



SINCE 1980

# AL-KHAIR GADOON LTD.



Condensed Interim  
Financial Statements  
First Quarter Ended

September  
30, 2022  
(Un-Audited)

[www.alkhaigadoon.com](http://www.alkhaigadoon.com)

**COMPANY INFORMATION**

<b>BOARD OF DIRECTORS:</b>	Mohammad Afzal Sheikh Mohammad Saeed Sheikh Mohammad Amin Sheikh Mrs. Parveen Afzal Mrs. Farnaz Saeed Mrs. Nafisa Amin Mrs. Aleeza Zahid Tariq Mr. Kamal Subhani	Chairman Chief Executive Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Independent Director Independent Director
<b>AUDIT COMMITTEE:</b>	Mr. Kamal Subhani Mrs. Farnaz Saeed Mrs. Aleeza Zahid Tariq Mr. Khurram Ifikhar	Chairman Member Member Secretary
<b>HUMAN RESOURCE &amp; REMUNERATION COMMITTEE:</b>	Mr. Kamal Subhani Mrs. Farnaz Saeed Mrs. Parveen Afzal Miss Samina Kokab	Chairman Member Member Secretary
<b>CFO / CHIEF ACCOUNTANT:</b>	Jehanzeb Ch	
<b>COMPANY SECRETARY:</b>	Muhammad Amin Sheikh	
<b>AUDITORS:</b>	M/s. Tahir Siddiqi & Co., Chartered Accountants.	
<b>LEGAL ADVISOR:</b>	Mr. Umer Jamil (Advocate High Court)	
<b>SHARES REGISTRAR:</b>	Shemas International (Pvt) Limited 533-Imperial Garden Block, Main Boulevard, Paragon City, Barki Road, Lahore.	
<b>BANKERS:</b>	Meezan Bank Limited Bank Alfalah Limited. Habib Metropolitan Bank Limited Allied Bank Limited Soneri Bank Limited	
<b>REGISTERED OFFICE &amp; FACTORY SITE:</b>	92/3, 94A & 94B Phase III, Industrial Estate, Gadoon Amazai, District Swabi, (K.P.K) Tel: (0938) 270260 Fax: (0938) 270270	
<b>CORPORATE OFFICE:</b>	Al-Khair House, 43-T, Gulberg II, Lahore. Tel: (0342)-4311111 Fax: (042) 35716588, 35753719 Email: info@alkhairgadoon.com Website: www.alkhairgadoon.com	

**DIRECTORS' REVIEW REPORT  
FOR THE QUARTER ENDED SEPTEMBER, 30 2022**

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, 2022.

**Operational Results**

During the quarter ended September 30, 2022, the Company remained on the track of progress and recorded net sales of Rs. 222,943,229 compared to Rs. 191,269,711 for the same quarter of last year with an increase of Rs. 31,673,518 (16.55%). During the quarter under review, the Company earned a gross profit of Rs. 29,884,329 and net profit of Rs. 1,293,157 as compared to gross profit of Rs.26,651,266 and net profit of Rs. 8,577,850 respectively for the same quarter of last year.

**Future Outlook**

The Government is very keen and has taken various remedial measures for strengthening of the economy of the country in post coronavirus pandemic (Covid-19) scenario. Earlier Government has given financial packages to mitigate negative impacts of the pandemic whereas State Bank of Pakistan also reduced policy rates to support the business community and revival of the economy in the country. However, the major threat to business specially at retail level is ever rising inflation and dearness prevailing in the country which has severely affected the purchasing power of customers resultantly affecting the sales targets of foam and allied products. The management of the Company is fully aware of state of affairs of the Company and economic conditions of the country in terms of inflation, prevailing dearness in the country, in addition to intense competition from existing players and new entrants which are major challenges to meet in coming future. But now the flood situation of country may adversely affect the business of the Company for short time.

The management of the Company is fully cognizant of the situation and will overcome through the strategies of improved operational efficiencies, synergies, best product mix management, effective cost control measures and better trade partnering with customers. The Company has been exhibiting strong performance against challenges over the years, be it vulnerability of increased competition, fluctuation in raw material prices or 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.

**Appreciation**

We would like to acknowledge and appreciate the devoted and sincere services of our workers, staff members of the management team. We are grateful to our bankers and other stakeholders. We also thank for continued co-operation extended by our customers and retailers who are the key element of our Company.

