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# AL-KHAIR GADOON LTD.

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

## Condensed Interim Financial Statements 1st Quarter Ended

September  
30, 2023  
(Un-Audited)

**COMPANY INFORMATION**

<b>BOARD OF DIRECTORS:</b>	Mohammad Afzal Sheikh Mohammad Amin Sheikh Mohammad Saeed Sheikh Mrs. Parveen Afzal Mrs. Farnaz Saeed Mrs. Nafisa Amin Mr. Asif Sajjad 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 Mr. Asif sajjad Mr. Khurram Iftikhar	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 Chaudhury	
<b>COMPANY SECRETARY:</b>	Miss Samina Kokab	
<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, 2023**

On behalf of the board of directors of the Company, we are pleased to present before you Unaudited Condensed Interim Financial Statements of the Company for the quarter ended September 30, 2023.

**Operational Results**

During the quarter ended September 30, 2023 the Company has recorded net sales of Rs.252,817,471 compared to Rs. 222,943,229 for the same period of last year with an increase of Rs. 29,874,242 (13.39%). During the period under review, the Company earned a gross profit of Rs.36,503,334 and net profit of Rs. 5,491,585 as compared to gross profit of Rs.29,884,329 and net profit of Rs. 1,293,157 respectively for the same period of last year.

**Future Outlook**

The major threat to business is facing problems in imports due to trade deficit of the country which results problems in import payments. Other problem is devaluation of rupee which increase the cost of product. Thirdly 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.

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.

**MOHAMMAD AFZAL SHEIKH**

Chairman

**MOHAMMAD AMIN SHEIKH**

Chief Executive

## ڈائریکٹرز کی جائزہ رپورٹ

30 ستمبر 2023 کو ختم ہونے والے سہ ماہی کے لیے

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے، ہمیں 30 ستمبر 2023 کو ختم ہونے والی سہ ماہی کے لیے کمپنی کے مجموعی عبوری مالیاتی بیانات آپ کے سامنے پیش کرتے ہوئے خوشی ہو رہی ہے۔

### آپریشنل نتائج

30 ستمبر 2023 کو ختم ہونے والی سہ ماہی کے دوران کمپنی نے 252.8175 ملین روپے جو کہ گزشتہ سال کی اسی مدت کے لیے 222.9432 ملین روپے کے مقابلے میں 29.8742 (13.39%) ملین روپے کے اضافے کے ساتھ خالص فروخت کی۔ زیر جائزہ مدت کے دوران کمپنی نے مجموعی منافع 36.5033 ملین روپے اور 5.4916 ملین روپے خالص منافع جو کہ گزشتہ سال کی اسی مدت کے مجموعی منافع 29.8843 ملین روپے اور 1.2932 ملین روپے کے خالص منافع کے مقابلے میں تھا۔

### مستقبل کے خدوخال

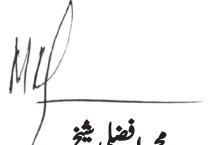
کاروبار کو سب سے بڑا خطرہ ملک کے تجارتی خسارے کی وجہ سے درآمدات میں مسائل کا سامنا ہے جس کے نتیجے میں درآمدی ادائیگیوں میں مشکلات کا سامنا ہے۔ دوسرا مسئلہ روپے کی قدر میں کمی ہے جس سے مصنوعات کی لاگت میں اضافہ ہوتا ہے۔ سوئم ملکی سطح پر مہنگائی کی شرح میں مسلسل اضافہ جس میں صارفین کی قوت خرید کو بری طرح متاثر کیا ہے جس کے نتیجے میں نوم اور اس سے منسلک مصنوعات کی فروخت کے اہداف متاثر ہوئے ہیں۔ کمپنی کی انتظامیہ کمپنی کے حالات اور ملک کی معاشی صورتحال سے پوری طرح آگاہ ہے افراتر، اور موجودہ مہنگائی کے علاوہ، موجودہ نوم حریف اور نئے داخل ہونے والوں سے شدید مقابلے کے علاوہ جو آنے والے مستقبل میں سامنا کرنے کے لیے بڑے چیلنجز ہیں۔

