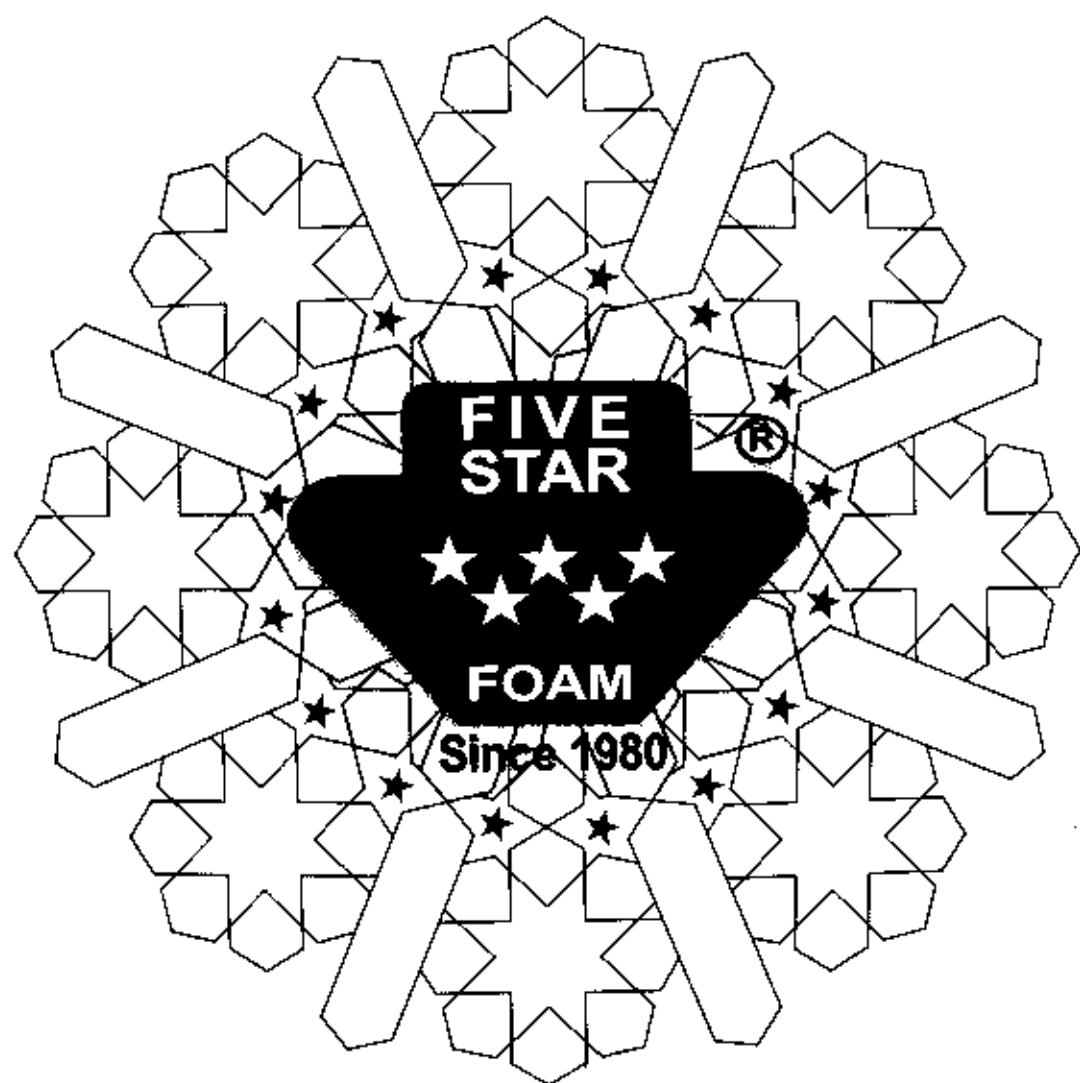


AL-KHAIR GADOON LTD.



24th
ANNUAL REPORT
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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. Nafesa Amin	- Director
Mrs. Munawar Pervaiz	- Director

AUDIT COMMITTEE:

Sheikh Pervaiz Afzal	- Chairman
Mrs. Parveen Afzal	- Member
Mrs. Farnaz Saeed	- Member
Mr. Qaiser Saleem Khan	- Secretary

HUMAN RESOURCE & REMUNERATION COMMITTEE:

Mrs. Munawar Pervaiz	- Chairman
Sheikh Pervaiz Afzal	- Member
Mrs. Nafesa Amin	- Member
Mr. 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: Shomas 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

Mission

Offer value to our customers by continuously 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.

Vision

AKGL's *Ambition is to become a clear benchmark in foam products & services.*

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 24th Annual General Meeting of Al-Khair Gadoon Limited, will be held on Friday the October 31, 2014 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 23rd Annual General Meeting held on October 31, 2013.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2014, together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors of the Company and fix their remuneration.
4. To transact any other business with the permission of the Chairman.

BY ORDER OF THE BOARD

(MOHAMMAD AMIN SHEIKH)

Company Secretary

Dated: October 02, 2014

NOTES:

1. Share Transfer Books of the Company will remain closed from October 24 to October 31, 2014 (both days inclusive). Transfers received in order up to the close of business on October 23, 2014 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. Members are requested to notify the change in their addresses, if any, immediately.

DIRECTORS' REPORT TO THE MEMBERS

The directors of the company presented before the shareholders the 24th Annual Report along with Audited Financial Statements of the Company for the year ended June 30, 2014.

During the year, the Company continued to be in the grip of challenges. The highest power outages to date were coupled with ongoing financial impediments. This prevented the Company from achieving normal utilization of production capacity. Further, the withdrawal of Tax Incentives by the Government of Pakistan and imposition of elevated taxes with high inflation rate are also one of the reasons for increase in product cost which resultantly reduces the products' demand. Throughout the year under review, the Company has faced turn down in growth trend and has registered decline in its turnover from Rs.1,145,745 million to Rs.513,361 million compared to the corresponding year of the last year. The reduction in numbers is mainly because of fluctuation in exchange rates and economic turmoil. Similar is the case with the profitability of the company that has declined with the reduction in sales volume as well.

