

AL-KHAIR GADOON LTD.



**Condensed Interim
Financial Statements
First Quarter Ended
September 30, 2019
(Un-Audited)**



AL-Khair Gadoon Ltd.

S.NO	CONTENTS	PAGE NO.
I	COMPANY INFORMATION	2
II	DIRECTOR'S REVIEW REPORT	3
III	CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION	4
IV	CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	5
V	CONDENSED INTERIM STATEMENT OF CASH FLOWS	6
VI	CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	7
VII	NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	8-9



AL-Khair Gadoon Ltd.

COMPANY INFORMATION

BOARD OF DIRECTORS:

Mohammad Afzal Sheikh	Chairman
Mohammad Saeed Sheikh	Chief Executive
Sheikh Pervaiz Afzal	Executive Director
Mohammad Amin Sheikh	Non-Executive Director
Mrs. Parveen Afzal	Non-Executive Director
Mrs. Farnaz Saeed	Non-Executive Director
Mrs. Nafeesa Amin	Non-Executive Director
Mr. Kamal Subhani	Independent Director

AUDIT COMMITTEE:

Mr. Kamal Subhani	Chairman
Mrs. Parveen Afzal	Member
Mrs. Farnaz Saeed	Member
Mr. Khurram Ifikhar	Secretary

HUMAN RESOURCE & REMUNERATION COMMITTEE:

Mr. Kamal Subhani	Chairman
Mrs. Nafeesa Amin	Member
Sheikh Pervaiz Afzal	Member
Mr. Mushtaq Ahmed Shaheen	Secretary

CHIEF FINANCIAL OFFICER:

Abdul Hafeez Poswal

COMPANY SECRETARY:

Mohammad Amin Sheikh

AUDITORS:

M/s. Tahir Siddiqi & Co., Chartered Accountants.

LEGAL ADVISOR:

Mr. Naeem Anjum (Advocate High Court)

SHARES REGISTRAR:

Shemas International (Pvt) Limited
533-Imperial Garden Block, Main Boulevard,
Paragon City, Barki Road, Lahore.

BANKERS:

Allied Bank Limited.
Bank Alfalah Limited.

REGISTERED OFFICE & FACTORY SITE:

92/3, 94A & 94B 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
Website: www.alkhairgadoon.com



DIRECTORS' REVIEW REPORT

For the Quarter Ended September 30, 2019

On behalf of the board of directors of the Company, we are pleased to present before you Condensed Interim Financial Statements of the Company for the quarter ended September 30, 2019.

During the quarter ended September 30, 2019, net sales of the Company remained Rs.99.492 million compared to Rs.78.406 million for the same quarter of last year showing an increase of Rs.21.086 million (26.89%).

During the quarter under review, the Company earned a gross profit of Rs.14.312 million compared to Rs.11.406 million for the same quarter of last year. Stress on cost prevailed through out the period as a result of increased foreign currency exchange rates, increased interest rates, ever higher inflation and poor economic conditions which ultimately affected the profitability of the Company despite the higher sales revenue. Due to cut throat competition and off season effect, the Company could not make corresponding increase in prices of its products and burden of increased costs was absorbed by the Company.

During the quarter ended September 30, 2019, the Company earned a net profit of Rs.4.230 million as compared to Rs.2.673 million for the same quarter of last year. This achievement was made possible due to operational excellence and management skills which led in improving efficiencies, best product mix management and effective cost control measures.

Future Prospect

The Government is optimistic and taking remedial measures for strengthening the economy of the country through boosting exports, control the foreign exchange rates, and control over increasing dearness and inflation. Since the raw materials of foam industry are imported from all over the world, higher exchange rate directly increases the cost of production of foam products. The Government has also imposed indirect taxes by putting foam industry in retail tax regime that is adversely affecting sales volume. Moreover, documentation of customers information has also created uncertainty in the market. However, the management of the Company is cognizant of the affairs and will overcome the situation through improved operational efficiencies, synergies, best produce mix strategy and effective cost control measures. 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.



