

CORPORATE OBJECTIVES

Develop a strong organization centered at Karachi, to run the existing business and exploit new opportunities.

Develop relationships with agents and end-users for a world-wide reach for our products and thus improve profitability.

Develop a strategy on procurement of raw material to secure long-term business and development opportunities.

Identify, establish and exploit new markets and technologies through Research and Development and marketing skills.

Identify suitable acquisitions for real synergies to improve our corporate position and profit potential.

In recognition of its responsibilities as a Corporate Body the Company aims to:

Pursue personnel policies, which recognize the aspirations and performance of individuals and which are suited to the diverse levels of skills required and the many career paths available in the company.

Have full regard to the attitudes and expectations of its client base at large and contribute as appropriate, to the formulation of positive attitudes and opinions.

Act as a reputable, efficient and responsible organization.

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COMPANY INFORMATION

AS ON DECEMBER 31, 2008

Board of Directors

Mohammad Moonis	<i>Chairman</i>
Mohammad Ali Hanafi	<i>Director</i>
Mohammad Aslam Hanafi	<i>Director</i>
Ozair Ahmed Hanafi	<i>Director</i>
Shuaib Ahmed	<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	<i>Chief Executive Officer</i>
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Audit Committee

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

Company Secretary

Rafat Hussain

Chief Financial Officer

Imran Shiwani

Auditors

Ford Rhodes Sidat Hyder & Co.
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.

Registered Office

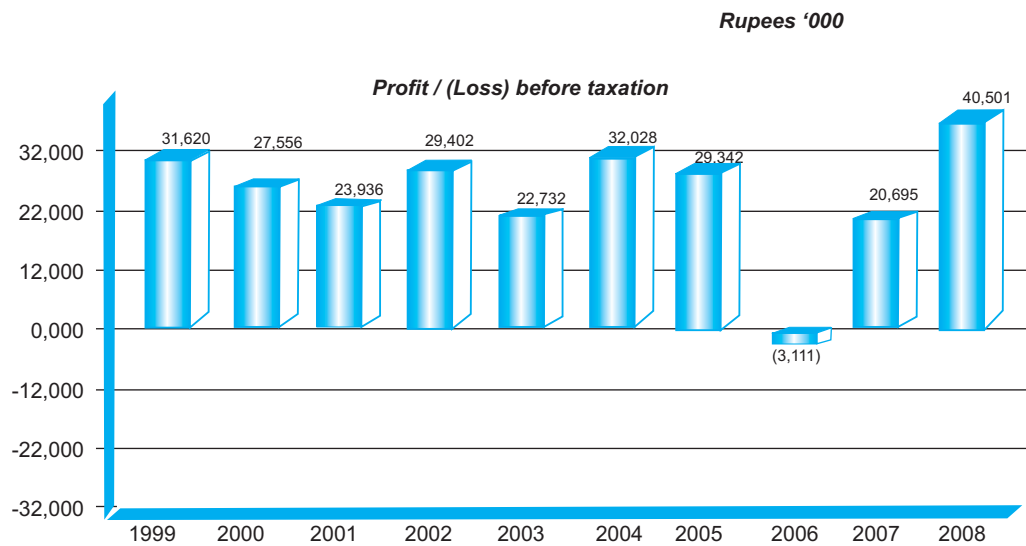
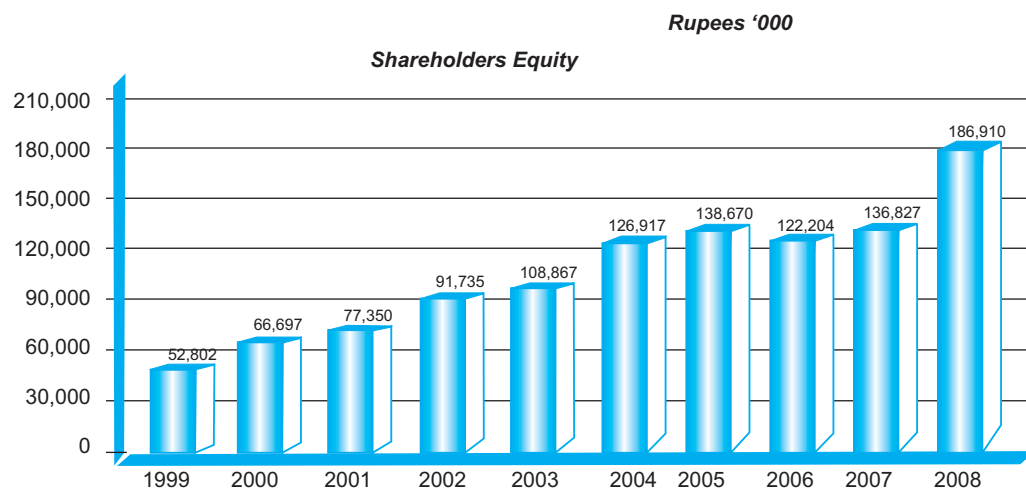
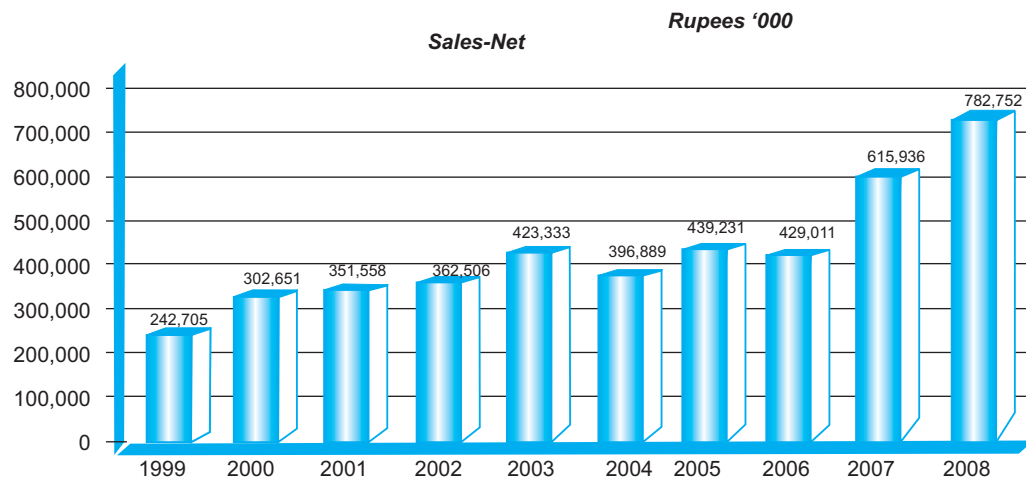
B-19/A, Irshad Qadri Road
S.I.T.E., Karachi-75700

