



Since 1980

AL-KHAIR GADOON LTD.

Condensed Interim
Financial Statements
For The Period Ended
March 31, 2019
(Un-Audited)





COMPANY INFORMATION

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AL-Khair Gadoon Ltd.

COMPANY INFORMATION

BOARD OF DIRECTORS:

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

AUDIT COMMITTEE:

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

HUMAN RESOURCE & REMUNERATION COMMITTEE:

Mrs. Nafeesa Amin	- Chairman
Mrs. Farnaz Saeed	- Member
Mr. Sheikh Pervaiz Afzal	- Member
Mushtaq Ahmed Shaheen	- Secretary

CHIEF FINANCIAL OFFICER:

Mr. 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, Phase III, Industrial Estate,
Gadoon Amazai,
District Swabi, (K.P.K)
Tel: (0938) 270260
Fax: (0938) 270270

CORPORATE OFFICE:

Al-Khair House,
43-T, Gulberg II, Lahore.
Tel: (042) 111-111-043, Fax: (042) 35716588, 35753719



AL-Khair Gadoon Ltd.

DIRECTORS' REVIEW REPORT FOR THE NINE MONTHS ENDED MARCH 31, 2019

On behalf of the board of directors of the Company, I am pleased to present the unaudited condensed interim financial statements of the Company for the nine months period ended March 31, 2019.

Operational Performance

Alhamdulillah, during the period under review, the Company remained on the track of growth and profitability. During the quarter ended March 31, 2019, the Company achieved sales revenue of Rs.199.778 million compared to Rs.108.312 million during the corresponding quarter of the last year showing an increase of 84.45% that was mainly due the supply under contract to institutions, whereas market position remains the same. Net profit for the quarter ended is Rs.4.312 million compared to net loss of Rs.8.836 million for the corresponding quarter of previous year.

Total sales revenue of the Company for the nine months period ended March 31, 2019 remained Rs.459.958 million compared to Rs.256.526 million for the same period last year showing an increase of 79.30%. The growth was resulted mainly due to growth in volume as well as better product mix which led to an increase in gross profit by Rs.23.852 million (76.72%) during the period under review. During the nine months period under review, overall operating expenses remained under control except finance cost which increased by Rs.6.295 million compared to same period last year mainly due to dependency on finance facilities to meet working capital requirement of the Company. As a result of better performance and growing activities, the Company posted EPS of Rs.1.06 per share and Rs.0.43 for the nine months period and quarter ended respectively compared to negative EPS of Rs.(0.25) per share and Rs.(0.88) per share for the corresponding periods last year respectively.

Future Outlook

The management of the Company is fully aware of uncertain economic conditions prevailing in the country. The negative future growth indicators prediction from both national and international experts may further aggravate the situation of uncertainty. The core issues being faced by industrial sector are like inconsistent economic policies, rising inflation, frequent increase in interest rate and uncompetitive exchange rate which have badly affected the industry specially foam sector which produces consumer products and its operations are based on imported raw materials. It is expected that the Government will take immediate remedial actions to overcome the situation and to regain the economical growth momentum.

The Company has been exhibiting strong performance over the years despite intensified competition in the foam industry in addition to fluctuation in raw material prices and exchange rate. The management of the Company has been continuously focusing to achieve sustainable growth and to meet challenges through operational excellence, management skills, aggressive marketing strategies, better product mix, strict quality standards and effective cost control measures.

Acknowledgement

I would like to appraise efforts of all the stakeholder, management team members, staff and workers for their contribution and strenuous efforts in achieving the operational growth of the Company.