کمپنی کی انتظامیہ صورتحال سے پوری طرح باخبر ہے اور بہتر آپریشنل افادیت، ہم آہنگی، بہترین پروڈکٹ مکس 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 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 فضا اور انتظامی مہارتوں 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 ہوشیار ہونا کمپنی کے اہم مقاصد ہیں۔

### اظہار تشکر

ہم اپنے کارکنوں، انتظامی ٹیم کے 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 شکریہ ادا کرتے ہیں جو ہماری کمپنی کا کلیدی عنصر ہیں۔

Muhammad Amr  
محمد امین شیخ  
چیف ایگزیکٹو



محمد افضل شیخ  
چیرمین

لاہور: 26 اکتوبر 2023


**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT September 30, 2023**

<b>ASSETS</b>	<b>Note</b>	<b>Un-Audited September, 30 2023 Rupees</b>	<b>Audited June, 30 2023 Rupees</b>
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	5	153,492,466	157,747,545
		153,492,466	157,747,545
<b>CURRENT ASSETS</b>			
Stores and Spares		5,236,984	5,498,300
Stock in Trade		409,868,354	307,481,742
Trade Debts		48,014,436	50,050,660
Advances, Deposits and Prepayments		19,981,867	27,500,933
Advance Taxes - Net		59,881,478	51,178,846
Cash and Bank Balances		23,522,701	19,266,710
		566,505,820	460,977,191
<b>TOTAL ASSETS</b>		<b>719,998,286</b>	<b>618,724,736</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Authorized Capital</b>			
30,000,000 Ordinary shares of Rs. 10 each		300,000,000	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		176,034,881	170,543,296
<b>Shareholders' Equity</b>		301,034,881	295,543,296
<b>NON CURRENT LIABILITIES</b>			
Long Term Loan	6	6,481,468	7,407,391
Deferred Liabilities		28,550,814	28,550,814
		35,032,282	35,958,205
<b>CURRENT LIABILITIES</b>			
Current portion of Long Term Loan		3,703,692	3,703,692
Trade and Other Payables		225,837,342	194,670,703
Taxes Payable		406,504	479,600
Short Term Borrowings	7	152,205,885	86,591,540
Un-Claimed Dividend		1,777,700	1,777,700
		383,931,123	287,223,235
<b>CONTINGENCIES AND COMMITMENTS</b>		-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>719,998,286</b>	<b>618,724,736</b>

**MOHAMMAD AFZAL SHEIKH**  
CHAIRMAN



**MOHAMMAD AMIN SHEH**  
CHIEF EXECUTIVE



**JEHANZEB CHAUDHURY**  
CHIEF FINANCIAL OFFICER

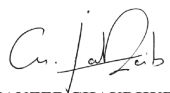
Lahore: October 26, 2023

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	2023	2022
	Rupees	Rupees
Sales - net	252,817,471	222,943,229
Cost of sales	(216,314,137)	(193,058,900)
<b>Gross profit</b>	<b>36,503,334</b>	<b>29,884,329</b>
Administrative expenses	(16,758,628)	(12,776,772)
Distribution expenses	(8,706,051)	(7,900,845)
	(25,464,679)	(20,677,617)
<b>Operating profit</b>	<b>11,038,655</b>	<b>9,206,712</b>
Finance cost	(3,094,537)	(5,472,024)
Other operating income	707,685	345,259
	(2,386,852)	(5,126,765)
Profit before taxation	8,651,803	4,079,947
<b>Income tax expenses</b>	<b>(3,160,218)</b>	<b>(2,786,790)</b>
<b>Profit after taxation</b>	<b>5,491,585</b>	<b>1,293,157</b>
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<b>5,491,585</b>	<b>1,293,157</b>
Earnings per share - before tax (basic and diluted - Rupees)	<b>0.87</b>	0.41
Earnings per share - after tax (basic and diluted - Rupees)	<b>0.55</b>	0.13