Business performance & future outlook

The Company's Management in order to offset the massive effect of increased material cost has worked hard on development of higher margin product mix, in accordance with customer demands in order to increase the contribution margins but the competitive market compel to sell its products at most competitive prices because of the low buying power of masses. The Management is conscious of the issues that are affecting profitability and is committed to turn around the affairs of the Company through the development of an improved product mix and cost cutting.

Under the prevailing circumstances, the outlook for 2014 – 2015 remains challenging. The Government must work together with all its stakeholders to provide a solution to the worsening energy crisis and political uncertainty. The geopolitical situation of KPK especially with reference to army action in KPK is deteriorating economic situation of the province.

However, your 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.

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 Stock Exchanges 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.

Attendance of Board and Committee Meetings

During the year eight board meetings, four Audit Committee, and six Human Resource and Remuneration Committee meetings were held. The attendance is as follows:

Number of Attendance

S. No.	Directors/members of committee	Board of Directors	Audit Committee	HR Committee
1	Mohammad Afzal Sheikh	7	N/A	N/A
2	Mohammad Amin Sheikh	7	N/A	N/A
3	Sheikh Pervaiz Afzal	8	4	5
4	Mrs. Farnaz Saeed	7	4	N/A
5	Mohammad Saeed Sheikh	8	N/A	N/A
6	Mrs. Parveen Afzal	7	4	N/A
7	Mrs. Nafeesa Amin	8	N/A	5
8	Mrs. Munawar Pervaiz	5	N/A	6
9	Mushtaq Ahmed Shaheen	N/A	N/A	6
10	Qaiser Saleem Khan	N/A	4	N/A

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 Lahore, Karachi & Islamabad Stock Exchanges relevant to the year 2014 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, 2014.

Auditors

The auditors 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, 2014.

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 industry and we thank them for their continued co-operation.

ON BEHALF OF THE BOARD

MOHAMMAD AFZAL SHEIKH

Chairman

Lahore: September 29, 2014

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulation No.35 of the Karachi, Lahore and Islamabad Stock Exchanges 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 independent 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. Faraz Afzal
	v. Mrs. Nafesa Amin
	vi. Mrs. Munawar Pervaiz

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).
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 in the Board of Directors during the year.
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 programs 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 at any time since the last Annual General Meeting held, purchased, sold or took any position in the shares of the company or any of its associated companies or undertakings 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 exchanges.
22. Material /price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles contained in the Code of Corporate Governance have been complied with.

ON BEHALF OF THE BOARD

Lahore: September 29, 2014

MOHAMMAD AFZAL SHEIKH
Chairman

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

We have reviewed the 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) to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited and chapter XI of the listing regulations of Islamabad 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. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As 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's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such controls, the Company's corporate governance procedures and risks.

Further, the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges require the company to place before the Board of Directors for their consideration and approval 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, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before 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, 2014.

Tahir Siddiqi & Co.

Chartered Accountants

(A member firm of TIAG Int'l)

Engagement Partner: Mohammad Tahir Siddiqi

Lahore: September 29, 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of AL-KHAIR GADOON LIMITED as at June 30, 2014 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 accounts 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 except for the changes as stated in note 3.22 with which we concur;
 - (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, 2014 and of the loss, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d. in our opinion, no Zakat 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

Lahore: September 29, 2014

BALANCE SHEET

As at June 30, 2014

		2014	2013	2012
EQUITY AND LIABILITIES	Note	Rs.	Rs.	Rs.
			(Restated)	(Restated)
Authorized capital				
12,000,000 Ordinary shares of Rs. 10 each		<u>120,000,000</u>	<u>120,000,000</u>	<u>120,000,000</u>
Issued, subscribed and paid up capital	4	100,000,000	100,000,000	100,000,000
Capital reserves- Share Premium		25,000,000	25,000,000	25,000,000
Un-appropriated profit		<u>57,308,128</u>	<u>83,801,165</u>	<u>73,991,801</u>
		182,308,128	208,801,165	198,991,801
NON CURRENT LIABILITIES				
Deferred Liabilities	5	6,801,167	5,875,186	4,317,527
Liabilities against finance lease	6	-	-	223,094
CURRENT LIABILITIES				
Trade and other payables	7	115,471,961	143,864,779	136,688,434
Short term borrowings-secured	8	137,881,778	104,689,735	132,263,730
Current portion of lease liability	6	-	219,370	966,540
Un-Claimed Dividend		1,844,946	1,844,946	1,606,225
Provision for taxation		<u>5,133,614</u>	<u>23,683,330</u>	<u>14,139,978</u>
		260,332,299	274,302,160	285,664,907
CONTINGENCIES AND COMMITMENTS	9	-	-	-
TOTAL EQUITY AND LIABILITIES		449,441,594	488,978,511	489,197,329

		2014	2013	2012
ASSETS	Note	Rs.	Rs.	Rs.
			(Restated)	(Restated)
NON CURRENT ASSETS				
Property, plant and equipment	10	89,061,521	90,669,135	60,804,961
Long term investments	11	-	13,269,569	14,995,000
Long term deposits	12	-	161,800	486,800
Deferred taxation	13	119,026	2,929,991	8,223,514
		89,180,547	107,030,495	84,510,275
CURRENT ASSETS				
Stores and spares		1,632,147	1,337,634	1,450,809
Stock in trade	15	142,804,480	115,737,218	235,382,761
Trade debts	16	13,884,797	11,763,298	3,056,736
Advances, deposits, prepayments and other receivables	17	182,053,567	241,656,039	151,348,641
Cash and bank balances	18	6,616,487	11,453,827	13,448,107
		346,991,478	381,948,016	404,687,054
Non-Current assets held for sale	14	13,269,569	-	-
TOTAL ASSETS				
		449,441,594	488,978,511	489,197,329

The annexed notes 1 to 35 form an integral part of these financial statements.

Lahore: September 29, 2014

MOHAMMAD AFZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

PROFIT AND LOSS ACCOUNT

For the year ended June 30, 2014

	Note	2014 Rs.	2013 Rs. (Restated)
Sales	19	513,361,411	1,145,745,994
Cost of sales	20	(476,673,851)	(1,009,785,657)
Gross Profit		36,687,560	135,960,337
Administrative Expenses	21	(26,235,983)	(44,682,682)
Distribution Expenses	22	(22,807,958)	(43,166,956)
		(49,043,941)	(87,849,368)
Operating Profit		(12,356,381)	48,110,699
Finance Cost	23	(6,486,080)	(3,184,218)
Other Operating Expenses	24	-	(3,080,277)
Other Income	25	516,388	13,000
Share in loss of associated company	26	-	(1,725,431)
Profit / (loss) before taxation		(18,326,073)	40,133,773
Provision for Taxation	27	(7,944,579)	(14,836,875)
Profit / (loss) for the Year		(26,270,652)	25,296,898
Earnings / (loss) per share- Basic and diluted (Rs.)	28		
Before tax		(1.83)	4.01
After tax		(2.63)	2.53

The annexed notes 1 to 35 form an integral part of these financial statements.