**MUHAMMAD AFZAL SHEIKH**  
Chairman

**MUHAMMAD SAEED SHEIKH**  
Chief Executive

Lahore: October 26, 2022

### ڈائریکٹرز کی جائزہ رپورٹ

ہم نہایت مسرت کے ساتھ 30 ستمبر 2022 کو ختم ہونے والی سہ ماہی کے لئے کمپنی کے غیر پڑتال شدہ عبوری مالیاتی حسابات پیش کرتے ہیں۔

### آپریشنل نتائج

30 ستمبر 2022 کو ختم ہونے والی سہ ماہی کے دوران، کمپنی ترقی کی راہ پر گامزن رہی اور گزشتہ سال کی اسی سہ ماہی میں 31,673,518 روپے (16.55 فیصد) کے اضافے کے ساتھ 191,269,711 روپے کے مقابلے میں 222,943,229 روپے کی خالص فروخت ریکارڈ کی گئی۔ کمپنی نے گزشتہ سال کی اسی سہ ماہی 26,651,266 روپے اور خالص منافع 8,577,850 روپے کے مقابلے میں اس سال 29,884,329 روپے کا مجموعی منافع اور 1,293,157 روپے کا خالص منافع کمایا۔

### مستقبل کے خدوخال

حکومت بہت پر جوش ہے اور اس نے کورونا وائرس وبائی امراض (COVID-19) کے بعد کے منظر نامے میں ملک کی معیشت کی مضبوطی کے لیے بہت سے تدارکاتی اقدامات کیے ہیں۔ اس سے قبل حکومت نے وبائی امراض کے منفی اثرات کو کم کرنے کے لیے مالیاتی پیکیج دیے ہیں جبکہ اسٹیٹ بینک آف پاکستان نے بھی کاروباری برادری کی مدد اور ملک میں معیشت کی بحالی کے لیے پالیسی ریٹ میں کمی کی ہے۔ تاہم، کاروبار کے لیے خاص طور پر خوردہ سطح پر سب سے بڑا خطرہ ملک میں بڑھتی ہوئی افراط زر اور مہنگائی ہے جس نے صارفین کی قوت خرید کو شدید متاثر کیا ہے جس کے نتیجے میں نوم اور اس سے منسلک مصنوعات کی فروخت کے اہداف متاثر ہوئے ہیں۔ کمپنی کی انتظامیہ اس بات سے پوری طرح آگاہ ہے کہ کمپنی کی صورت حال اور ملک کے معاشی حالات، ملک میں موجودہ مہنگائی، اور اس کاروبار میں نئے داخل ہونے والوں کے درمیان شدید مقابلے مستقبل میں سامنے آنے والے بڑے چیلنجز ہیں۔ لیکن اب ملک کی سیلابی صورت حال کمپنی کے کاروبار کو مختصر وقت کے لیے بری طرح متاثر کر سکتی ہے۔

کمپنی کی انتظامیہ اس صورتحال سے پوری طرح باخبر ہے اور بہتر آپریشنل افادیت، ہم آہنگی، بہترین پروڈکٹ مینجمنٹ، لاگت پر قابو پانے کے موثر اقدامات اور صارفین کے ساتھ بہتر تجارتی شراکت داری کی حکمت عملیوں کے ذریعے قابو پائے گی۔ کمپنی کئی سالوں سے ان چیلنجوں کے خلاف مضبوط کارکردگی کا مظاہرہ کر رہی ہے، چاہے وہ بڑھتی ہوئی مسابقت کا خطرہ ہو، خام مال کی قیمتوں میں اتار چڑھاؤ ہو یا شرح مبادلہ۔ آپریشنل کارکردگی اور انتظامی مہارت نے کمپنی کو پائیدار ترقی کے لیے پیش کیا ہے تاکہ آنے والے چیلنجوں کا مقابلہ کیا جاسکے۔ سماجی طور پر ذمہ دار، مالی طور پر قابل عمل اور آپریشنل طور پر ہر طرح کے چیلنجز کے لئے تیار رہنا کمپنی کے اہم مقاصد ہیں۔

اظہارِ شکر:

ہم اپنے ہونہار اور جناکش محنت کشوں، انتظامی عملے کے اراکین کی مخلصانہ خدمات کا اعتراف اور تعریف کرنا چاہیں گے۔ ہم اپنے بینکرز اور دیگر اسٹیک ہولڈرز کے شکر گزار ہیں۔ ہم اپنے صارفین اور خوردہ فروشوں کی طرف سے جاری تعاون کے لیے بھی شکر یہ ادا کرتے ہیں جو ہماری کمپنی کا کلیدی عنصر ہیں۔

