



SINCE 1980

AL-KHAIR GADOON LTD.

**Condensed Interim
Financial Statements
3rd Quarter Ended**

**March
31, 2022
(Un-Audited)**

**COMPANY INFORMATION****BOARD OF DIRECTORS:**

Mohammad Afzal Sheikh	Chairman
Mohammad Saeed Sheikh	Chief Executive
Mohammad Amin Sheikh	Non-Executive Director
Mrs. Parveen Afzal	Non-Executive Director
Mrs. Farnaz Saeed	Non-Executive Director
Mrs. Nafisa Amin	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
Miss Samina Kokab	Secretary

CHIEF FINANCIAL OFFICER:

Jehanzeab Ch.

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 Nine Months Period Ended March 31, 2022

The Directors have pleasure in presenting to you the condensed interim financial statements of the Company for the half year ended March 31, 2022.

Operational Results

During the nine month period ended March 31, 2022, the Company remained on the track of progress and recorded net sales of Rs.811.409 million as compared to Rs.570.414 million for the same period of last year with an increase of Rs.240.995 million (42.249%). Despite of increase in the the prices of imported material the Company was able to achieve growth mainly due to the better selling prices, increased sales volume and operational efficiency. During the period under review, the Company earned a gross profit of Rs.124.165 million and net profit of Rs.37.10 million as compared to gross profit of Rs.74.408 million and net profit of Rs.18.032million for the same period of last year. This achievement is also attributed to operational excellence and management skills which led in improving efficiencies, best product mix management and effective cost control measures.


Future Outlook

Government has given financial package 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 may severely affect the purchasing power of consumers resultantly affecting the sales targets of foam and allied products. Though, foreign exchange rates remained unstable, but on the other hand major risk for foam sector is uncontrollable raw material prices in international market as major raw materials are not manufactured in the Country and imported from all over the world. However, the management of the Company is fully cognizant of the affairs and will overcome the situation through operational excellence and, management skills, best marketing and production strategies. The Company is confident to meet the challenges ahead to achieve best possible performance results and remain focused on the needs of its trade partnering customers.

Appreciation

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

On behalf of Board of Directors


MOHAMMAD AFZAL SHEIKH
Chairman
MOHAMMAD SAEED SHEIKH
Chief Executive

Lahore: April 25, 2022

ڈائریکٹرز کی جائزہ رپورٹ

31 مارچ 2022 کو ختم ہونے والی نومبر کی مدت کے لیے

ڈائریکٹرز کو آپ کے سامنے 31 مارچ 2022 کو ختم ہونے والی نومبر کی کمپنی کے عبوری مالیاتی گوشواروں کو پیش کرنے میں خوشی محسوس ہوتی ہے۔

آپریٹنگ نتائج

31 مارچ 2022 کو ختم ہونے والی نومبر کی مدت کے دوران، کمپنی ترقی کی راہ پر گامزن رہی اور اس نے 240.995 ملین روپے (42.249%) کے اضافے کے ساتھ گزشتہ سال کی اسی مدت کے لیے 570.414 ملین روپے کے مقابلے میں 811.409 ملین روپے کی خالص فروخت ریکارڈ کی (42.249%) درآمدی مواد کی قیمتوں میں اضافے کے باوجود کمپنی بنیادی طور پر بہتر فروخت کی قیمتوں، فروخت کے حجم میں اضافہ اور آپریٹنگ کارکردگی کی وجہ سے ترقی حاصل کرنے میں کامیاب رہی۔ زیر جائزہ مدت کے دوران، کمپنی نے 124.165 ملین روپے کا مجموعی منافع اور 37.101 ملین روپے کا خالص منافع حاصل کیا جو کہ گزشتہ سال کی اسی مدت کے لیے 74.408 ملین روپے کے مجموعی منافع اور 18.032 ملین روپے کے خالص منافع کے مقابلے میں تھا۔ اس کامیابی کا سہرا آپریٹنگ کارکردگی اور انتظامی مہارتوں کو بھی دیا جاتا ہے جس کی وجہ سے استعداد کار میں بہتری، بہترین پروڈکٹ مکس سٹیجمنٹ اور لاگت پر قابو پانے کے موثر اقدامات شامل ہیں۔