Lahore: September 29, 2014

MOHAMMAD AFZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2014

	Note	2014 Rs.	2013 Rs.
			(Restated)
Profit / (loss) for the year		(26,270,652)	25,296,898
Other comprehensive income for the year:			
<i>Items that will not be re-classified to profit or loss</i>			
Re-measurement of retirement benefits		(222,385)	(487,534)
Total comprehensive income for the year		(26,493,037)	24,809,364

The annexed notes 1 to 35 form an integral part of these financial statements.

Lahore: September 29, 2014

MOHAMMAD AFZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

CASH FLOW STATEMENT

For the year ended June 30, 2014

	Note	2014 Rs.	2013 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES			(Restated)
(Loss) / Profit before taxation		(18,326,073)	40,133,773
Adjustments for non cash items:			
Depreciation on property, plant and equipment		10,079,313	7,832,914
Finance cost		6,486,080	3,184,218
Gain on sale of PPE		(309,872)	-
Provision for Gratuity		1,373,806	1,140,125
Provision for WPPF		-	2,257,091
Loss in Share of Associate co.		-	1,725,431
Provision for WWF		-	823,186
Provision for bad debts		111,658	458,240
		17,740,985	17,421,204
Operating profit / (loss) before working capital changes		(585,088)	57,554,977
(Increase)/Decrease in current assets			
Stores and spares		(294,513)	113,176
Stock-in-trade		(27,067,262)	119,645,543
Trade debts		(2,233,157)	(9,164,802)
Advances, deposits, prepayments and other receivables		(7,740,409)	(3,477,902)
		(37,335,341)	107,116,015
Increase/(decrease) in current liabilities			
Trade and other payables		(28,554,732)	5,734,502
Cash (used in) / generated from operations		(66,475,161)	170,405,494
Finance cost paid		(6,324,166)	(3,118,601)
WPPF paid		(2,257,091)	(1,704,051)
Taxes (paid) / Refund		43,659,551	(86,829,496)
Gratuity paid		(670,209)	(70,000)
		34,408,085	(91,722,148)
Net cash (used in) / generated from operating activities		(32,067,076)	78,683,346
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(9,013,084)	(32,832,474)
Capital work in progress		2,754,347	(4,864,614)
Proceeds from sale of fixed assets		354,000	-
Long term deposits		161,800	325,000
Net cash used in investing activities		(5,742,937)	(37,372,088)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease		(219,370)	(970,264)
Short term borrowings		33,192,043	(27,573,995)
Dividend		-	(14,761,279)
Net cash generated from / (used in) financing activities		32,972,673	(43,305,538)
Net decrease in cash and cash equivalents		(4,837,340)	(1,994,280)
Cash and cash equivalents at the beginning of year		11,453,827	13,448,107
CASH AND CASH EQUIVALENT AT END OF THE YEAR		6,616,487	11,453,827

Lahore: September 29, 2014

MOHAMMAD AFZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2014

	Share capital	Share Premium	Unapp. Profit	Total
	Rupees			
Balance as at 1 July 2012 - previously reported	100,000,000	25,000,000	72,143,726	197,143,726
Retrospective effect on application of change in an accounting policy referred in note-4			1,848,075	1,848,075
Balance as at 1 July 2012 - restated	100,000,000	25,000,000	73,991,801	198,991,801
Final dividend @ 15% relating to year ended June 30, 2012			(15,000,000)	(15,000,000)
Comprehensive income for the year				
Profit for the year	-	-	25,296,898	25,296,898
Other comprehensive income for the year	-	-	(487,534)	(487,534)
	-	-	24,809,364	24,809,364
Balance as at 1 July 2013 - restated	100,000,000	25,000,000	83,801,165	208,801,165
Comprehensive income for the year				
Loss for the year	-	-	(26,270,652)	(26,270,652)
Other comprehensive income for the year	-	-	(222,385)	(222,385)
	-	-	(26,493,037)	(26,493,037)
Balance as at 30 June 2014	100,000,000	25,000,000	57,308,128	182,308,128

The annexed notes 1 to 35 form an integral part of these financial statements.

Lahore: September 29, 2014

MOHAMMAD AFZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014
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 Karachi, Lahore and Islamabad Stock Exchanges. 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 comprises 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 New amendments to approved accounting standards and interpretation which became effective during the year ended June 30, 2014

There were certain new amendments to the approved accounting standards and a new interpretation issued by the International Financial Reporting Interpretations Committee (IFRIC) which became effective during the year 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 New standard, amendments to approved accounting standards and new interpretation that is not yet effective and has not been early adopted by the Company:

There are certain amendments to the approved accounting standards and a new interpretation issued by the International Financial Reporting Interpretations Committee (IFRIC) which will be effective after July 1, 2013 but are considered not to be relevant or are 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 Equipments
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 10 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 up to 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 as referred to in note 6. 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 10. 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 the weighted average cost and the net realizable value. The cost is determined as follows:-

Raw Materials & Work in Process	-	weighted average cost
Finished Goods	-	weighted average cost

Stock in transit is valued at cost comprising invoice value and other charges incurred thereon 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 of current tax is based on the taxable income for the year determined in accordance with the Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred taxes 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, 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 comprises cash in hand, with banks on current, saving and deposit accounts, running finance under mark-up arrangements.

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 borrowing

Mark-up bearing borrowing are recognized initially at amortized cost. Subsequent to initial recognition, mark-up bearing borrowing 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 borrowing 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 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. un-funded 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.

As more fully explained in note 4, effective from July 1, 2013 all actuarial gains and losses are recognized in 'other comprehensive income' as they occur. Previously actuarial gains / losses exceeding 10 percent of the higher of the present value of the defined benefit obligation and fair value of plan assets at the beginning of the year were amortized over the average future service of the employees.

