


AL-KHAIR GADOON LTD.



**Condensed Interim
Financial Statements
For The Period Ended
March 31, 2020
(Un-Audited)**





AL-Khair Gadoon Ltd.

COMPANY INFORMATION

BOARD OF DIRECTORS:

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

AUDIT COMMITTEE:

Mr. Kamal Subhani	- Chairman
Mrs. Farnaz Saeed	- Member
Mrs. Aleeza Zahid Tariq	- Member
Mr. Khurram Iftikhar	- Secretary

HUMAN RESOURCE & REMUNERATION COMMITTEE:

Mr. Kamal Subhani	- Chairman
Mrs. Farnaz Saeed	- Member
Mrs. Parveen Afzal	- Member
Mushtaq Ahmed Shaheen	- Secretary

CHIEF FINANCIAL OFFICER

Abdul Hafeez Poswal

COMPANY SECRETARY:

Mr. 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 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



CHAIRMAN'S REVIEW REPORT

I am pleased to present the unaudited Condensed Interim Financial Statements of the Company for the nine months period ended March 31, 2020.

Operational Results

During the period of nine months ended March 31, 2020, the Company achieved the sales revenue of Rs.326.378 million as compared to Rs.459.958 million for the same period last year with a decrease of Rs.133.580 million (40.93%). The decrease was witnessed mainly due to poor economic conditions prevailed in country due to downslide in business at retail level as a result of tough fiscal measures taken by the Government to boost tax revenue. In addition, the effect of world wide outbreak of Corona Virus (COVID-19) which thrashed the economy all over the world since January 2020 including Pakistan, resulting the economy of the country badly affected during third quarter of the year 2020. Gross profit and net profit for the nine months period under review remained Rs.42.846 million and Rs.8.291 million as compared to Rs.54.940 million and Rs.10.616 million respectively for the same period last year. Administrative, distribution and finance costs were kept under strict control and no major deviation has been witnessed. The Company posted per share earning of Rs.0.83 as compared to Rs.1.06 for the same period last year.

Future Outlook

Currently, economy of the country, in particular and the globally in general, is passing through a tough phase due to spread of Corona Virus (COVID-19) all over the world. More than two million people are affected and about one hundred fifty thousand people have been died so far and most of the countries are in the termole of "Lock Down" including Pakistan which may prevail further in view of the prevailing situation. The governments of most of the countries have announced relief packages worth trillions of US Dollars to overcome this situation and for revival of their economies. The Government of Pakistan has also announced such a relief package of Rs.1,200 billion to overcome this disease scenario and rehabilitation of the economy of the country. State Bank of Pakistan has also reduced policy rate from 13.25% to 9% during the month of April 2020 which the economists and industrialists are demanding a further decrees to retain upto 5%. On the other hand exchange rate of US Dollar to Pak Rupee has touched the highest ever limit and currently is being traded at Rs.167 per US Dollar. Lending agenyies and lateral institutions are predicting negative GDP growth rate of Pakistan for next fiscal year whreas the Government is striving hard to overcome poor economic conditions. Since more than 90% of raw materials of foam industry are imported resulting in cost of production will shoot up due to increase in currency exchange rate until and unless the prices of raw materials decline corresspondingly. In the presence of prevailing scenario, where social gathering is banned and marriages and other events have been deferred, the last quarter of the year is very crucial and may affect the performance of the Company very badly as this period is always peak season for a foam industry.

Acknowledgement

I would like to thank all the stakeholders for their continued cooperation and support in achieving best possible results including our valued customers and retailers for their continued confidence in us, management team, staff members, workers, bankers and vendors.

In the end, let us pray before Almighty Allah Kareem, may he save whole the humen being from Corona Disease specially our Pakistani nation, shower his countless blessing on us and help Pakistan to overcome this dangerous disease and prevailing challenges of economy.


MOHAMMAD AFZAL SHEIKH
CHAIRMAN

Lahore: April 27, 2020



AL-Khair Gadoon Ltd.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

	Notes	Un-Audited March 31, 2020 Rupees	Audited June 30, 2019 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipments	5	149,661,913	132,334,174
Deferred Tax Assets		3,342,348	3,342,348
		153,004,261	135,676,522
CURRENT ASSETS			
Store & Spares		1,050,317	2,154,781
Stock in Trade		216,400,868	198,861,532
Trade Debts		39,186,621	50,007,957
Advances, Deposits & Prepayments		115,444,672	124,150,516
Cash & Bank Balances		3,611,016	3,130,415
		375,693,494	378,305,201
		528,697,755	513,981,723
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 - issued for 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		105,265,139	96,974,308
Shareholders' Equity		230,265,139	221,974,308
NON-CURRENT LIABILITIES			
Deferred Liabilities		13,263,381	12,759,381
CURRENT LIABILITIES			
Trade & Other Payables		110,695,768	128,859,253
Short Term Borrowings	6	160,551,356	141,362,342
Un-Claimed Dividend		1,844,946	1,844,946
Provision for Taxation		12,077,165	7,181,493
		285,169,235	279,248,034
		528,697,755	513,981,723
Contingencies & Commitments			
TOTAL EQUITY AND LIABILITIES		528,697,755	513,981,723

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

MOHAMMAD AFZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

ABDUL HAFEEZ POSWAL
Chief Financial Officer

Lahore: April 27, 2020



AL-Khair Gadoon Ltd.