مستقبل کے خدوخال

حکومت نے وبائی امراض کے منفی اثرات کو کم کرنے کے لیے مالیاتی سہجے دیا ہے 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 بڑا خطرہ ملک میں بڑھتی ہوئی مہنگائی ہے جو صارفین کی قوت خرید کو شدید متاثر کر سکتی ہے جس کے نتیجے میں فوم اور اس سے منسلک مصنوعات کی فروخت کے اہداف متاثر ہوتے ہیں۔ اگرچہ زر مبادلہ کی شرحیں غیر مستحکم رہیں لیکن دوسری طرف فوم سیکٹرز کے لیے بڑا خطرہ بین الاقوامی منڈی میں خام مال کی قیمتوں کا بے قابو ہونا ہے کیونکہ زیادہ تر خام مال ملک میں تیار نہیں کیا جاتا اور پوری دنیا سے درآمد کیا جاتا ہے۔ تاہم، کمپنی کی انتظامیہ معاملات سے پوری طرح باخبر ہے اور آپریٹنگ فنڈز اور انتظامی مہارتوں، بہترین مارکیٹنگ اور پیداواری حکمت عملی کے ذریعے صورتحال پر قابو پالے گی۔ کمپنی بہترین ممکنہ کارکردگی کے نتائج حاصل کرنے اور اپنے تجارتی شراکت دار صارفین کی ضروریات پر توجہ مرکوز رکھنے کے لیے آنے والے چیلنجوں کا مقابلہ کرنے کے لیے پراعتماد ہے۔

اظہار تشکر

ہم اپنے کارکنوں اور انتظامی ٹیم کے عملے کے ارکان کی مخلصانہ خدمات کا اعتراف اور تعریف کرنا چاہیں گے۔ ہم اپنے مینیجرز اور دیگر اسٹیک ہولڈرز کے بھی مشکور ہیں۔ ہم اپنے صارفین اور خوردہ فروشوں کی طرف سے جاری تعاون کے لیے بھی شکرگاہ اور ادا کرتے ہیں جو ہماری کمپنی کا کلیدی عنصر ہیں۔

M. Saeed

محمد سعید شیخ
چیف ایگزیکٹو

یورڈ آف ڈائریکٹرز کی جانب سے

محمد افضل شیخ
چیئرمین

لاہور: 25 اپریل 2022

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022

Note	Un-Audited March, 31 2022 Rupees	Audited June 30, 2021 Rupees	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	154,413,565 154,413,565	157,356,869 157,356,869
CURRENT ASSETS			
Stores and spares		2,705,622	3,251,471
Stock in trade		293,602,345	291,109,349
Trade debts		51,078,015	54,123,497
Advances, deposits and prepayments		6,608,864	7,571,055
Advance taxes - net		44,216,303	40,006,622
Cash and bank balances	9	18,961,285	20,072,530
		417,172,434	416,134,524
TOTAL ASSETS		571,585,999	573,491,393
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			
Capital reserves - Share Premium		100,000,000	100,000,000
Unappropriated profit		25,000,000	25,000,000
Shareholders' equity		163,716,965	126,615,042
		288,716,965	251,615,042
NON CURRENT LIABILITIES			
Long term loan	6	9,812,026	14,448,401
Deferred liabilities		23,517,413	23,517,413
		33,329,439	37,965,814
CURRENT LIABILITIES			
Current portion of long term loan	6	2,501,375	6,771,375
Trade and other payables		163,376,214	108,489,232
Taxes payables		858,627	458,358
Short term borrowings-secured	7	81,025,680	166,413,872
Un-claimed dividend		1,777,700	1,777,700
		249,539,595	283,910,537
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES		571,585,999	573,491,394