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 become 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-16);
- (b) Assumptions and estimates used in the recognition of deferred taxation (note-13);
- (c) Assumptions and estimates used in accounting for defined benefit plan (note-5.1.6); and
- (d) Assumptions and estimates used in disclosure and assessment of provision for contingencies (note-9).

3.22 CHANGES IN ACCOUNTING POLICIES

Adoption of amendments in IAS 19, (Revised) 'Employee Benefits'

IAS 19 (Revised) 'Employee benefits' amends the accounting for the Company's defined benefit plan. The revised standard has been applied retrospectively in accordance with the transition provisions of the standard. The impact of the adoption of IAS 19 (revised) has been in the following areas:

- The standard requires all actuarial gains and losses to be recognized immediately in 'other comprehensive income'. The change in standard has resulted in unrecognized actuarial gains aggregating Rs.1.848 million as at July 1, 2012 being recognized in retained earnings. The expense recognized in the profit and loss account for the year ended June 30, 2013 has been increased by Rs.0.202 million as the charge to profit or loss for recognition of previously unrecognized net actuarial gains is no longer required.
- The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. There is no change to determining the discount rate; this continues to reflect the yield on high-quality corporate bonds. This treatment, however, has no impact on these financial statements as the discount rate now applied to assets is equal to the expected return on assets.
- There is a new term 'remeasurements'. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost.
- Retirement benefits obligation' as previously reported has been restated at the balance sheet dates to reflect the effect of the above. The amount has been restated as Rs.5.875 million (previously Rs.6.165 million) as at June 30, 2013.
- The effect of this change in accounting policy on the cash flow statement and on 'earnings per share' is not material in the overall context of these financial statements.

4 SHARE CAPITAL

	Note	2014 Rupees	2013 Rupees
Authorized			
12,000,000 (2013 : 12,000,000) Ordinary shares of Rs. 10 each		120,000,000	120,000,000
Issued, subscribed and paid-up capital			
Shares issued as fully paid-up capital in cash			
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

5 DEFERRED LIABILITIES

Gratuity	5.1	6,801,167	5,875,186
		6,801,167	5,875,186

- 5.1 The scheme provides for terminal benefits for all its permanent employees who attains the minimum qualifying period.

	2014 Rupees	2013 Rupees
5.1.1 Movement in Net liability recognized		
Effect of retrospective application (Note-4)		6,165,602
		(1,848,075)
Net Liability at the beginning of the year – restated	5,875,186	4,317,527
Re-Measurements chargeable in Other Comprehensive income	222,385	487,534
Charge for the year	1,373,806	1,140,125
Benefits paid during the year	(670,209)	(70,000)
	6,801,167	5,875,186
5.1.2 Movement in Present value of defined benefit plan		
Present value of defined benefit obligation	5,875,186	4,317,527
Current service cost	694,869	578,846
Interest costs	678,937	561,279
Benefits Paid	(670,209)	(70,000)
Re-Measurements	222,385	487,534
	6,801,167	5,875,186
5.1.3 Expense recognized in Profit & loss account		
Current service cost	694,869	578,846
Interest costs	678,937	561,279
	1,373,806	1,140,125
5.1.4 Principal actuarial assumptions		
Discount rate used for Interest cost in P&L charge	10.50%	13.00%
Discount rate used for year-end obligation	13.25%	10.50%
Expected rate of increase in salaries per annum	12.25%	9.5%
Average expected remaining life time of employees	8 years	8 years

Expected charge to P&L for the year ended June 30, 2014 amounts to Rs.1,602,710 in respect of Gratuity.

6. LIABILITIES AGAINST ASSETS UNDER FINANCE LEASES

This represent finance leases arrangements with KASB Bank Limited for leasing of vehicles. Lease rentals are paid on monthly basis in advance and include finance charges. The rate of mark-up used as discount factor (implicit in the lease) is charged at 18.01% per annum.

	2014			2013		
	Minimum Lease Payments	Finance Cost for Future Periods	Present Value	Minimum Lease Payments	Finance Cost for Future Periods	Present Value
Not later than one year	-	-	-	231,676	12,306	219,370
Later than one year but not later than five year	-	-	-	-	-	-
	-	-	-	231,676	12,306	219,370

	Note	2014 Rupees	2013 Rupees
7. TRADE AND OTHER PAYABLE			
Trade creditors		110,949,735	140,666,374
Taxes Payable		53,211	69,538
Mark up Payable		301,494	139,580
Accrued Expenses		4,167,521	2,989,287
		115,471,961	143,864,779

8 SHORT TERM BORROWINGS

Banking Companies
Secured-

ABL – Running Finance	8.1	34,182,287	33,094,212
ABL – Finance against Trust Receipts	8.2	-	-
ABL – Finance against Imported Material	8.3	4,307,000	11,143,963
BAFL Finance against Imported Material	8.4	74,392,491	35,451,560
		112,881,778	79,689,735
Loan from associated undertakings - Unsecured	8.5	25,000,000	25,000,000
		137,881,778	104,689,735

- 8.1 Short term running finance facility under mark-up arrangements of Rs.35 million (2013: Rs.35 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 25% margin on Hypothecation of stock in trade duly insured with bank clause.
- 8.2 Short term finance against trust receipts is available from Allied Bank Limited amount to Rs. 15 million (2013: Rs.15 million). The FATR carries markup at flexible rate linked with 3 months average KIBOR plus 275 (2013: 250) basis points per annum. The facility is secured against 25% margin on Hypothecation of stock in trade duly insured with bank clause.
- 8.3 Finance against imported material is also available for Rs.50 million (2013: Rs.50 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 (2013: 250) 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 (2013: Rs.50 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/FATRI/FIM. The facility is secured by lien over import documents and nil cash margin.
- 8.4 The Company has obtained a finance against imported material facility of Rs150 million (2013: 150 million) against imported material. The facility attracts mark-up at flexible rate linked with KIBOR plus 240 basis points per annum. The facility is secured against by lien over imported documents, pledge of imported material and personal guarantees of directors of the company. The company also avail letter of credit facility (at sight) amounting to Rs. 150 million (2013:Rs.200 million) to retire import documents under SLCs. The facility is secured against lien on import documents.
- 8.5 The company obtained the loan from associated undertaking and the same shall be repaid without any mark up within the next financial year.