Phone: (92-21) 2561124-26
Fax: (92-21) 2561320 & (92-21) 2565213
E-mail: pakchem@cyber.net.pk
URL: www.pakchem.com.pk

TEN YEAR SUMMARY OF STATISTICS (Rupees in Thousands)

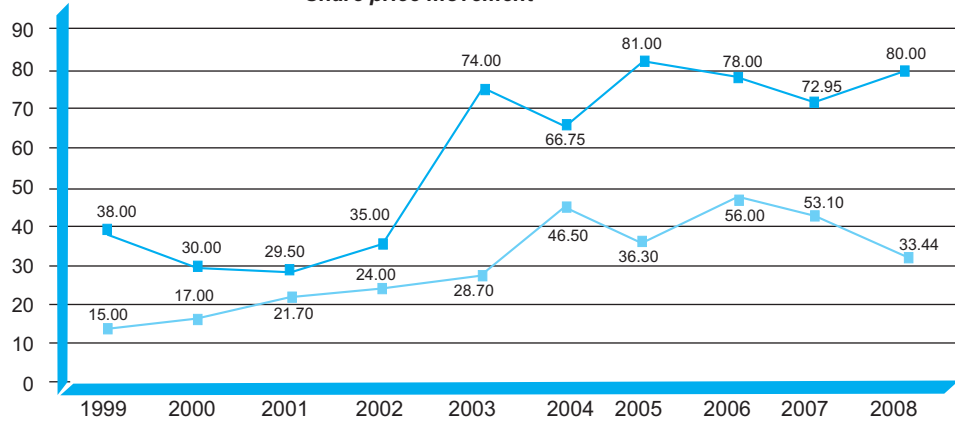
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Operating assets	20,862	20,151	19,679	17,695	15,644	14,223	16,859	19,326	23,773	27,800
Capital work-in-progress	6,719	-	-	-	595	2,854	2,998	5,088	2,549	16,087
Long-term Loans, Deposits & Retirement Benefits*	4,091	7,869	8,263	8,500	12,311	22,583	23,002	24,393	770	770
Net current and other assets	21,130	39,529	50,101	66,511	80,317	87,257	95,811	73,397	109,735	142,253
Total assets employed	52,802	67,549	78,043	92,706	108,867	126,917	138,670	122,204	136,827	186,910
Ordinary capital	29,260	29,260	29,260	29,260	29,260	29,260	32,186	35,405	35,405	42,486
Reserves	23,542	37,707	48,090	62,475	79,607	97,657	106,484	86,799	101,422	144,424
Long term and deferred liabilities	-	582	693	971	-	-	-	-	-	-
Total funds employed	52,802	67,549	78,043	92,706	108,867	126,917	138,670	122,204	136,827	186,910
Net turnover	242,705	302,651	351,558	362,506	423,333	396,889	439,231	429,011	615,936	782,752
Profit / (loss) before taxation	31,620	27,556	23,936	29,402	22,732	32,029	29,342	(3,111)	20,695	40,501
% of net sales	13.03	9.10	6.81	8.11	5.37	8.07	6.68	(0.73)	3.36	5.17
% of average assets employed	77.94	45.79	32.88	34.44	22.55	27.17	22.10	(2.39)	15.98	25.02
Profit / (loss) after taxation	28,119	23,820	19,162	23,163	17,132	26,829	23,457	(6,811)	14,623	32,530
Cash dividend - amount	3,658	9,656	8,778	8,778	8,778	11,704	9,656	-	7,081	16,994
Bonus Shares - %	-	-	-	-	-	10	10	-	-	-
Right Share - %	-	-	-	-	-	-	-	-	20	-
Cash dividend - %	12.50	33.00	30.00	30.00	30.00	40.00	30.00	-	20	40
Earnings per share Rs.	9.61	8.14	6.55	7.92	5.86	8.34	6.63	(1.92)	4.13	8.04
Break-up value	18.05	23.09	26.67	31.68	37.21	39.43	39.17	34.52	38.64	46.21
No. of shares	2,926	2,926	2,926	2,926	2,926	3,219	3,541	3,541	3,541	4,249

* From 2007 retirement benefits are included in Net current & other assets instead of Long-term Loans, Deposits and Retirement Benefits.