FOR AND ON BEHALF OF THE BOARD

MOHAMMAD AFZAL SHEIKH

Chairman

Lahore: April 26, 2019



AL-Khair Gadoon Ltd.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

	Notes	Un-Audited March 31, 2019 Rupees	Audited June 30, 2018 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipments	5	130,338,734	70,927,116
Deferred Tax Assets		4,281,083	4,281,083
		134,619,817	75,208,199
CURRENT ASSETS			
Store & Spares		1,325,417	2,924,178
Stock in Trade		212,554,190	178,643,988
Trade Debts		43,079,115	48,557,302
Advances, deposits, Prepayments & other receivables		129,851,654	175,921,578
Cash & Bank Balances		2,810,674	2,781,299
		389,621,050	408,828,345
TOTAL ASSETS		524,240,867	484,036,544
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		87,233,095	76,617,029
Shareholders' Equity		212,233,095	201,617,029
NON-CURRENT LIABILITIES			
Deferred Liabilities		10,295,080	10,295,080
Loan from Associated Undertakings-Unsecured		25,000,000	25,000,000
CURRENT LIABILITIES			
Trade & other Payables		96,772,096	54,487,132
Short Term Borrowings	6	166,930,900	185,377,085
Un-Claimed Dividend		1,844,946	1,844,946
Provision for Taxation		11,164,750	5,415,272
		276,712,692	247,124,435
Contingencies & Commitments		-	-
TOTAL EQUITY AND LIABILITIES		524,240,867	484,036,544

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

MOHAMMAD AFZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

ABDUL HAFEEZ POSWAL
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE NINE MONTHS ENDED MARCH 31, 2019

	Nine months ended		Quarter ended	
	Jul-Mar, 2019	Jul-Mar, 2018	Jan-Mar, 2019	Jan-Mar, 2018
	Rupees		Rupees	
Sales	459,958,207	256,525,959	199,778,411	108,312,383
Cost of sales	405,017,928	225,437,595	176,505,740	99,078,846
Gross profit	54,940,279	31,088,364	23,272,671	9,233,537
Administrative Expenses	18,938,416	13,123,804	8,116,090	3,620,824
Distribution Expenses	12,804,887	7,723,743	6,708,015	3,279,688
	31,743,303	20,847,547	14,824,105	6,900,512
Operating profit	23,196,976	10,240,817	8,448,566	2,333,025
Financial Expenses	(6,831,432)	(535,969)	(1,729,186)	(152,347)
Other Income / Expenses	-	(8,953,901)	90,321	(10,544,166)
	(6,831,432)	(9,489,870)	(1,638,865)	(10,696,513)
Profit / (loss) before taxation	16,365,544	750,947	6,809,701	(8,363,488)
Provision for Taxation	5,749,478	3,206,574	2,497,231	472,243
Profit / (loss) after taxation	10,616,066	(2,455,627)	4,312,470	(8,835,731)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income For the period	10,616,066	(2,455,627)	4,312,470	(8,835,731)


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

Before tax	1.64	0.08	0.68	(0.84)
After tax	1.06	(0.25)	0.43	(0.88)

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


MOHAMMAD AFZAL SHEIKH
Chairman


MOHAMMAD SAEED SHEIKH
Chief Executive


ABDUL HAFEEZ POSWAL
Chief Financial Officer



AL-Khair Gaboon Ltd.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

	Jul-Mar, 2019	Jul-Mar, 2018
Note	Rupees	Rupees
CASH FLOWS FROM INVESTING ACTIVITIES		
Finance cost paid	96,712,403	(147,140,248)
Taxes paid / refund	(8,807,101)	(61,023)
	(3,147,596)	821,494
	(11,954,697)	760,471
Net cash Generated from / (used in) Operating Activities	84,757,705	(146,379,777)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital expenditure	(43,142,473)	(2,995,525)
Payments for capital work in progress	(23,139,672)	-
Proceeds from Insurance Company against loss due to fire	-	59,153,323
Proceeds from sale of fixed assets	-	2,585,000
Net cash (used in) / generated from Investing Activities	(66,282,145)	58,742,798
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings	(18,446,185)	88,105,801
Net cash (used in) / generated from Financing Activities	(18,446,185)	88,105,801
Net increase in cash & cash equivalent	29,375	468,821
Cash & cash equivalent at the beginning of the period	2,781,299	2,889,378
Cash & Cash Equivalent at the end of the period	2,810,674	3,358,199

The annexed notes from 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 28, 2019