9. CONTINGENCIES & COMMITMENTS

9.1 Contingencies

The commercial banks have issued guarantees on behalf of the company amounted to Nil (2013: Nil)

9.2 Commitments

Commitments in respect of Letters of Credit at the terminal date were Rs.11.5 million (2013: 9.711 million).

10. PROPERTY, PLANT AND EQUIPMENT

Notes

2014

2013

Rupces

Rupces

Operating fixed assets

10.1

83,638,563

84,748,920

Capital work in progress

10.3

5,422,958

5,920,215

89,061,521

90,669,135

10.1 OPERATING FIXED ASSETS

	Land Leased Hold	Building		Plant & Machinery	Tools & Equipments	Office Equipment	Furniture & Fixture	Computer	Vehicles		Total Amount in Rupees
		Leased Hold	Free Hold						Owned	Leased	
As at July 1, 2012											
Cost	1,439,819	5,428,811	47,074,905	29,698,738	1,569,592	5,176,610	2,049,872	933,350	21,457,326	5,131,760	122,980,994
Accumulated Depreciation	-	4,360,605	24,101,135	17,724,673	807,245	1,779,316	1,326,780	502,833	8,659,149	2,767,867	62,231,624
Net Book Value	1,439,819	5,068,006	22,973,770	11,974,065	762,347	1,397,294	723,093	430,517	12,798,177	2,363,893	60,749,370
Year ended June 30, 2013											
Opening Net Book Value	1,439,819	5,068,006	22,973,770	11,972,065	762,347	1,397,274	723,093	432,517	12,798,577	2,363,893	59,749,260
Addition/(Cost)	-	1,493,411	9,396,240	1,866,682	1,087,819	585,850	223,639	60,510	19,862,323	-	34,548,474
Disposal (NBV)											
Cost	-	-	-	-	-	-	-	-	-	3,250,000	3,250,000
Accumulated Depreciation	-	-	-	-	-	-	-	-	-	(1,534,000)	(1,534,000)
Depreciation Charge	-	594,033	1,490,947	1,299,819	101,413	155,511	76,452	46,969	3,928,189	129,379	7,532,914
Closing Net Book Value	1,439,819	5,569,384	30,677,062	12,538,928	1,718,751	1,827,613	870,280	446,058	28,722,711	518,314	84,748,920
As at July 1, 2013											
Cost	1,439,819	10,924,022	56,471,145	31,561,420	2,627,411	3,762,460	2,273,512	995,860	41,320,049	3,881,760	153,279,458
Accumulated Depreciation	-	4,954,638	25,794,082	19,024,492	908,660	1,934,847	1,403,232	549,802	12,997,338	1,363,446	68,530,518
Net Book Value	1,439,819	5,969,384	30,677,063	12,538,928	1,718,751	1,827,613	870,280	446,058	28,322,711	518,314	84,748,920
Year ended June 30, 2014											
Opening Net Book Value	1,439,819	5,969,384	30,677,063	12,538,928	1,718,751	1,827,613	870,280	446,058	28,322,711	518,314	84,748,920
Addition/(Cost)	-	-	5,198,128	1,314,396	-	347,650	209,740	112,170	1,830,800	-	9,013,084
Transfer	-	-	-	-	-	-	-	-	441,137	(441,137)	-
Disposal (NBV)	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	8,500	-	-	869,000	-	877,500
Accumulated Depreciation	-	-	-	-	-	(4,502)	-	-	(828,870)	-	(833,372)
Depreciation Charge	-	596,923	1,685,465	1,293,472	173,575	199,124	100,712	51,141	5,903,408	77,177	10,079,513
Closing Net Book Value as at June 30, 2014	1,439,819	5,372,446	34,189,726	12,359,851	1,546,856	1,972,141	979,308	507,282	25,051,110	-	83,638,563
Annual Rate of Depreciation	-	10%	3%	10%	10%	10%	10%	10%	20%	20%	-

10.2 Depreciation is allocated as under

	2014	2013
Cost of goods sold	1,465,348	1,401,233
Administrative Expenses	2,633,380	2,363,913
Distribution Expenses	5,980,585	4,067,768
	10,079,313	7,832,914

10.3 Capital Work in Progress

Building	2,968,859	4,901,870
Machinery	2,454,099	1,018,345
	5,422,958	5,920,215

10.4 DISPOSAL OF ASSETS (30.06.2014)

S. No.	Particulars	Cost	Acc. Dep.	WDV	Sale Proceeds	Profit / (loss)	Sold to	Mode & disposal of assets
1	Vehicle	869,000	828,870	40,130	350,000	309,870	Mr. Zahoor	Negotiation
2	Tools and equipments	8,500	4,502	3,998	4,000	2	Mr. Azam	Negotiation
		877,500	833,372	44,128	354,000	309,872		

11. LONG TERM INVESTMENT

Unquoted-Private Limited Company

Al-Khair Mirpur (Pvt) Ltd. (Associated Company)

1,499,500 Ordinary shares of Rs.10/-each

As at July 1,

Share in loss

Classified as Non-Current Assets Held for Sale

As at June 30

2014
Rupees

2013
Rupees

13,269,569 14,995,000

- (1,725,431)

(13,269,569) -

- 13,269,569

12. LONG TERM DEPOSITS

Deposits with Leasing Companies - KASB Bank Limited - 161,800

13. DEFERRED TAXATION

Deferred Tax Assets 119,026 2,929,991

14. NON-CURRENT ASSETS HELD FOR SALE

Investment in associated company 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 Mirpur (Pvt) Ltd. due to the reason that such investment was not giving the desired results for the last many years, There fore, "Investment in associated company" having book value of Rs.13.269 Million have been classified as Non-Current Assets Held for Sale.

