



**PAKISTAN
GUM AND CHEMICALS
LIMITED**



**1st Quarter Ended
March 31, 2010**



PAKISTAN GUM & CHEMICALS LIMITED

COMPANY INFORMATION

AS ON MARCH 31, 2010

Board of Directors

Mohammad Moonis	<i>Chairman</i>
Shuaib Ahmed	<i>Vice-Chairman</i>
Mohammad Ali Hanafi	<i>Director</i>
Mohammad Aslam Hanafi	<i>Director</i>
Ozair Ahmed Hanafi	<i>Director</i>
Tariq Mohamed Amin	<i>Director</i>
Zahid Zaheer	<i>Director</i>
Zaeem Ahmad Hanafi	<i>Director</i>

Chief Executive Officer

Mir Asad Waseem

Audit Committee

Tariq Mohamed Amin	<i>Chairman</i>
Zahid Zaheer	<i>Member</i>
Zaeem Ahmad Hanafi	<i>Member</i>

Personnel & Compensation Committee

Zahid Zaheer	<i>Chairman</i>
Tariq Mohamed Amin	<i>Member</i>
Ozair Ahmed Hanafi	<i>Member</i>

Company Secretary

Rafat Hussain

Chief Financial Officer

Imran Shiwani

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisor

Tahir Ali Tayebi & Co.

Bankers

Askari Bank Limited
Habib Bank Limited
MCB Bank Limited
Habib Metropolitan Bank Limited
Mybank Limited

Registrar and Share Transfer Office

Corporate Support Services (Private) Limited
407-408, Al-Ameera Centre, Shahrah-e-Iraq, Saddar, Karachi
Phone: (92-21) 5662023-24

Registered Office

B-19/A, Irshad Qadri Road, S.I.T.E., Karachi-75700

Mailing Address;

P. O. Box 3639, S.I.T.E., Karachi-75700
Phone:(92-21) 32561124-26
Fax:(92-21) 32561320 & (92-21) 32565213
E-mail:pakchem@cyber.net.pk
URL:www.pakchem.com.pk



PAKISTAN GUM & CHEMICALS LIMITED

CHAIRMAN'S REVIEW

On behalf of the Board of Directors, I present the un-audited accounts for the first quarter-ended March 31, 2010.

Sales during the quarter were Rs.218.2 million vis-à-vis Rs.125.4 million during the same period of 2009. Profit before tax of Rs. 7.2 million increased from Rs. 2.7 million during the same period of 2009. This year began with better prospects and resulted in increased sales as compared to the corresponding period of last year. However, it looks very difficult to replicate this performance in rest of the year owing to sharp increase in guar seed price, abnormal increase in utility and export re-finance cost along with a sharp decline in international prices of guar gum.

Management is taking all possible measures to enhance earning but we do not expect any significant improvement in the months ahead.

I thank my colleagues on the board for their wise counsel and support in the discharge of my responsibilities and commend the management and the staff for their commitment and hard work.

A handwritten signature in black ink, appearing to read "Mohammad Moonis".

Mohammad Moonis
Chairman



PAKISTAN GUM & CHEMICALS LIMITED

**INTERIM CONDENSED BALANCE SHEET
AS AT MARCH 31, 2010
(UN-AUDITED)**

	Note	March 31, 2010	December 31, 2009
		-----Rs. '000-----	
ASSETS			
FIXED ASSETS			
Property, Plant and equipment		52,097	49,380
Long-term deposit		776	776
		52,873	50,156
CURRENT ASSETS			
Stores and Spares		6,820	5,855
Stock-in-trade		291,453	300,188
Trade debts		61,375	52,810
Accrued mark-up		135	37
Loans and advances		3,238	1,625
Short-term prepayments		1,144	627
Other receivables		16,910	22,306
Taxation - net	4	11,483	10,383
Cash and Bank balances	5	13,846	10,406
		406,404	404,237
TOTAL ASSETS		<u>459,277</u>	<u>454,393</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
10,000,000 Ordinary shares of Rs.10/- each		100,000	100,000
Issued, subscribed and paid-up capital		42,486	42,486
Reserves	7	137,775	132,803
		180,261	175,289
CURRENT LIABILITIES			
Trade and other payables		46,015	44,281
Mark-up accrued on Short-term borrowings		2,606	4,361
Short term Borrowings		230,395	230,462
		279,016	279,104
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		<u>459,277</u>	<u>454,393</u>