MOHAMMAD AFZAL SHEIKH
Chairman



MOHAMMAD SAEED SHEIKH
Chief Executive

Lahore: October 28, 2019



AL-Khair Gadoon Ltd.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019

	Un-Audited September, 30 2019	Audited June 30, 2019
Note	Rupees	Rupees
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	4 128,718,026	132,334,174
Deferred taxation	3,342,348	3,342,348
	<u>132,060,374</u>	<u>135,676,522</u>
CURRENT ASSETS		
Stores and spares	2,271,253	2,154,781
Stock in trade	222,089,145	198,861,532
Trade debts	47,569,326	50,007,957
Advances, deposits, prepayments and other receivables	152,031,362	124,150,516
Cash and bank balances	3,247,070	3,130,415
	<u>427,208,156</u>	<u>378,305,201</u>
TOTAL ASSETS	<u>559,268,530</u>	<u>513,981,723</u>
EQUITY AND LIABILITIES		
Authorized capital		
12,000,000 Ordinary shares of Rs. 10 each	120,000,000	120,000,000
Issued, subscribed and paid up capital	100,000,000	100,000,000
Capital reserves - Share Premium	25,000,000	25,000,000
Unappropriated profit	101,203,991	96,974,308
Shareholders' equity	226,203,991	221,974,308
NON CURRENT LIABILITIES		
Deferred Liabilities	13,490,736	12,759,381
CURRENT LIABILITIES		
Trade and other payables	137,610,193	128,859,253
Short term borrowings-secured	171,444,796	141,362,342
Un-claimed dividend	1,844,946	1,844,946
Provision for taxation	8,673,868	7,181,493
	<u>319,573,803</u>	<u>279,248,034</u>
CONTINGENCIES AND COMMITMENTS	5	
TOTAL EQUITY AND LIABILITIES	<u>559,268,530</u>	<u>513,981,723</u>

MOHAMMAD AFZAL SHEIKH
Chairman

MOHAMMAD SABED SHEIKH
Chief Executive

ABDUL HAFEEZ POSWAL
Chief Financial Officer

Lahore: October 28, 2019




Al-Khair Gaddon Ltd.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September,30 2019	September,30 2018
Note	Rupees	Rupees
Sales - net	99,491,649	78,406,396
Cost of sales	(85,179,962)	(67,000,362)
Gross profit	14,311,687	11,406,034
Administrative expenses	(5,531,853)	(4,580,817)
Distribution expenses	(3,624,513)	(2,567,846)
	(9,156,366)	(7,148,663)
Operating profit	5,155,321	4,257,371
Finance cost	(993,353)	(694,153)
Other operating income	1,560,090	90,321
Profit before taxation	5,722,058	3,653,539
Provision for taxation	(1,492,375)	(980,090)
Profit after taxation	4,229,683	2,673,459
Other comprehensive income for the period	-	-
Total comprehensive income for the period	4,229,683	2,673,459
Earnings per share - before tax (basic and diluted - Rupees)	0.57	0.37
Earnings per share - after tax (basic and diluted - Rupees)	0.42	0.27


 MOHAMMAD AFZAL SHEIKH
 Chairman


 MOHAMMAD SAEED SHEIKH
 Chief Executive


 ABDUL HAFEEZ POSWAL
 Chief Financial Officer

Lahore: October 28, 2019



AL-Khair Gadoon Ltd.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September,30 2019	September,30 2018
Note	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Cash (used in) generated from operations	7 (21,347,070)	12,371,598
Finance cost paid	(2,655,525)	(3,144,768)
Taxes paid	(7,941,016)	(6,840,718)
	<u>(10,596,541)</u>	<u>(9,985,486)</u>
Net cash (used in) / generated from operating activities	(31,943,611)	2,386,113
Cash flows from investing activities		
Fixed capital expenditure	(876,124)	(823,300)
Capital work in progress	(261,064)	(5,369,874)
Proceeds from sale of property, plant and equipment	3,115,000	
Net cash generated from / (used in) investing activities	1,977,812	(6,193,174)
Cash flows from financing activities		
Short term borrowings	30,082,454	3,470,954
Net cash generated from financing activities	30,082,454	3,470,954
Net increase / (decrease) in cash and cash equivalents	116,654	(336,107)
Cash and cash equivalents at the beginning of the year	3,130,415	2,781,299
Cash and cash equivalents at the end of the period	<u>3,247,069</u>	<u>2,445,192</u>

MOHAMMAD ARZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

ABDUL HAFEEZ POSWAL
Chief Financial Officer

Lahore: October 28, 2019



al-Khair Gadoon Ltd.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Share Capital	Share Premium	Unappropriated Profit	Total
	(-----Rupees-----)			
Balance as at July 01, 2018 as restated	100,000,000	25,000,000	78,757,918	203,757,918
Comprehensive income for the period				
Profit for the year	-	-	19,394,788	19,394,788
Other comprehensive income for the year	-	-	(1,178,398)	(1,178,398)
	-	-	18,216,390	18,216,390
Balance as at June 30, 2019	100,000,000	25,000,000	96,974,308	221,974,308
Comprehensive income for the period				
Profit for the quarter	-	-	4,229,683	4,229,683
Other comprehensive income for the quarter	-	-	-	-
	-	-	4,229,683	4,229,683
Balance as at September 30, 2019	100,000,000	25,000,000	101,203,991	226,203,991

MOHAMMAD APZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

ABDUL HAFEEZ POSWAL
Chief Financial Officer

Lahore: October 28, 2019



AL-Khair Gadoon Ltd.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS For the Period Ended September 30, 2019 (Un-Audited)

1 THE COMPANY AND ITS 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. It is principally engaged in manufacturing of foam and allied products. The registered office of the Company is situated at 92/3, 94 A, 94 B, Phase III, Industrial Estate, Gadoon Amazai, District Swabi, khyber Pakhtunakhsa - Pakistan.