	Notes	2014 Rupees	2013 Rupees
15. STOCK IN TRADE			
Raw and packing material		95,259,482	73,689,891
Work-in-process		26,064,552	22,127,515
Finished goods		21,480,446	19,919,812
		<u>142,804,480</u>	<u>115,737,218</u>
16. TRADE DEBTS			
Considered good-unsecured		14,615,576	12,382,419
Provision for doubtful debts		(730,779)	(619,121)
		<u>13,884,797</u>	<u>11,763,298</u>
17. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to employees		2,105,132	4,373,524
Advance Taxes		167,431,387	234,774,268
Letter of credit		11,523,100	1,185,494
Prepayments		993,948	865,250
Other receivables		-	457,503
		<u>182,053,567</u>	<u>241,656,039</u>
18. CASH AND BANK BALANCES			
Cash in hand		559,763	299,915
Cash at bank - in current accounts		6,056,724	11,153,912
		<u>6,616,487</u>	<u>11,453,827</u>
19. SALES			
Local sales		616,578,629	1,239,016,953
Less: Sales tax and Duties		96,987,971	93,270,959
Trade discount		6,229,247	-
		<u>103,217,218</u>	<u>93,270,959</u>
		<u>513,361,411</u>	<u>1,145,745,994</u>

20.	COST OF GOODS SOLD	Notes	2014	2013
			Rupees	Rupees (Restated)
	Opening stock of raw material, stores & spares		75,027,525	149,035,823
	Purchases		490,678,424	870,666,792
	Closing stock of raw material stores & spares		(96,891,629)	(75,027,525)
	Raw material consumed		468,814,320	944,675,090
	Salaries, wages and other benefits	20.1	8,156,911	10,911,827
	Power & Fuel and Lubricants		2,566,349	5,312,309
	Repair & Maintenance		668,432	1,069,649
	Depreciation	10.2	1,465,348	1,401,233
	Insurance		500,162	665,129
			482,171,522	964,035,237
	Opening stock of work in process		22,127,515	54,245,240
	Closing stock of work in process		(26,064,552)	(22,127,515)
	Cost of goods manufactured		478,234,485	996,152,962
	Opening stock of finished goods		19,919,812	33,552,507
	Closing stock of finished goods		(21,480,446)	(19,919,812)
	Cost of Goods Sold		476,673,851	1,009,785,657

20.1 Salaries and other benefits include Rs .643,972 (2013: Rs. 534,434) in respect of staff retirements and other benefits.

21. ADMINISTRATIVE EXPENSES

Directors Remuneration		3,417,141	3,370,643
Salaries & benefits	21.1	7,679,478	13,827,858
Travelling & Conveyance		1,120,203	2,477,370
Postage, telephone & telefaxes		657,268	1,832,772
Rent, rates & taxes		342,771	759,520
Vehicle running & maintenance		1,760,672	2,279,818
Legal & professional charges		268,785	1,018,660
Auditor's remuneration	21.2	350,000	325,000
Printing & stationery		574,097	1,562,152
Staff Welfare		897,163	1,658,120
Entertainment		651,548	1,962,909
Utility Charges		2,190,851	2,098,310
Fee & subscription		525,850	650,638

	Notes	2014 Rupees	2013 Rupees (Restated)
Depreciation	10.2	2,633,380	2,363,913
Medical Expenses		245,593	1,084,152
Internet Charges		158,691	138,034
News paper periodicals		74,382	115,207
Provision for bad debts		111,658	458,240
Repair and Maintenance		740,164	1,326,174
Insurance		1,593,145	1,585,931
Advertisements		-	3,202,000
MIS Expenses		56,700	236,540
Property Tax		186,443	103,178
Other Expenses		-	245,543
		26,235,983	44,682,682

21.1 Salaries and other benefits include Rs.263, 754 (2012: Rs.348, 223) in respect of staff retirements and other benefits.

21.2 Auditors Remuneration

Statutory Audit fee	325,000	300,000
Out of pocket expenses	25,000	25,000
	350,000	325,000

22. DISTRIBUTION EXPENSES

Salaries & wages	22.1	8,254,168	12,073,146
Staff welfare		794,981	2,360,400
Entertainment		804,168	3,512,888
Printing and stationery		715,298	3,458,620
Telephone and postage		444,870	548,220
Travelling and conveyance		2,515,132	2,790,215
Vehicle repair and maintenance		2,025,417	2,889,542
Newspaper and periodicals		385,246	463,870
Electricity		383,522	966,871
Advertisement		-	8,325,862
Others		-	139,495
Depreciation	10.2	5,980,585	4,067,768
Business Promotion		504,571	1,570,059
		22,807,958	43,166,956

22.1 Salaries and other benefits include Rs. 343,452 (2012: Rs.285,031) in respect of staff retirements and other benefits.

23. FINANCE COST

Mark up on short term financing	5,795,279	2,209,616
Mark up on lease financing	19,674	56,441
Bank & mucadam charges	671,127	918,161
	6,486,080	3,184,218

24. OTHER OPERATING EXPENSES

Worker Profit Participation Fund-WPPF	-	2,257,091
Worker Welfare Fund - WWF	-	823,186
	-	3,080,277

25. OTHER OPERATING INCOME

Gain on disposal of fixed assets	309,872	-
Insurance Claim	206,516	
Sale of scrap	-	13,000
	516,388	13,000

26. SHARE IN LOSS OF ASSOCIATED COMPANY

Al-Khair Mirpur (Pvt) Limited	-	1,725,431
	-	1,725,431

27. PROVISION FOR TAXATION

Current	5,133,614	9,543,352
Deferred	2,810,965	5,293,523
	7,944,579	14,836,875

28. EARNINGS PER SHARE - basic and diluted

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

		(Restated)
Profit / (loss) for the year before taxation	(18,326,073)	40,133,773
Profit / (loss) for the year after taxation	(26,270,652)	25,296,898
Number of Shares	10,000,000	10,000,000
Earnings / (loss) per share Rs. before tax	(1.83)	4.01
Earnings / (loss) per share Rs. after tax	(2.63)	2.53

29. CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE REMUNERATION

	Chief Executives		Directors		Executive		Total	
Financial year	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Managerial Remuneration	1,551,720	1,374,378	1,551,720	1,697,148	2,671,742	2,529,068	5,775,182	5,600,594
Utilities	170,689	174,125	139,659	124,992	20,152	-	330,500	299,117
Total	1,722,409	1,548,503	1,691,379	1,822,140	2,691,894	2,529,068	6,105,682	5,899,711

In addition to the above the Chief Executive and Director are provided with free use of Company maintained cars for Company's use and for personal use.