AL-Khair Gadoon Ltd.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

	Share Capital	Share Premium	Un-appropriated Profit	Total
	Rupees			
Balance as at July 01, 2017 (Audited)	100,000,000	25,000,000	68,208,415	193,208,415
Total comprehensive income for nine months period ended March 31, 2018				
Loss for the period	-	-	(2,455,627)	(2,455,627)
Other comprehensive income	-	-	-	-
	-	-	(2,455,627)	(2,455,627)
Balance as on March 31, 2018 (Un-audited)	100,000,000	25,000,000	65,752,788	190,752,788
Total comprehensive income for the quarter ended June 30, 2018				
Profit for the quarter	-	-	9,953,020	9,953,020
Other comprehensive income	-	-	911,221	911,221
	-	-	10,864,241	10,864,241
Balance as at July 01, 2018 (Audited)	100,000,000	25,000,000	76,617,029	201,617,029
Total comprehensive income for nine months period ended March 31, 2019				
Profit for the period	-	-	10,616,066	10,616,066
Other comprehensive income	-	-	-	-
	-	-	10,616,066	10,616,066
Balance as on March 31, 2019	100,000,000	25,000,000	87,233,095	212,233,095

The annexed notes from 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 26, 2019



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH ENDED MARCH 31, 2019

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 register office the Company is situated 92/3, Phase III, Industrial Estate, Gadoon Amazai, District Swabi, Khyber Pakhtunkhawa - 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, 2018.

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, 2018.

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 this 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, 2018.
- 4.3 The provision for taxation for the nine months ended March 31, 2019 has been made on an estimated basis.



5 Property, Plant & Equipment

	March 31, 2019 Un-audited Rupees	June 30, 2018 Audited Rupees
Operating Assets		
Opening book value	62,225,893	79,207,584
Addition during the period / year	70,272,162	4,932,511
Disposal during the period / year		(13,026,608)
	132,498,055	71,113,487
Depreciation charge for the period/year	(6,870,527)	(8,887,594)
	125,627,528	62,225,893

Capital work in progress

Opening balance	8,701,223	-
Addition during the period / year	23,139,672	8,701,223
	31,840,895	8,701,223
Less transfer to operating assets	(27,129,689)	-
	4,711,206	8,701,223
	130,338,734	70,927,116

6 Short Term Borrowings

BAFL - Finance Against Imported Material	116,825,558	135,271,743
Loan from Director - Unsecured	50,105,342	50,105,342
	166,930,900	185,377,085

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

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, 2019 Un-audited Rupees	June 30, 2018 Audited Rupees
Al-Khair Global (Pvt) Ltd.	Purchases	-	26,427,661
Al-Khair Global (Pvt) Ltd.	Sales	4,242,129	2,046,365
Noble Foam (Pvt) Ltd.	Purchases	-	16,860,000
Noble Foam (Pvt) Ltd.	Sales	11,406,971	20,033,366

Sales and purchase transactions have been carried out on commercial terms and conditions under comparable uncontrolled method.



8 Cash Generated From Operations

	March 31, 2019 Un-audited Rupees	March 31, 2018 Un-audited Rupees
Cash flows from operating activities		
Profit before Taxation	16,365,544	750,947
Adjustment for:		
Depreciation	6,870,527	7,007,543
Provision for bad debts	391,051	17,309
Finance cost	6,831,432	535,969
Gain on sale of fixed assets	-	(1,590,265)
Loss of fixed assets due to fire - net of insurance claim	-	10,694,583
	<u>14,093,010</u>	<u>16,665,139</u>
Operating profit before working capital changes	30,458,554	17,416,086
(Increase) / decrease in Current Assets		
Stores and spares	1,598,761	1,728,512
Stocks in trade	(33,910,202)	(8,002,420)
Trade debts	5,087,136	(346,169)
Advances, deposits, prepayments & other receivables	49,217,520	(69,639,430)
	<u>21,993,215</u>	<u>(76,259,507)</u>
Increase / (decrease) in Current Liabilities		
Trade & other payables	44,260,634	(88,296,827)
Cash generated from / (used in) Operations	<u>96,712,403</u>	<u>(147,140,248)</u>

9 Cash and cash equivalent

	March 31, 2019 Un-audited Rupees	June 30, 2018 Audited Rupees
Cash in hand	497,258	350,970
Cash in banks - Current Accounts	2,313,416	2,430,329
	<u>2,810,674</u>	<u>2,781,299</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, 2018.

There has been no change in Company's sensitivity to these risks since June 30, 2018 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, 2018.

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 26, 2019 by the Board of Directors of the Company.


MOHAMMAD AFZAL SHEIKH
Chairman


MOHAMMAD SA'EEED SHEIKH
Chief Executive


ABDUL HAFEEZ POSWAL
Chief Financial Officer



Since 1980

if Undelivered, Please Return To:

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