M. Saad

M. Saad

محمد سعید شیخ

چیف ایگزیکٹو

M. Saad

محمد افضل شیخ

چیرمین

لاہور: 26 اکتوبر، 2022



## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2022

	Note	Un-Audited September, 30 2022 Rupees	Audited June, 30 2021 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	5	170,110,761	171,692,983
		<u>170,110,761</u>	<u>171,692,983</u>
<b>CURRENT ASSETS</b>			
Stores and Spares		5,833,736	5,403,169
Stock in Trade		309,035,256	292,018,364
Trade Debts		59,630,269	55,406,221
Advances, Deposits and Prepayments		57,257,560	41,456,375
Advance Taxes - Net		43,676,443	37,180,036
Cash and Bank Balances		17,438,711	17,399,686
		<u>492,871,975</u>	<u>448,863,851</u>
<b>TOTAL ASSETS</b>		<u><b>662,982,736</b></u>	<u><b>620,556,834</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Authorized Capital</b>			
12,000,000 Ordinary shares of Rs. 10 each		<u>120,000,000</u>	<u>120,000,000</u>
Issued, Subscribed and Paid up Capital		<u>100,000,000</u>	<u>100,000,000</u>
Capital Reserves - Share Premium		25,000,000	25,000,000
Unappropriated Profit		156,804,767	155,511,610
<b>Shareholders' Equity</b>		<u>281,804,767</u>	<u>280,511,610</u>
<b>NON CURRENT LIABILITIES</b>			
Long Term Loan	6	7,407,390	11,111,083
Lease Liabilities		1,559,360	1,679,918
Deferred Liabilities		27,671,328	27,671,328
		<u>36,638,078</u>	<u>40,462,329</u>
<b>CURRENT LIABILITIES</b>			
Current portion of Long Term Loan		3,703,692	3,337,317
Lease Liabilities		557,172	560,343
Trade and Other Payables		87,912,163	117,949,487
Taxes Payable		626,496	325,767
Short Term Borrowings		249,962,668	175,632,281
Un-Claimed Dividend		1,777,700	1,777,700
		<u>344,539,891</u>	<u>299,582,895</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>662,982,736</b></u>	<u><b>620,556,834</b></u>

MOHAMMAD AFZAL SHEIKH  
CHAIRMAN

MOHAMMAD SAEED SHEIKH  
CHIEF EXECUTIVE

JEHANZEB CH  
CHIEF FINANCIAL OFFICER

Lahore: October 26, 2022

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	2022 Rupees	2021 Rupees
Sales - net	222,943,229	191,269,711
Cost of sales	(193,058,900)	(164,618,445)
<b>Gross profit</b>	<b>29,884,329</b>	<b>26,651,266</b>
Administrative expenses	(12,776,772)	(8,653,479)
Distribution expenses	(7,900,845)	(5,885,345)
	(20,677,617)	(14,538,824)
<b>Operating profit</b>	<b>9,206,712</b>	<b>12,112,441</b>
Finance cost	(5,472,024)	(1,162,173)
Other operating income	345,259	18,453
	(5,126,765)	(1,143,720)
<b>Profit before taxation</b>	<b>4,079,947</b>	<b>10,968,721</b>
Income tax expense	(2,786,790)	(2,390,871)
<b>Profit after taxation</b>	<b>1,293,157</b>	<b>8,577,850</b>
Other comprehensive income / (loss) for the period	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>1,293,157</b>	<b>8,577,850</b>
Earnings per share - before tax (basic and diluted - Rupees)	0.41	1.10
Earnings per share - after tax (basic and diluted - Rupees)	0.13	0.86

MOHAMMAD AFZAL SHEIKH  
CHAIRMAN

MOHAMMAD SAEED SHEIKH  
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JEHANZEB CH  
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Lahore: October 26, 2022

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	Note	2022 Rupees	2021 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	8	(55,930,684)	24,080,570
Finance cost paid		(2,695,435)	(1,486,525)
Income tax (paid) / refunds received		(4,790,004)	(17,080,863)
Sales tax (paid) / refunds received		(4,493,193)	-
<b>Net cash (used in) generated from operating activities</b>		<b>(67,909,316)</b>	<b>5,513,182</b>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(2,921,000)	(7,761,493)
<b>Net cash (used in) investing activities</b>		<b>(2,921,000)</b>	<b>(7,761,493)</b>
<b>Cash flows from financing activities</b>			
Short term borrowings		74,696,762	(7,565,833)
Long Term Loans		(3,703,693)	(2,135,000)
Lease Liabilities		(123,728)	-
<b>Net cash generated / (used in) financing activities</b>		<b>70,869,341</b>	<b>(9,700,833)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>39,025</b>	<b>(11,949,145)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>17,399,686</b>	<b>20,072,530</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>17,438,711</b>	<b>8,123,385</b>

MOHAMMAD AFZAL SHEIKH  
CHAIRMAN

MOHAMMAD SAEED SHEIKH  
CHIEF EXECUTIVE

JEHANZEB CH  
CHIEF FINANCIAL OFFICER

Lahore: October 26, 2022



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	Issued, Subscribed and Paid up	Share	Unappropriated	Total
	Share Capital	Premium	Profit	
	(-----Rupees-----)			
Balance as at 1 July 2021	100,000,000	25,000,000	126,615,042	251,615,042
Comprehensive income for the year				
Profit for the year	-	-	30,572,459	30,572,459
Other comprehensive income (loss) for the year	-	-	(1,675,891)	(1,675,891)
Balance as at 30 June 2022	100,000,000	25,000,000	155,511,610	280,511,610
Balance as at 1 July 2022				
Comprehensive income for the period				
Profit for the quarter	-	-	1,293,157	1,293,157
Other comprehensive (loss) for the quarter	-	-	-	-
Balance as at September 30, 2022	100,000,000	25,000,000	156,804,767	281,804,767