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

	Nine months ended		Quarter ended	
	Jul-Mar, 2020	Jul-Mar, 2019	Jan-Mar, 2020	Jan-Mar, 2019
	Rupees		Rupees	
Sales	326,378,153	459,958,207	80,728,716	199,778,411
Cost of Sales	(283,531,160)	(405,017,928)	(69,937,380)	(176,505,740)
Gross Profit	42,846,993	54,940,279	10,791,336	23,272,671
Administrative Expenses	(14,985,199)	(18,938,416)	(2,524,961)	(8,116,090)
Distribution Expenses	(10,722,982)	(12,804,887)	(3,617,208)	(6,708,015)
	(25,708,181)	(31,743,303)	(6,142,169)	(14,824,105)
Operating Profit	17,138,812	23,196,976	4,649,167	8,448,566
Finance Cost	(5,949,232)	(6,831,432)	(2,183,087)	(1,729,186)
Other Income / Expenses	1,996,923	-	-	90,321
	(3,952,309)	(6,831,432)	(2,183,087)	(1,638,865)
Profit / (loss) before taxation	13,186,503	16,365,544	2,466,080	6,809,701
Provision for Taxation	(4,895,672)	(5,749,478)	(1,210,930)	(2,497,231)
Profit / (loss) after taxation	8,290,831	10,616,066	1,255,150	4,312,470
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the period	8,290,831	10,616,066	1,255,150	4,312,470

Earnings / (Loss) per share-Basic & Diluted (Rupees)

Before tax	1.32	1.64	0.25	0.68
After tax	0.83	1.06	0.13	0.43

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

MOHAMMAD AFZAL SHEIKH
Chairman

Lahore: April 27, 2020

MOHAMMAD SAEED SHEIKH
Chief Executive

ABDUL HAFEEZ POSWAL
Chief Financial Officer



AL-Khair Gadoon Ltd.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Note	Jul-Mar, 2020 Rupees	Jul-Mar, 2019 Rupees
CASH FLOWS FROM INVESTING ACTIVITIES			
Finance cost paid		19,320,383	96,712,403
Taxes paid		(5,838,886)	(8,807,101)
		(5,453,660)	(3,147,596)
		<u>(11,292,546)</u>	<u>(11,954,697)</u>
Net cash generated from Operating Activities		8,027,837	84,757,706
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital expenditure		(33,484,821)	(43,142,473)
Transfer from / (payments for) capital work in progress		3,128,571	(23,139,672)
Proceeds from sale of fixed assets		3,620,000	-
Net Cash Used in Investing Activities		(26,736,250)	(66,282,145)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings		19,189,014	(18,446,185)
Net cash (used in) / generated from Financing Activities		19,189,014	(18,446,185)
Net increase in cash & cash equivalent		480,601	29,375
Cash & Cash equivalent at the beginning of the period		3,130,415	2,781,299
Cash & Cash Equivalent at the end of the period	9	<u>3,611,016</u>	<u>2,810,674</u>

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


MOHAMMAD AFZAL SHEIKH
 Chairman


MOHAMMAD SAEED SHEIKH
 Chief Executive


ABDUL HAFEEZ POSWAL
 Chief Financial Officer

Lahore: April 27, 2020




AL-Khair Gadoon Ltd.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Share Capital	Share Premium	Un-appropriated Profit	Total
	Rupees			
Balance as at July 01, 2018 as restated	100,000,000	25,000,000	78,757,918	203,757,918
Total comprehensive income for nine months period ended March 31, 2019				
Profit for the period	-	-	10,616,066	10,616,066
Other comprehensive income	-	-	-	-
Balance as on March 31, 2019 (Un-audited)	100,000,000	25,000,000	89,373,984	214,373,984
Total comprehensive income for the quarter ended June 30, 2019				
Profit for the quarter	-	-	8,778,722	8,778,722
Other comprehensive loss	-	-	(1,178,398)	(1,178,398)
	-	-	7,600,324	7,600,324
Balance as at July 01, 2019 (Audited)	100,000,000	25,000,000	96,974,308	221,974,308
Total comprehensive income for nine months period ended March 31, 2020				
Profit for the period	-	-	8,290,831	8,290,831
Other comprehensive income	-	-	-	-
	-	-	8,290,831	8,290,831
Balance as on March 31, 2020	100,000,000	25,000,000	105,265,139	230,265,139

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


MOHAMMAD AFZAL SHEIKH
Chairman


MOHAMMAD SAEED SHEIKH
Chief Executive


ABDUL HAFEEZ POSWAL
Chief Financial Officer

Lahore: April 27, 2020



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH ENDED MARCH 31, 2020

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 Limited. It is primarily engaged in manufacturing of foam and allied products. The registered office of the Company is situated 92/3, Phase III, Industrial Estate, Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa - Pakistan.