  
MOHAMMAD AFZAL SHEIKH  
CHAIRMAN

  
MOHAMMAD AMIN SHEH  
CHIEF EXECUTIVE

  
JEHANZEB CHAUDHURY  
CHIEF FINANCIAL OFFICER

Lahore: October 26, 2023

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Note	2023 Rupees	2022 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	10	(39,593,822)	(55,930,684)
Finance cost paid		(3,094,537)	(2,695,435)
Taxes (paid) / refunds received		(9,472,112)	(4,790,004)
Sales Tax (paid)/refunds received		(7,931,960)	(4,493,193)
		<u>(20,498,609)</u>	<u>(11,978,632)</u>
Net cash (used in) generated from operating activities		(60,092,431)	(67,909,316)
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(340,000)	(2,921,000)
Net cash (used in) investing activities		(340,000)	(2,921,000)
<b>Cash flows from financing activities</b>			
Short term borrowings		65,614,345	74,696,762
Long Term Loans		(925,923)	(3,703,693)
Lease Liabilities		-	(123,728)
Net cash generated / (used in) financing activities		64,688,422	70,869,341
Net (decrease)/increase in cash and cash equivalents		4,255,991	39,025
Cash and cash equivalents at the beginning of the year		19,266,710	17,399,686
Cash and cash equivalents at the end of the period		<u>23,522,701</u>	<u>17,438,711</u>



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Lahore: October 26, 2023



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Issued, Subscribed and Paid up			Total
	Share Capital	Share Premium	Unappropriated Profit	
	(-----Rupees-----)			
<b>Balance as at 1 July 2022 ( Audited)</b>	<b>100,000,000</b>	<b>25,000,000</b>	<b>155,511,610</b>	<b>280,511,610</b>
<b>Comprehensive income for the year</b>				
Profit for the period	-	-	13,022,448	13,022,448
Other comprehensive income (loss)	-	-	2,009,238	2,009,238
	-	-	15,031,686	15,031,686
<b>Balance as at June 30, 2023</b>	<b>100,000,000</b>	<b>25,000,000</b>	<b>170,543,296</b>	<b>295,543,296</b>
<b>Balance as at 1 July 2023 ( Audited)</b>	<b>100,000,000</b>	<b>25,000,000</b>	<b>170,543,296</b>	<b>295,543,296</b>
<b>Comprehensive income for the period</b>				
Profit for the period	-	-	5,491,585	5,491,585
Other comprehensive income (loss)	-	-	-	-
	-	-	5,491,585	5,491,585
<b>Balance as at September 30, 2023 (Un-audited)</b>	<b>100,000,000</b>	<b>25,000,000</b>	<b>176,034,881</b>	<b>301,034,881</b>

  
MOHAMMAD AFZAL SHEIKH  
CHAIRMAN

  
MOHAMMAD AMIN SHEH  
CHIEF EXECUTIVE

  
JEHANZEB CHAUDHURY  
CHIEF FINANCIAL OFFICER

Lahore: October 26, 2023

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

**1 THE COMPANY AND ITS OPERATIONS**

Al-Khair Gadoon Limited (the Company) was incorporated on August 27, 1990 as a Private Limited Company under the Companies Ordinance, 1984 (the Ordinance) [now Companies Act, 2017] and converted into Public Limited Company on August 31, 1995 and is listed on the Pakistan Stock Exchange Limited. It is primarily engaged in manufacturing of foam and allied products. The company's registered office is located at 92/3, Phase-III, Industrial Estate , Gadoon Amazai, District Swabi, KPK and corporate office is located at Al-khair house, 43-T, Gulberg-II, Lahore. The manufacturing plant of the company is located at 92/3, Phase-III, Industrial Estate , Gadoon Amazai, District Swabi, KPK and 94-A, 94-B, Phase-III, Industrial Estate, Gadoon Amazai, District Swabi, KPK.

**2 STATEMENT OF COMPLIANCE**

- 2.1 These condensed interim financial statements of the Company for the nine months ended September 30, 2023 have been prepared in accordance with 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 Inter-national 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 do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with Company's annual audited financial statements for the year ended June 30, 2023.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies for the preparation of quarterly financial statements for the quarter ended September 30, 2023 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, 2023.