MOHAMMAD AFZAL SHEIKH  
CHAIRMAN

MOHAMMAD SAEED SHEIKH  
CHIEF EXECUTIVE

JEHANZEB CH  
CHIEF FINANCIAL OFFICER

Lahore: October 26, 2022

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)**

**1 THE COMPANY AND ITS OPERATIONS**

The Company was incorporated as a Private Limited Company on August 27, 1990 under the Companies Ordinance, 1984 (now the Companies Act, 2017) and converted into Public Limited Company on August 31, 1995. The shares of the Company are listed on Pakistan Stock Exchange Limited. The Company is principally engaged in manufacturing and sale of foam and allied products. The manufacturing facilities of the Company are located at 92/3, 94-A & 94-B, Industrial Estate, Gadoon Amazai, District Swabi, KPK. 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**

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" issued by the International Accounting Standards Board (IASB).

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies for the preparation of quarterly financial statements for the quarter ended September 30, 2022 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, 2022.

**4 ACCOUNTING ESTIMATES AND 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, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2022.
- 4.3 The provision for taxation for the quarter ended September 30, 2022 has been made on an estimated basis.

**5 PROPERTY, PLANT & EQUIPMENT**

	<b>30-Sep-22</b> <b>Un-audited</b> <b>Rupees</b>	<b>30-Jun-22</b> <b>Audited</b> <b>Rupees</b>
<b>Operating Assets</b>		
Book value at the beginning of the period / year	171,692,983	157,356,870
Addition during the period / year	2,921,000	33,058,018
Deletion during the period / year	-	-
	<u>174,613,983</u>	<u>190,414,888</u>
Depreciation charged during the period / year	<u>(4,503,221)</u>	<u>(18,721,905)</u>
Book value at the end of the period / year	<u>170,110,762</u>	<u>171,692,983</u>
	<u>170,110,762</u>	<u>171,692,983</u>

**6 LONG TERM LOAN**

The long term loan received from Bank Al falah Limited under refinance scheme for payment of wages and salaries to the workers and employees of business concerns introduced by state Bank of Pakistan is completely paid off during the period ended on Sep. 30 2022.

The Company has obtained a long-term finance lease facility from Sindh bank amounting to PKR 14.814 million, in order to lease Plant & Machinery. The amount is repayable in monthly installments, commencing from July 28, 2021 over a term of 5 years ending on June 28, 2026. The facility carries mark-up at 6 months kibar plus 3% per annum.

**7 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, 2022.

**8 CASH GENERATED FROM OPERATIONS**

	<b>30-Sep-22</b> <b>Un-audited</b> <b>Rupees</b>	<b>30-Sep-21</b> <b>Un-audited</b> <b>Rupees</b>
Profit before taxation	4,079,947	10,968,721
Adjustments for non cash items:		
Depreciation on property, plant and equipment	4,503,220	4,249,435
Finance cost	5,472,024	1,162,173
Provision for Loss Allowance	64,325	(26,511)
	<u>10,039,569</u>	<u>5,385,097</u>
<b>Operating profit before working capital changes</b>	<b>14,119,516</b>	<b>16,353,818</b>
<b>Decrease/(increase) in current assets</b>		
Stores and spares	(430,567)	1,124,930
Stock-in-trade	(17,016,892)	12,153,481
Trade debts	(4,288,374)	1,767,437
Advances, deposits and prepayments	(15,801,185)	756,343
	<u>(37,537,018)</u>	<u>15,802,191</u>
<b>(Decrease)/increase in current liabilities</b>		
Trade and other payables	(32,513,182)	(8,075,440)
<b>Net cash flow from Operating Activities</b>	<u>(55,930,684)</u>	<u>24,080,570</u>

**9 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

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

**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 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, 2022.

There has been no change in Company's sensitivity to these risks since June 30, 2022 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, 2022.

**11** Figures have been rounded off to the nearest rupee and previous period's figures have been re-classified where necessary.


**12** The financial statements were authorized for issue on October 26, 2022.



**MOHAMMAD AFZAL SHEIKH**  
CHAIRMAN



**MOHAMMAD SAEED SHEIKH**  
CHIEF EXECUTIVE



**JEHANZEB CH**  
CHIEF FINANCIAL OFFICER

Lahore: October 26, 2022

# CONTACT US

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