2 Basis of Preparation and significant accounting policies

2.1 Statement of Compliance

The condensed interim financial statements have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2 These condensed interim financial statements should be read in conjunction with audited annual financial statements of the Company for the year ended June 30, 2019.

3 Significant Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the condensed interim financial statements are the same as those applied in preparation of preceding annual financial statements for the year ended June 30, 2019.

4 Accounting Estimates and Accounting Judgments

- 4.1 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.
- 4.2 During the preparation of these condensed interim financial statements, there were no significant changes in the accounting judgment and estimates. Hence, the same judgments and estimates are applied in preparation of these condensed interim financial statements as were applied in preparation of financial statements for the year ended June 30, 2019.
- 4.3 The provision for taxation for the nine months period ended March 31, 2020 has been made on an estimated basis.



AL-Khair Gadoon Ltd.

5 Property, Plant & Equipment

	March 31, 2020 Un-audited Rupees	June 30, 2019 Audited Rupees
Operating Assets		
Book value at the beginning of the period / year	129,205,603	64,354,773
Addition during the period / year	33,484,821	77,336,761
Disposal during the period / year	<u>(1,623,077)</u>	<u>(2,177,100)</u>
	161,067,347	139,514,434
Depreciation charge for the period / year	<u>(11,405,434)</u>	<u>(10,308,831)</u>
Book value at the end of the period / year	<u>149,661,913</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	-	-
	3,128,571	8,701,223
Less transfer to operating assets	<u>(3,128,571)</u>	<u>(5,572,652)</u>
Balance at the end of the period / year	-	3,128,571
	<u>149,661,913</u>	<u>132,334,174</u>

6 Short Term Borrowings

BAFL - Finance Against Imported Material		65,446,014	46,257,000
Loan from Directors - Unsecured	6.1	70,105,342	70,105,342
Loan from Associated Undertaking - Unsecured	6.2	<u>25,000,000</u>	<u>25,000,000</u>
		<u>160,551,356</u>	<u>141,362,342</u>

6.1 This represents interest free loan received from directors. It is unsecured and repayable on demand.

6.2 This represents interest free loan received from an associated undertaking. It is unsecured and repayable on demand expected to be paid before the end of current financial year.

7 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 period other than those which have been disclosed elsewhere in the interim financial statements are as follows:-

		March 31, 2020 Un-audited Rupees	June 30, 2019 Audited Rupees
Al-Khair Global (Pvt) Ltd.	Sales	5,898,900	7,641,480
Noble Foam (Pvt) Ltd.	Sales	15,400,000	13,346,156

Transactions with related parties are executed at arms' length prices. Directors are interested to the extent of their directorship / shareholding.

Name and nature of relationship

Related parties	Nature	Relationship
Al-Khair Global (Private) Limited	Associated Undertaking	Common Directorship
Noble Foam (Private) Limited	Associated Undertaking	Common Directorship

March 31, 2020	March 31, 2019
Un-audited	Un-audited
Rupees	Rupees

8 Cash Generated From Operations

Cash flows from operating activities

Profit before taxation	13,186,503	16,365,544
Adjustment for:		
Depreciation	11,405,434	6,870,528
Provision for bad debts	(164,791)	391,051
Finance cost	5,949,232	6,831,432
Provision for gratuity	504,000	-
Gain on sale of fixed assets	(1,996,923)	-
	<u>15,696,952</u>	<u>14,093,011</u>
Operating profit before working capital changes	28,883,455	30,458,555

(Increase) / decrease in Current Assets

Stores and spares	1,104,464	1,598,761
Stocks in trade	(17,539,336)	(33,910,202)
Trade debts	10,986,127	5,087,136
Advances, deposits, prepayments & other receivables	14,159,504	49,217,520
	<u>8,710,759</u>	<u>21,993,214</u>

(Decrease) in Current Liabilities

Trade & other payables	(18,273,831)	44,260,634
------------------------	--------------	------------

Cash generated from operations

<u>19,320,383</u>	<u>96,712,403</u>
-------------------	-------------------

9 Cash and cash equivalent

	March 31, 2020	June 30, 2019
	Un-audited	Audited
	Rupees	Rupees
Cash in hand	731,723	547,015
Cash in banks - Current Accounts	2,879,293	2,583,400
	<u>3,611,016</u>	<u>3,130,415</u>

10 Fair Value of Financial Instruments

The carrying values of all financial assets and liabilities reflected in the interim financial statements are a reasonable approximation of their fair values.



11 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 statements do 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 statement 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 other 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.

12 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.

13 Date of authorization

These financial statements were authorized for issue on April 27, 2020 by the Board of Directors of the Company.


MOHAMMAD AFZAL SHEIKH
Chairman


MOHAMMAD SAEED SHEIKH
Chief Executive


ABDUL HAFEEZ POSWAL
Chief Financial Officer

Lahore: April 27, 2020

if Undelivered, Please Return To:



Since 1980

Al-Khair Gadoon Ltd.

43-T, Gulberg II, Lahore.

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

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

URL: www.alkhairgroup.com