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

MOHAMMAD AFZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

JEHANZAB CH.
Chief Financial Officer

Lahore: April 25, 2022

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (Unaudited)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022**

	Half Year Ended		Quarter Ended	
	July-Mar, 2022	July-Mar, 2021	Jan-Mar, 2022	Jan-Mar, 2021
	Rupees		Rupees	
Local sales - net	811,409,986	570,414,702	362,649,928	226,918,641
Cost of sales	(687,244,942)	(496,006,263)	(307,096,945)	(202,011,135)
Gross profit	124,165,044	74,408,439	55,552,983	24,907,506
Administrative expenses	(30,649,390)	(23,640,544)	(9,996,123)	(7,404,422)
Distribution expenses	(39,508,953)	(19,994,597)	(21,949,576)	(8,777,670)
	(70,158,343)	(43,635,141)	(31,945,699)	(16,182,092)
Operating profit	54,006,701	30,773,298	23,607,284	8,725,414
Finance cost	(7,169,501)	(5,916,884)	(2,258,865)	(2,788,469)
Other operating income	407,348	1,732,396	(5,513)	1,570,547
Profit before taxation	47,244,548	26,588,810	21,342,906	7,507,492
Income tax expense	(10,142,625)	(8,556,221)	(4,533,124)	(3,403,780)
Profit after taxation	37,101,923	18,032,589	16,809,782	4,103,712
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	37,101,923	18,032,589	16,809,782	4,103,712
Earnings per share - before tax (basic and diluted - Rupees)	4.72	2.66	2.13	0.75
Earnings per share - after tax (basic and diluted - Rupees)	3.71	1.80	1.68	0.41

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

MOHAMMAD AFZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

JEHANZAB CH.
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022**

	Note	July-Mar 2022	July-Mar 2021
		Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used in)/generated from operations	8	122,528,682	(18,953,687)
Finance cost paid		(8,455,436)	(4,427,899)
Dividend paid		-	(75,321)
Taxes - refund received / (paid)		(15,014,251)	(4,642,595)
		(23,469,687)	(9,145,815)
Net cash generated from operating activities		99,058,995	(28,099,502)
Cash flows from investing activities			
Fixed capital expenditure		(10,145,672)	(35,281,769)
Capital work in progress		-	(555,768)
Proceeds from sale of property, plant and equipment		-	-
Net cash (used in) generated from investing activities		(10,145,672)	(35,837,537)
Cash flows from financing activities			
Long term loan		(4,636,375)	7,472,500
Short term borrowings		(85,388,192)	54,892,125
Net cash generated from financing activities		(90,024,567)	62,364,625
Net increase / (decrease) in cash and cash equivalents		(1,111,245)	(1,572,414)
Cash and cash equivalents at the beginning of the period		20,072,530	5,275,640
Cash and cash equivalents at the end of the period		18,961,285	3,703,226

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

MOHAMMAD AFZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

JEHANZAB CH.
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022

	Share Capital	Share Premium	Unappropriated Profit	Total
	(-----Rupees-----)			
Balance as at July 01, 2020 (Audited)	100,000,000	25,000,000	105,122,769	230,122,769
Total other comprehensive income for the nine months period ended March 31, 2020				
Profit for the period	-	-	18,032,589	18,032,589
Other comprehensive income	-	-	-	-
Balance as at March 31, 2021 (Un-audited)	100,000,000	25,000,000	123,155,358	248,155,358
Balance as at July 01, 2021 (Audited)	100,000,000	25,000,000	126,615,042	251,615,042
Total other comprehensive income for the nine months period ended March 31, 2022				
Profit for the period	-	-	37,101,923	37,101,923
Other comprehensive income	-	-	-	-
Balance as at March 31, 2022 (Un-audited)	100,000,000	25,000,000	163,716,965	288,716,965

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

MOHAMMAD AFZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

JEHANZAB CH.
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022

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 STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements of the Company for the nine months period ended March 31, 2022 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 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 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, 2021.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in preparation of annual audited financial statements for the year ended June 30, 2021.