Mohammad Moonis
Chairman


M.A. Waseem
Chief Executive Officer


Imran Shiwani
Chief Financial Officer



PAKISTAN GUM & CHEMICALS LIMITED

**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT
FOR THE 1st QUARTER ENDED MARCH 31, 2010
(UN-AUDITED)**

	March 31, 2010	March 31, 2009
	---- (Rupees in '000) ----	
NET SALES	218,160	125,381
Cost of sales	<u>191,139</u>	<u>110,833</u>
GROSS PROFIT	27,021	14,548
Distribution and Shipping costs	(8,202)	(2,531)
Administration expenses	(5,563)	(7,168)
Other operating expenses	(482)	(176)
Other operating income	453	191
	<u>(13,794)</u>	<u>(9,684)</u>
OPERATING PROFIT	13,227	4,864
Financial costs	<u>(6,045)</u>	<u>(2,149)</u>
PROFIT BEFORE TAXATION	7,182	2,715
Taxation	<u>(2,210)</u>	<u>(1,121)</u>
NET PROFIT FOR THE YEAR	<u>4,972</u>	<u>1,594</u>
EARNINGS PER SHARE - Basic and diluted	<u>Rs. 1.17</u>	<u>Re.0.38</u>


Mohammad Moonis
Chairman


M.A. Waseem
Chief Executive Officer

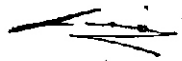

Imran Shiwani
Chief Financial Officer



PAKISTAN GUM & CHEMICALS LIMITED

**INTERIM CONDENSED STATEMENT OF
COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2010
(UN-AUDITED)**

	March 31, 2010	March 31, 2009
	----- (Rupees in '000) -----	
Profit for the year	4,972	1,594
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>4,972</u>	<u>1,594</u>


Mohammad Moonis
Chairman


M.A. Waseem
Chief Executive Officer


Imran Shiwani
Chief Financial Officer



PAKISTAN GUM & CHEMICALS LIMITED

**INTERIM CONDENSED CASH FLOW STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2010
(UN-AUDITED)**

	March 31, 2010	March 31, 2009
	-----Rs. '000-----	
CASH GENERATED FROM/ (UTILIZED IN) OPERATIONS		
Profit before taxation	7,182	2,715
Adjustments for other items:		
Depreciation	1,635	1,242
(Profit)/loss on disposal of fixed assets	(250)	-
Return on deposits	(203)	(191)
Financial charges	5,040	1,670
(Increase)/decrease in current assets	2,373	17,448
Increase/(decrease) in current liabilities	1,734	12
CASH FLOW FROM OPERATING ACTIVITIES	17,511	22,896
Financial charges paid	(6,795)	(3,981)
Taxes paid	(3,310)	(2,191)
	(10,105)	(6,172)
Net cash (outflow)/inflow from operating activities	7,406	16,724
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(4,352)	(3,387)
Sales proceeds from disposal of fixed assets	250	-
Profit received on deposits	203	191
Net cash inflow from investing activities	(3,899)	(3,196)
CASH FLOW FROM FINANCING ACTIVITIES		
Short-term finance under mark-up arrangement	(67)	(25,000)
Net (decrease)/increase in cash and cash equivalents	3,440	(11,472)
Cash and cash equivalents at the beginning of the period	10,406	28,592
Cash and cash equivalents at the end of the period	13,846	17,120