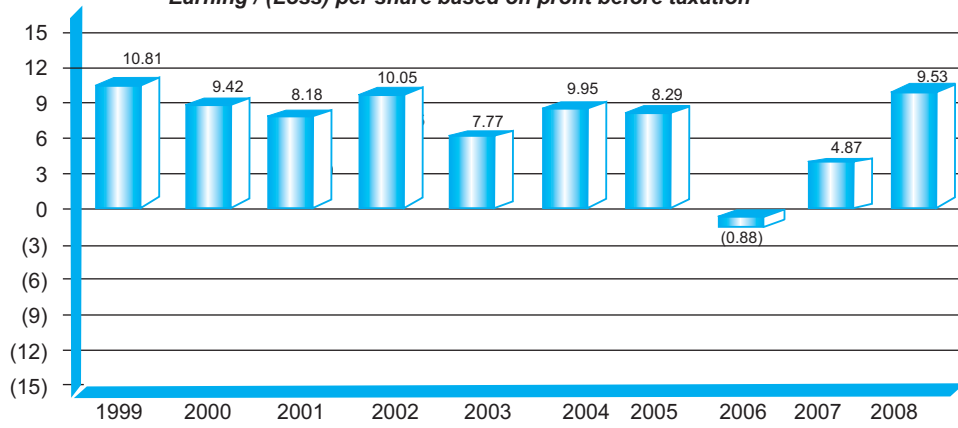
Figures in Rupees

Share price movement



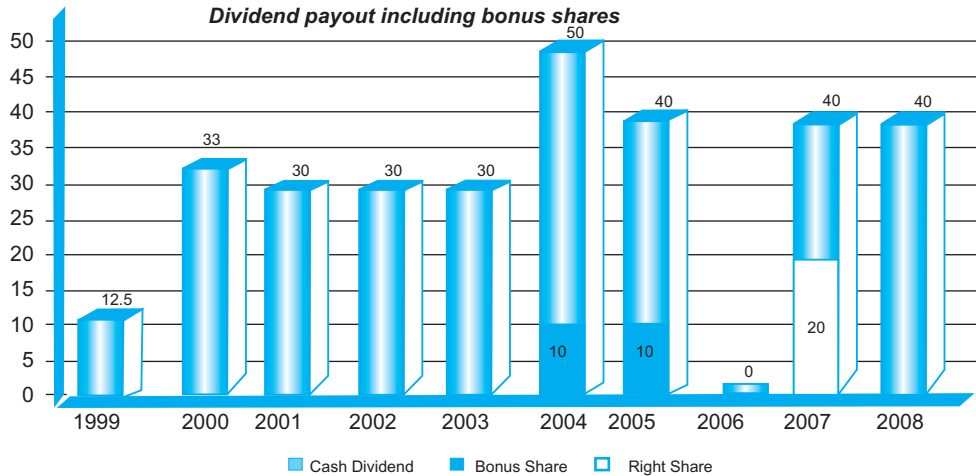
Figures in Rupees

Earning / (Loss) per share based on profit before taxation



Figures in %

Dividend payout including bonus shares



NOTICE OF MEETING

NOTICE IS HEREBY given that the 46th Annual General Meeting of Pakistan Gum & Chemicals Limited, will be held on April 18, 2009 at the Council Hall of the Overseas Investors Chamber of Commerce & Industry, Talpur Road, Karachi at 11:00 A.M. to transact the following:

Ordinary Business:

1. To receive, consider and adopt the Annual Audited Accounts for the year ended December 31, 2008 together with the Directors' and Auditors' reports thereon.
2. To consider and approve payment of dividend at Rs.4.00 per share (40%) to the shareholders for the year ended December 31, 2008 as recommended by the Board of Directors.
3. To appoint auditors and to fix their remuneration.

Special Business

4. To consider and if thought fit, approve the increase in authorized capital of the Company and to pass the following resolution with or without modification as a special resolution:

“RESOLVED that the current Authorized Capital of the Company of Rs. 50,000,000/- (Rupees fifty million only) divided into 5,000,000 ordinary shares of Rs. 10/- each be and is hereby increased to Rs. 100,000,000/- (Rupees one hundred million only) comprising of 10,000,000 ordinary shares of Rs. 10/-.”

“FURTHER RESOLVED that the Memorandum & Articles of Association of the Company be and is hereby allowed to be altered by substituting the figures and words of Rs. 50,000,000/- (Rupees fifty million only) divided into 5,000,000 ordinary shares of Rs. 10/- each appearing in clause V of the Memorandum of Association and article 3 of the Articles of Association of the Company with the words and figures Rs. 100,000,000/- (Rupees one hundred million only) divided into 10,000,000 ordinary shares of Rs. 10/- each.”

“FURTHER RESOLVED that Mr. Rafat Hussain, Company Secretary be and is hereby authorized to give effect to the resolutions as mentioned above and to do or cause to be done all acts, deeds and things that may be necessary or required for the increase in the authorized capital of the Company.”

5. To seek the consent of shareholders for transmission of quarterly financial statements through website of the Company in accordance with the Securities and Exchange Commission of Pakistan's (SECP's) Circular No. 19 of 2004 and if deemed fit pass the following resolution as an ordinary resolution.

“RESOLVED that the Company is hereby authorized to place its quarterly accounts on its website instead of sending the same to members by post as allowed by the Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 19 of 2004.”

A Statement under section 160 (1) (b) of the Companies Ordinance, 1984 pertaining to the Special Business is annexed.

By order of the Board
Rafat Hussain
Company Secretary
Karachi, March 14, 2009

Notes:-

1. The Share Transfer Books of the Company will remain closed from April 10, 2009 to April 18, 2009 (both days inclusive). Transfers received in order at the office of the Registrar of the Company M/s. Corporate Support Services (Private) Ltd., 407-408, Al-Ameera Centre, Shahrah-e-Iraq, Saddar, Karachi by the close of business on April 9, 2009 will be treated in time for the purpose of payment of dividend to the transferees, and to attend the meeting.
2. CDC shareholders are requested to bring their original CNIC, Account, Sub-Account number and participant's number in Central Depository System for identification purpose for attending the meeting. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
3. A member entitled to attend and vote at the meeting may appoint another person on his/her behalf as his/her proxy to attend, speak and vote and a proxy so appointed shall have such right with respect to attending, speaking and voting at the meeting as are available to a Member. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. A proxy need not be a member of the Company.
4. Shareholders are requested to notify any change in their addresses immediately. Moreover, the shareholders claiming exemption from Zakat are required to file their Declaration with our Share Registrar.