30. FINANCIAL RISK MANAGEMENT

30.1 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:-

	2014 Rupees	2013 Rupees
Trade Debtors	14,615,576	12,382,419
Advances to staff	2,105,132	4,373,524
Other Receivables	-	457,250
Cash at Bank	6,056,724	11,153,912
	22,777,432	28,367,105

The trade debts as at the balance sheet date are all domestic debts

The aging of trade receivables at the reporting dates:-

Past due 0-30 days	6,577,009	6,452,450
Past due 31-120 days	4,238,517	3,565,820
Past due 121-365 days	2,923,115	1,654,252
More than one year	876,935	709,897
	14,615,576	12,382,419

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.730,779/- (2013: Rs.619,121/-).

30.2 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;

2014	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Lease Liabilities	-	-	-	-	-	-
Trade and other payables	115,471,961	115,471,961	115,471,961	-	-	-
Unclaimed Dividend	1,844,946	1,844,946	1,844,946	-	-	-
Financial Charges payable	301,494	301,494	301,494	-	-	-
Short term borrowings	137,881,778	137,881,778	112,881,778	25,000,000	-	-
Total	255,500,179	255,500,179	230,500,179	25,000,000	-	-

2013	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Lease Liabilities	219,370	219,370	219,370	-	-	-
Trade and other payables	143,864,778	143,864,778	143,864,778	-	-	-
Unclaimed Dividend	1,844,946	1,844,946	1,844,946	-	-	-
Financial Charges payable	139,580	139,580	139,580	-	-	-
Short term borrowings	104,689,735	104,689,735	54,689,735	50,000,000	-	-
Total	250,758,409	250,758,409	200,758,409	50,000,000	-	-

30.3 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.

30.3.1 Interest Rate Risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments were:

Particulars	2014	2013	2014	2013
	Effective rate in %		Carrying amount (Rupees)	
Financial Liabilities				
Variable Rate instruments:-				
Short Term Borrowings	13.60 to 14.95	13.60 to 14.95	112,881,778	79,689,735
Lease Liabilities	-	18.01 to 20.74	-	219,370

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:-

	Increase Profit	(Decrease)Profit
As at June 30, 2014	1,128,818	(1,128,818)
As at June 30, 2013	799,091	(799,091)

The sensitivity analysis prepared is not necessarily indicative of the effect on loss for the year and assets/liabilities of the company.

30.3.2 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.

30.3.3 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	11,500,000	9,711,000
CreditsAverage	101.57	97.61
RateReporting date rate	99.30	98.95

30.3.3.1 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.

The effect on Profit and loss Account is (Rs.)	<u>1,150,000</u>	<u>971,100</u>
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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.

30.4 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.

30.5 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.

	2014 Rupees	2013 Rupees
Total Debt	137,881,778	104,909,105
Total Equity	182,308,128	208,801,165
Total Capital Employed	320,189,906	313,710,270
Gearing Ratio	43.06%	33.44%

31. 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:-

Sale of materials	7,839,000	-
Purchase of materials	-	11,171,146

32. CAPACITY AND PRODUCTION

	2014 Tones	2013 Tones
Rated capacity	13,280	13,280
Capacity utilized	1,905	4,152

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

33. NUMBER OF EMPLOYEES

Average number of permanent employees during the year was 187 (2013: 200)

34. FIGURES

- have been rounded off to the nearest rupee.

- Of previous year have been re-classified where necessary for comparison purpose.

35. DATE OF AUTHORIZATION

These financial statements were authorized for issue on September 29, 2014 by the Board of Directors of the Company.

Lahore: September 29, 2014

MOHAMMAD AFZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

YEAR WISE STATISTICAL SUMMARY

	2014	2013	2012	2011	2010	2009	2008
Investment Measures	(Amount in millions)						
Share Capital	100	100	100	100	100	100	100
Shareholders' Equity	182.30	208.80	198.991	156.78	151.657	143.119	139.77
Profit / (loss) before taxation	(18.326)	40.133	35.062	13.342	12.862	9.81	8.7
Profit / (loss) after taxation	(26.270)	25.297	45.053	5.122	8.506	8.06	3.8
Dividend Per share	-	-	1.5	1	-	-	1
Earnings / (Loss) per share	(2.63)	2.53	4.51	0.51	0.85	0.80	0.38
Break-up value per share	18.23	20.88	19.89	15.68	15.17	14.31	13.97
Measures of Financial Status							
Current Ratio	1.33:1	1.39:1	1.39:1	1.37:1	1.76:1	1.57:1	1.53:1
No of days - Stock	96	63	166	100	88	202	201
No of days - Debtors	9.12	2.36	39	40	37	52	48
Measures of Financial Performance							
Return on Capital Employed	(10.05%)	10.69%	11.24%	4.68%	3.33%	4.84%	6.21%
Gross Profit Ratio	(7.15%)	11.90%	14.30%	16.45%	15.12%	14.89%	13.83%
Profit before tax to sales	(3.57%)	3.50%	4.02%	2.47%	2.46%	4.20%	3.34%
Profit after tax to sales	(5.12%)	2.21%	5.16%	0.95%	1.62%	3.47%	1.86%
Debt Equity Ratio	43.06%	33.44%	40.36%	45.36%	40.63%	18.60%	34.20%

**PATTERN OF HOLDING OF THE SHARES HELD
BY THE MEMBERS OF AL-KHAIR GADOON LIMITED
AS AT JUNE 30, 2014**

Sr.	Number of Shareholders	HOLDING		Total Shares Held
		From	To	
1	36	1	100	800
2	199	101	500	97,452
3	65	501	1000	63,000
4	52	1001	5000	152,270
5	16	5001	10000	113,500
6	8	10001	15000	93,423
7	1	15001	20000	20,000
8	1	20001	25000	21,293
9	1	30001	35000	32,000
10	1	40001	45000	42,923
11	1	60001	65000	64,000
12	1	75001	80000	79,500
13	4	95001	100000	395,500
14	2	120001	125000	244,437
15	1	195001	200000	200,000
16	1	245001	250000	250,000
17	1	425001	430000	430,000
18	1	435001	440000	435,500
19	2	495001	500000	999,000
20	3	600001	605000	1,805,000
21	1	665001	670000	666,500
22	1	675001	680000	676,291
23	1	695001	700000	699,000
24	1	700001	705000	701,000
25	1	795001	800000	800,000
26	1	915001	920000	917,611
	403		TOTAL:	10,000,000