Mohammad Moonis
Chairman


M.A. Waseem
Chief Executive Officer


Imran Shiwani
Chief Financial Officer



PAKISTAN GUM & CHEMICALS LIMITED

**INTERIM CONDENSED STATEMENT OF
CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31 2010
(UN-AUDITED)**

	Share capital	Capital Reserve	General reserve	Accumu- lated profit	Total
	----- (Rupees in '000) -----				
Balance at January 1, 2009	42,486	17,553	82,474	44,397	186,910
Net Profit for the period	-	-	-	1,594	1,594
Balance at March 31 2009	<u>42,486</u>	<u>17,553</u>	<u>82,474</u>	<u>45,991</u>	<u>188,504</u>
Balance at January 1, 2010	42,486	17,553	82,474	32,776	175,289
Net Profit for the period	-	-	-	4,972	4,972
Balance at March 31, 2010	<u>42,486</u>	<u>17,553</u>	<u>82,474</u>	<u>37,748</u>	<u>180,261</u>

Mohammad Moonis
Chairman

M.A. Waseem
Chief Executive Officer

Imran Shiwani
Chief Financial Officer



PAKISTAN GUM & CHEMICALS LIMITED

**PAKISTAN GUM AND CHEMICALS LIMITED
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE 1st QUARTER ENDED MARCH 31 , 2010
(UN-AUDITED)**

1. LEGAL STATUS AND OPERATIONS

The Company was incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984 (the Ordinance). The shares of the Company are quoted on the Karachi and Lahore Stock Exchanges. The Company is principally engaged in the production and sale of guar gum and its allied products. The registered office of the Company is situated at B-19/A, Irshad Qadri Road, S.I.T.E., Karachi.

2. BASIS OF PREPARATION

These condensed interim financial statements are un-audited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984. Further, these accounts are in compliance with the International Accounting Standard No.34 titled "Interim Financial Reporting".

3. ACCOUNTING POLICIES

The accounting policies and methods of the computation followed for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2009.

4. TAXATION

The charge for current taxation is based on taxable income at the current rates of taxation and on the final tax regime under section 169 to the Income tax ordinance 2001. However, the amount of tax liability is provisional and final liability will be determined on the basis of annual results.

5. CASH & BANK BALANCES

Includes cash margin of Rs.3.60 million (2009: Rs.3.60 million) held by a bank against guarantee issued on behalf of the Company to Sui Southern Gas Co. Limited.

6. FIXED ASSETS ADDITIONS AND DELETIONS

	Up to March 10	Up to March 09
	Rs.'000	Rs.'000
Additions during the Period	554	15,536
Deletions during the Period	-	-



PAKISTAN GUM & CHEMICALS LIMITED

7. RESERVES

	March 31 2010 Rs.'000	December 31 2009 Rs.'000
Revenue reserves		
General	82,474	82,474
Unappropriated profit	37,748	45,991
	120,222	128,465
Capital reserve		
Share Premium	17,553	17,553
	<u>137,775</u>	<u>146,018</u>

8. CONTINGENCIES AND COMMITMENTS

There were no major changes in the contingencies as reported in the financial statements for the year ended December 31, 2009.

9. RELATED PARTY TRANSACTIONS

Relationship	Nature of Transaction	Up to March 10 Rs.'000	Up to March 09 Rs.'000
Associated undertakings	Commission on sales	641	737
	Sale of goods	2,716	3,060
	Freight Forwarding	19	47
	Transportation	625	-
Staff retirement benefit plan	Contribution to staff retirement funds	210	207

The transactions with the related parties are made at normal market prices.

10. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on April 19, 2010 by the board of directors of the Company.

11. GENERAL

Amounts have been rounded off to the nearest thousand rupees.

Mohammad Moonis
Chairman

M.A. Waseem
Chief Executive Officer

Imran Shiwani
Chief Financial Officer