4 ACCOUNTING ESTIMATES AND ACCOUNTING JUDGMENTS

The preparation of interim financial statements require measurement to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgments, estimates and assumptions.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are same as those applied in the Company's annual audited financial statements for the year ended June 30, 2021.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended June 30, 2021.

5 PROPERTY, PLANT & EQUIPMENT

	31-Mar-22 Un-audited Rupees	30-Jun-21 Audited Rupees
Operating Assets		
Book value at the beginning of the period / year	157,356,870	138,641,766
Addition during the period / year	10,145,672	38,487,544
Deletion during the period / year	-	(5,441,783)
	167,502,542	171,687,527
Depreciation charged during the period / year	(13,088,977)	(14,330,657)
Book value at the end of the period / year	154,413,565	157,356,870

6 LONG TERM LOAN

	31-Mar-22 Un-audited Rupees	30-Jun-21 Audited Rupees
6.1 Long Term Loan (Sindh Bank)-Secured	12,313,401	14,814,776
Less: Current portion of long term loan	(2,501,375)	(2,501,375)
	<u>9,812,026</u>	<u>12,313,401</u>
6.2 Long Term Loan-BAFL-Secured	-	6,405,000
Less: Current portion of long term loan-Secured	-	(4,270,000)
	<u>-</u>	<u>2,135,000</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, 2021.

7 SHORT TERM BORROWINGS

	31-Mar-22 Un-audited Rupees	30-Jun-21 Audited Rupees
BAFL - Finance Against Imported Material	10,920,338	96,308,530
Loan from Directors - Unsecured	7.1 70,105,342	70,105,342
	<u>81,025,680</u>	<u>166,413,872</u>

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 CASH GENERATED FROM OPERATIONS

	31-Mar-22 Un-audited Rupees	31-Mar-21 Un-audited Rupees
Cash flows from operating activities		
Profit before taxation	47,244,548	26,588,810
Adjustments for:		
Depreciation	13,088,977	10,687,022
Finance cost	7,169,501	5,916,884
Provision for Gratuity	-	1,052,147
Provision for doubtful debt	(46,377)	22,420
	<u>20,212,101</u>	<u>17,678,473</u>
Operating profit before working capital changes	67,456,649	44,267,283
(Increase)/decrease in current assets		
Stores and spares	545,850	(52,224)
Stock-in-trade	(2,492,996)	(34,323,699)
Trade debts	3,045,482	(1,494,621)
Advances, deposits, prepayments and other receivables	962,192	2,134,405
	<u>2,060,528</u>	<u>(33,736,139)</u>
Increase/(decrease) in current liabilities		
Trade and other payables	53,011,506	(29,484,831)
Cash generated from operations	<u>122,528,682</u>	<u>(18,953,687)</u>

9 CASH AND CASH EQUIVALENT

	31-Mar-22 Un-audited Rupees	31-Mar-21 Un-audited Rupees
Cash in hand	545,252	451,748
Cash in banks	18,416,033	3,251,478
	<u>18,961,285</u>	<u>3,703,226</u>

10 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying value of all financial assets and liabilities in these financial statements approximate 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, 2021. There has been no change in Company's sensitivity to these risks since June 30, 2021 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, 2021.

12 GENERAL

Corresponding figures have been re-classified where necessary for comparison purpose, however no significant re-arrangement have been made. Figures have been rounded off to the nearest rupee.

13 DATE OF AUTHORIZATION

The condensed interim financial statements were authorized for issue on April 25, 2022 by the board of Directors of the Company.

MOHAMMAD AFZAL SHEIKH
Chairman

MOHAMMAD SAEED SHEIKH
Chief Executive

JEHANZAB CH.
Chief Financial Officer

Lahore: April 25, 2022

CONTACT US

Al-Khair House, 43-T, GulbergII, Lahore.

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