Categories of Shareholders	No. of Shareholders	No. of Shares held	Percentage
Individuals	396	9,912,120	99.121%
Investment Companies	1	500	0.005%
Joint Stock Companies	6	87,380	0.874%
TOTAL:	403	10,000,000	100.000%

PATTERN OF SHAREHOLDING

			No. of Shares
1.	SHARES HELD BY ICP		500
2.	DIRECTORS		
a)	Mr. Mohanumad 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. Faraz Saeed	Director	800,000
g)	Mrs. Nafeesa Amin	Director	500,000
h)	Mrs. Munawar Pervaiz	Director	701,000
			<hr/>
			5,497,902
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
			<hr/>
			1,419,700
4.	PUBLIC SECTOR COMPANIES		87,880
5.	GENERAL PUBLIC		2,994,018
			<hr/>
			10,000,000
			<hr/>
6.	SHAREHOLDING 5% OR MORE		666,500
7.	Trades in the shares by Directors, CEO, CFO, Company secretary, Executives and their Spouses and Minor Children		
	Name	Sale	Purchase
	Sheikh Pervaiz Afzal	-	430,000
	Ali Afzal Sheikh	-	21,700
	Muhammad Ahmed	-	98,000



FORM OF PROXY

I/We _____
of _____
Being a member of Al-KhairGadoonLimited and holder of _____ Ordinary Shares as per registered
Folio No./CDC Participant's ID and Account No. _____ Sub-Account
No. _____ hereby appoint (Name) _____
of _____
or failing him/her _____
(NAME) _____
of _____

who is also a member of the Company vide registered Folio No./CDC Participant's ID and Account
No. _____ as my / our proxy to vote for me / us and on my / our behalf at the 24th Annual General Meeting
of the Company to be held at Registered Office at 92/3, Phase III, Industrial Estate, Gadoon Amazai, District Swabi, Khyber
Pakhtunkhwa, on Friday October 31, 2014 at 09:00 A.M. and at every adjournment thereof.

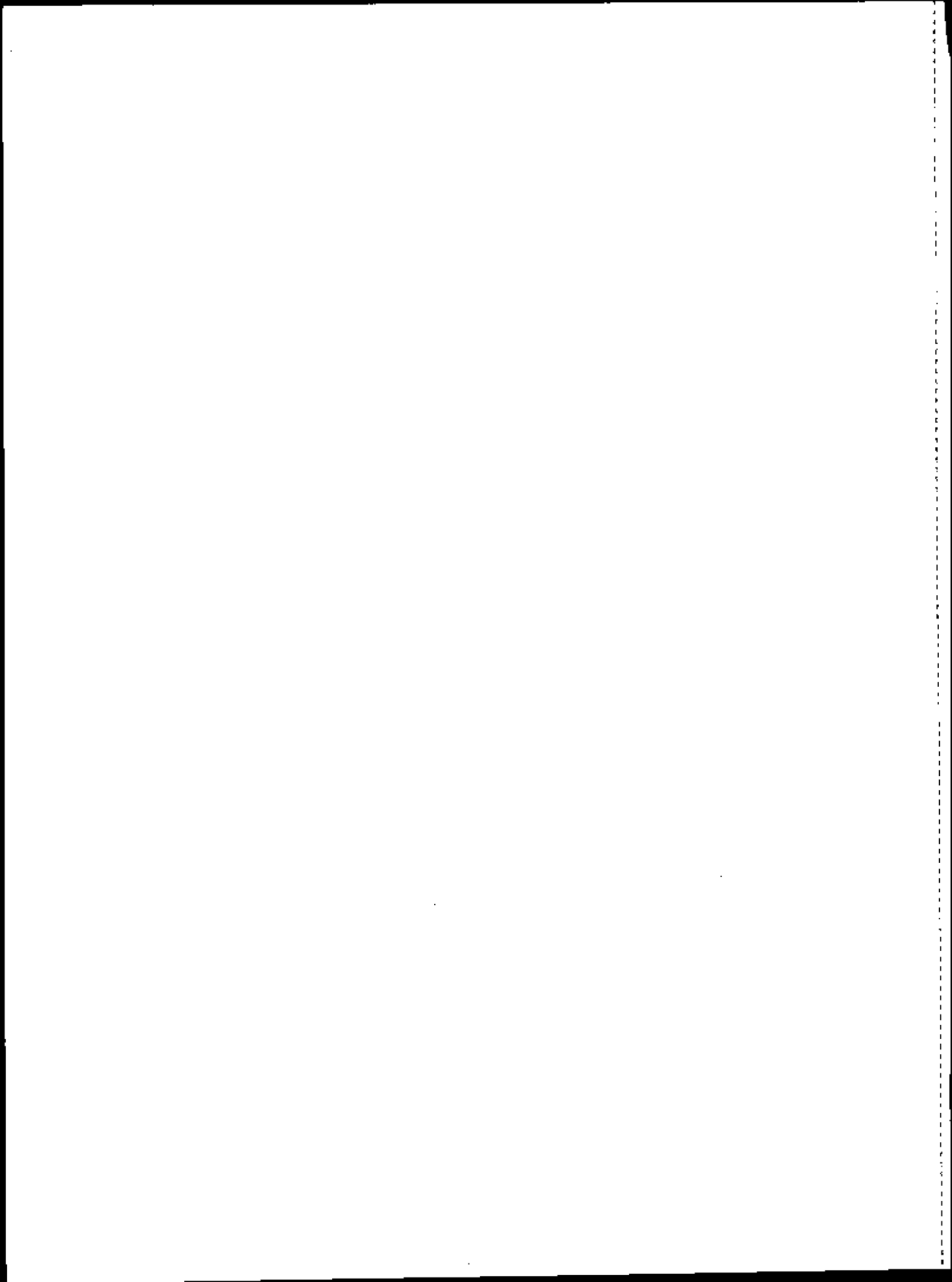
As witness my hand this _____ day of _____ 2014.

Signed by the said _____ in the presence
of _____

Signature

Signature
Across Two Rupees
Revenue Stamps

Note: Proxies, in order to be effective, must be received at the Corporate Office of the Company at Al-Khair House, 43 T,
Gulberg II, Lahore, not less than forty eight hours before the time for holding the meeting and must be stamped,
signed and witnessed.





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

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