2 BASIS OF PREPARATION

These Financial statements are un-audited and are being submitted to the shareholders as required under section 237 of the Companies Act, 2017, and prepared in accordance with requirements of the International Accounting Standard-34 (IAS 34) "Interim Financial Reporting."

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies for the preparation of quarterly financial statements for the quarter ended September 30, 2019 are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2019.

4 PROPERTY, PLANT & EQUIPMENT

	30-Sep-19 Un-audited Rupees	30-Jun-19 Audited Rupees
Operating Assets		
Book value at the beginning of the period / year	129,205,603	64,354,773
Addition during the period / year	876,124	77,336,761
Deletion during the period / year	<u>(1,554,916)</u>	<u>(2,177,100)</u>
	128,526,811	139,514,434
Depreciation charged during the period / year	<u>(3,198,420)</u>	<u>(10,308,831)</u>
Book value at the end of the period / year	<u>125,328,391</u>	<u>129,205,603</u>
Capital work in progress		
Balance at the beginning of the period / year	3,128,571	8,701,223
Addition during the period / year	<u>261,064</u>	
	3,389,635	8,701,223
Less transfer to operating assets during the period / year	-	<u>(5,372,652)</u>
Balance at the end of the period / year	<u>3,389,635</u>	<u>3,128,571</u>
	<u>128,718,026</u>	<u>132,334,174</u>

5 CONTINGENCIES

There is no material change in the status of contingencies as reported in the financial statements for the preceding financial year ended June 30, 2019.

6 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. Detail of transactions with related parties during the quarter other than those which have been disclosed elsewhere in the financial statements are as follows:-

		30-Sep-19 Un-audited Rupees	30-Jun-19 Audited Rupees
Al-Khair Global (Pvt) Ltd.	Sales	5,530,005	7,641,480
Noble Foam (Pvt) Ltd.	Sales		13,346,156

The transactions with related parties are executed on arms' length prices. Directors are interested to the extent of their directorship / shareholding. There is no change in nature of relationship with related parties as reported in the financial statements for the preceding financial year ended June 30, 2019.



7 CASH GENERATED FROM OPERATIONS

	30-Sep-19 Un-audited Rupees	30-Sep-18 Un-audited Rupees
Cash flows from operating activities		
Profit before taxation	5,722,058	3,653,539
Adjustments for:		
Depreciation	3,198,420	1,853,868
Finance cost	993,353	694,153
Gain on disposal of plant, property and equipment	(1,560,084)	-
Provision for Granary	731,355	-
Provision for doubtful debt	(37,136)	(197,530)
	<u>3,325,908</u>	<u>2,350,491</u>
Operating profit before working capital changes	9,047,966	6,004,030
(Increase)/decrease in current assets		
Stores and spares	(116,472)	99,031
Stock-in-trade	(23,227,613)	(40,960,150)
Trade debts	2,475,767	14,870,075
Advances, deposits, prepayments and other receivables	(19,939,830)	19,450,914
	<u>(40,808,148)</u>	<u>(6,540,130)</u>
Increase/(decrease) in current liabilities		
Trade and other payables	10,413,112	12,907,698
Cash (used in) / generated from operations	<u>(21,347,070)</u>	<u>12,371,598</u>

8 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying value of all financial assets and liabilities in these financial statements approximate their fair values.

9 JUDGMENTS AND ESTIMATES

Judgments and estimates made by the management in these financial statements were as those that were applied to the financial statements for the year ended June 30, 2019.

10 FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risk: market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended June 30, 2019.

There has been no change in Company's sensitivity to these risks since June 30, 2019 except for general exposure to fluctuations in foreign currency and interest rates. There have been no change in the risk management policies during the period.

There have been no significant changes in the business or economic circumstances during the period that would have affected the fair values of the financial assets of the Company. Further, no re-classifications in the categories of financial assets have been made since June 30, 2019.

- 11 Figures have been rounded off to the nearest rupee and previous period's figures have been re-classified where necessary. The financial statements were authorized for issue on October 28, 2019.

MOHAMMAD AFZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

ABDUL HAFEEZ POSWAL
Chief Financial Officer



if Undelivered, Please Return To:



Since 1980

Al-Khair Gadoon Ltd.

43-T, Gulberg 3, Lahore.

UAN: (4-92-42) 111-111-043 Tel: (4-92-42) 35716580-86 Fax: (4-92-42) 35716588-35753719

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

URL: www.alkhairgroup.com