**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, 2023.
- 4.3 The provision for taxation for the quarter ended September 30, 2023 has been made on an estimated basis.

## 5 PROPERTY, PLANT & EQUIPMENT

	30-Sep-23 Un-audited Rupees	30-Jun-23 Audited Rupees
<b>Operating Assets</b>		
Book value at the beginning of the period	157,747,545	171,692,984
Addition during the period	340,000	4,278,000
Deletion during the period	-	-
	<u>158,087,545</u>	<u>175,970,984</u>
Depreciation charged during the period	<u>(4,595,079)</u>	<u>(18,223,437)</u>
Book value at the end of the period	<u>153,492,466</u>	<u>157,747,545</u>
	<b>Additions</b>	<b>Deletions</b>
5.1 Following additions made during the period		
Plant and Machinery	-	-
Tools and Equipment	-	-
Office Equipment	-	-
Furniture and Fixture	-	-
Computers	340,000	-
Vehicle	-	-
Vehicle ( Leased)	-	-
	<u>340,000</u>	<u>-</u>

## 6 LONG TERM LOAN

	30-Sep-23 Un-audited Rupees	30-Jun-23 Audited Rupees
6.1 Long Term Loan (Sindh Bank)-Secured	10,185,160	11,111,083
Less: Current portion of long term loan	(3,703,692)	(3,703,692)
	<u>6,481,468</u>	<u>7,407,391</u>

There is no material change in the terms and conditions of the long term loans as disclosed in the annual audited financial statements as at and for the year ended June 30, 2023.

7 SHORT TERM BORROWINGS

		30-Sep-23 Un-audited Rupees	30-Jun-23 Audited Rupees
BAFL - Finance Against Imported Material		82,100,543	16,486,199
Loan from Directors - Unsecured	7.1	70,105,342	70,105,342
		<b>152,205,885</b>	<b>86,591,540</b>

7.1 This represents the interest free loan received from directors to meet working capital requirement of the Company. It is unsecured and interest free which is repayable on demand.

8 CONTINGENCIES AND COMMITMENTS

8.1 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, 2023

8.2 Commitments

Commitments in respect of letter of credits for raw materials at the terminal date were Rs.68.047M (June 30, 2023 Rs.160.000 M)

9 TRANSACTIONS WITH RELATED PARTIES

There were no related parties transactions during the period.

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, 2023

10 CASH GENERATED FROM OPERATIONS

	30-Sep-23 Un-audited Rupees	30-Sep-22 Un-audited Rupees
Profit before taxation	8,651,803	4,079,947
Adjustments for non cash items:		
Depreciation on property, plant and equipment	4,595,079	4,503,220
Finance cost	3,094,537	5,472,024
Provision for loss Allowance	-	64,325
	<b>7,689,616</b>	<b>10,039,569</b>
<b>Operating profit before working capital changes</b>	<b>16,341,419</b>	<b>14,119,516</b>
<b>Decrease/(increase) in current assets</b>		
Stores and spares	261,316	(430,567)
Stock-in-trade	(102,386,612)	(17,016,892)
Trade debts	7,504,350	(4,288,374)
Advances, deposits and prepayments	7,519,066	(15,801,185)
	<b>(87,101,880)</b>	<b>(37,537,018)</b>
<b>(Decrease)/increase in current liabilities</b>		
Trade and other payables	31,166,639	(32,513,182)
<b>Net cash flow from Operating Activities</b>	<b>(39,593,822)</b>	<b>(55,930,684)</b>

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

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

**12 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, 2023.

There has been no change in Company's sensitivity to these risks since June 30, 2023 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, 2023.

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

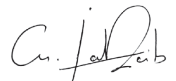
**14** The Condensed interim financial statements were authorized for issue on October 26, 2023 by the board of directors of the company.



MOHAMMAD AFZAL SHEIKH  
CHAIRMAN



MOHAMMAD AMIN SHEII  
CHIEF EXECUTIVE



JEHANZEB CHAUDHURY  
CHIEF FINANCIAL OFFICER

Lahore: October 26,2023

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