	(420,704)
Profit Before Taxation	5,474,693	4,188,154	3,661,751	1,577,619
Provision for Taxation	1,819,960	1,352,426	1,275,079	671,844
Profit/(Loss) after taxation	3,654,733	2,835,728	2,386,672	905,775
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income For the Period	3,654,733	2,835,728	2,386,672	905,775
Earnings/(Loss) per share-Basic & Diluted (Rupees)				
Before tax	0.55	0.42	0.37	0.16
After tax	0.37	0.28	0.24	0.09

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

Lahore: February 23, 2017

MOHAMMAD ARZAL 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, 2016

	Share Capital	Share Premium	Un-appropriated Profit	Total
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	-	-	2,835,728	2,835,728
Balance as at December 31, 2015	100,000,000	25,000,000	56,299,539	181,299,539
Total Comprehensive income for the second half	-	-	4,361,691	4,361,691
Balance as at July 01, 2016	100,000,000	25,000,000	60,661,230	185,661,230
Total Comprehensive income for the first half	-	-	3,654,733	3,654,733
Balance as on December 31, 2016	100,000,000	25,000,000	64,315,963	189,315,963

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


MOHAMMAD AFZAL SHEIKH
Chairman


MOHAMMAD SAEED SHEIKH
Chief Executive

Lahore: February 23, 2017



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2016

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 Pakistan Stock Exchange (the then Karachi, Lahore and Islamabad Stock Exchange). 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, 2016.
- 2.2 The comparative balance sheet presented in these financial information as at June 30, 2016 has been extracted from the audited financial statements for the year ended June 30, 2016 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, 2015 and were subject to review but not audited. The comparative profit and loss account for the quarter ended December 31, 2015 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, 2016.
- 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, 2016.
- 3.4 The provision for taxation for the half year ended December 31, 2016 has been made on an estimated basis.

4 PROPERTY, PLANT AND EQUIPMENT

	December 31, 2016 Rupees	June 30, 2016 Rupees
Opening book value	79,381,848	81,735,451
Addition during the period / year	4,261,844	10,524,416
Disposal during the period / year		
Cost	-	6,302,523
Accumulated Depreciation	-	(2,149,472)
		4,153,051
Depreciation charge for the period / year	(3,626,879)	(8,724,968)
Closing net book value	80,016,813	79,381,848
Capital work in progress	-	-
	80,016,813	79,381,848



5 LOAN FROM ASSOCIATED UNDERTAKINGS - UNSECURED

Loan From Associated Undertakings-Unsecured	<u>25,000,000</u>	<u>25,000,000</u>
---	-------------------	-------------------

6 SHORT TERM BORROWINGS

ABL-Running Finance	-	-
ABL-Finance Against Trust Receipts	-	-
ABL-Finance Against Imported Material	-	-
BAFL-Finance Against Imported Material	<u>69,963,501</u>	<u>17,669,366</u>
	69,963,501	17,669,366
Loan from Director- Unsecured	48,254,170	50,105,342
	<u>118,217,671</u>	<u>67,774,708</u>

December 31, 2016 Rupees	December 31, 2015 Rupees
--------------------------------	--------------------------------

7 CASH AND CASH EQUIVALENT

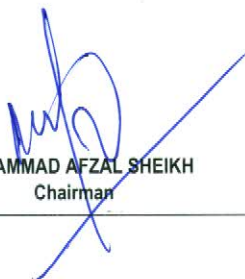
Cash and Bank Balances	2,807,905	4,136,351
Running Finance	-	-
	<u>2,807,905</u>	<u>4,136,351</u>

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.

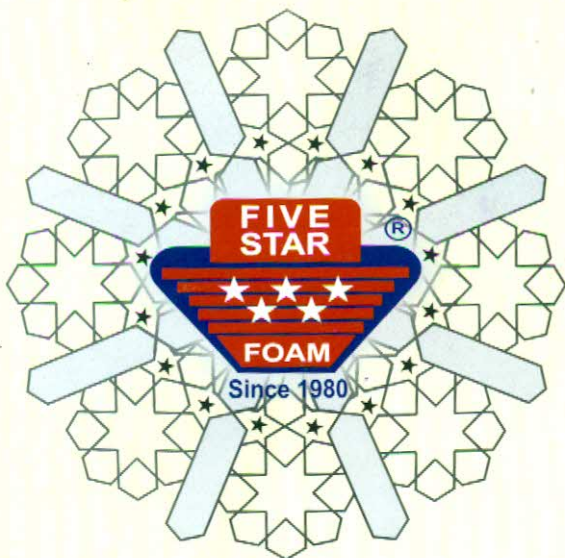
9 Date of authorization

These financial statements were authorized for issue on February 23, 2017 by the Board of Directors of the Company.


MOHAMMAD AFZAL SHEIKH
 Chairman


MOHAMMAD SAEED SHEIKH
 Chief Executive

Lahore: February 23, 2017



if Undelivered, Please Return To:

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