STATEMENT UNDER SECTION 160 (1) (b) OF THE COMPANIES ORDINANCE, 1984.

The statement sets out the material facts concerning the Special Business to be transacted at the 46th Annual General Meeting of the Company to be held on April 18, 2009.

Increase in Authorized Capital of the Company.

At present the Company has an authorized capital of Rs. 50,000,000/- (Rupees fifty million). In future, the Company intends to issue further shares which will cross the limit of present authorized capital. Accordingly, the Board of Directors has recommended to increase authorized capital with an additional amount of Rs. 50,000,000/-. This increase in authorized capital will necessitate amendments in clause V of the Memorandum of Association and article 3 of Articles of Association of the Company. For this purpose it is proposed that the resolution set out in the Notice of Annual General Meeting of the Company for increase in authorized capital be passed as Special Resolution. The Directors have no special interest in the proposed increase of authorized capital, except to the extent of their shareholding.

Placement of Quarterly Accounts on Website.

The Securities and Exchange Commission of Pakistan (SECP) vide Circular No. 19 of 2004 has allowed the listed companies to place the quarterly accounts on their website instead of sending the same by post. This would ensure prompt disclosure of information to the shareholders, besides saving costs associated with printing and dispatch of the accounts by post. Prior permission of the SECP would be sought for transmitting the quarterly accounts through Company's website after approval of the shareholders. The Company however will provide the printed copies of accounts to the shareholders on demand at their registered address free of cost. The Directors of the Company have no interest in this that would need a further disclosure.

DIRECTORS' REPORT

On behalf of the Board of Directors, it gives us great pleasure to welcome you to the 46th Annual General Meeting of the Company.

Operating Results

Overall operating results show a substantial growth compared to the last year. Net sales during the year were Rs. 783 million vis-à-vis Rs.616 million for the corresponding period of 2007, registering an increase of 27.08%. Exports in terms of value increased by 32.24% in spite of strong competition from Guar Gum manufacturers from across the border who had some seed price advantage. In fact we were obliged at times, to forego margins entirely to protect our market share. Local sales registered an improvement of 18.93% from Rs. 196.99 million in 2007 to Rs. 234.28 million in 2008. Operating profit was Rs. 56.5 million as compared to 31.9 million in 2007. New markets and avenues were explored this year.

Manufacturing

We successfully managed the increased demand for sales and delivered orders on schedule. A new powder line has been installed during the year to enhance the powder production capacity by 25%. This addition will be more efficient in terms of cost and productivity. This line will be in normal production from March 2009. Productivity enhancement and cost reduction have received our paramount attention. Preventive and corrective measures were well in place to avoid any major machine break down. Management has planned continuous modernization of the plant with cost efficient equipments to meet daunting challenges stemming from growing production cost. Power and gas outages, however, hampered our efforts to some extent, especially when the gas pressure dropped in the last quarter of 2008.

Code of Corporate Governance

The management of the Company is in compliance with following good corporate governance policies and states as follows:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and departure, if any, has been adequately disclosed. Accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure, if any, has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no departure from the best practices of corporate governance, as detailed in the listing regulation.
- There have been significant deviation from last year in operating results of the Company and deviations have been highlighted and explained in the director's review of operating results and accounts.
- Key operating and financial data of last ten years is summarized on page 2.
- The Company operates funded gratuity, pension and provident fund schemes. The fair value of assets based on last audited accounts of the respective funds amounted to Rs.44.9 million
- During the year five (5) meetings of the board were held. Attendance of each director are given below:

Name	No of meetings attended	Remarks
Mr. Mohammad Moonis	5	
Mr. Mohammed Aslam Hanafi	5	
Mr. Ozair Ahmed Hanafi	5	
Mr. Shuaib Ahmed	4	
Mr. Tariq Mohamed Amin	5	
Mr. Zahid Zaheer	5	
Mr. Zaeem Ahmad Hanafi	5	
Mr. M. Ali Hanafi	5	

- Trades in shares of the company, carried out by its directors, CEO, CFO, Company Secretary and their spouses and minor children are as follows:

<i>Description</i>	Purchase of Shares (Nos.)	Right Share Alloted (Nos.)	Sales of Shares (No.)
Directors	-	114,385	-
Chief Financial Officer	-	-	-
Company Secretary	-	-	-
Spouses and minor children of Directors, CFO and Company Secretary	-	12,250	-

Dividend

The Board of Directors is pleased to recommend 40% final cash dividend.

Future Outlook

As a result of prevailing global recession we feel the demand for our product will also decline both in terms of quantity and price, because the prices of all commodities have sharply declined in the international market. The fresh crop in Pakistan is smaller as compared to year 2008. But in India it is a bumper crop which has resulted in lower raw material cost to them compared to our cost. Utilities as well as other costs have risen further. Keeping in view these negative developments, the year 2009, looks to be a very difficult one and is likely to adversely impact year-end result. However, the management of the company is doing its utmost to face this situation by focusing on cost control through manufacturing efficiencies and concerted marketing efforts.

<u>Appropriations</u>	Rupees in '000
Net Profit for the year before taxation	40,501
Provision for taxation:	(79,71)
Net Profit for the year after taxation	<u>32,530</u>
Unappropriated profit brought forward	<u>11,867</u>
	44,397
Appropriations	
Proposed Cash Dividend	16,994
Proposed Bonus Shares	-
Transfer to General Reserve	-
	16,994
Unappropriated profit carried forward	<u>27,403</u>
Earning per share	<u>8.04</u>

Pattern of shareholdings

The pattern of shareholdings of the Company as at December 31, 2008 is given on page 38 of this report.

Holding Company

East West Group Holdings Inc., a company incorporated in British Virgin Islands, U.K. is the primary shareholder of the Company.

Auditors

The present auditors Messrs Ford Rhodes Sidat Hyder & Co., Chartered Accountants, Karachi, retire and being eligible, offer themselves for re-appointment.

Acknowledgement

We shall be failing in our duty if we do not commend the management and the staff for their hard work in the year 2008. We extend our most sincere thanks to them with best wishes for 2009.

By order of the Board

M. A. Waseem
Chief Executive Officer

M. Moonis
Chairman

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the listing regulations of the Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interest on its Board of Directors (the Board). At present the Board includes six non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered taxpayers and they have confirmed that none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. All Directors have been elected in place of retiring directors in AGM dated March 27, 2008 for the tenure of three years. No casual vacancy arose in the Board during the year.
5. The Company has prepared and circulated a 'Statement of Ethics and Business Practices', which has been signed by all the Directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, CFO, Company Secretary and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors are aware of their fiduciary responsibilities however if necessary the Board will arrange orientation course for its directors in this respect.
10. The Board has established system of sound internal control, which is effectively implemented at all levels within the Company.
11. The directors' report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Audit Committee comprises of three members, all of whom are non-executive directors including the Chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. There exists an effective internal audit function within the Company.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

Rafat Hussain
Company Secretary
Karachi: March 14, 2009

M. A. Waseem
Chief Executive Officer

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **PAKISTAN GUM AND CHEMICALS LIMITED** to comply with the Listing Regulations No.37 (Chapter XI) of the Karachi Stock Exchange and Listing Regulation No.43 (Chapter XIII) of the Lahore Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, for the year ended December 31, 2008.

KARACHI: March 09, 2009

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **PAKISTAN GUM AND CHEMICALS LIMITED** as at **31 December 2008** and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **31 December 2008** and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

KARACHI: March 14, 2009

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

**BALANCE SHEET
AS AT DECEMBER 31, 2008**

		December 31, 2008	December 31, 2007
	Note	----- Rupees '000 -----	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	7	43,887	26,322
Long-term deposits	8	<u>770</u>	<u>770</u>
		44,657	27,092
CURRENT ASSETS			
Stores and spares	9	5,683	5,573
Stock-in-trade	10	164,273	123,377
Trade debts	11	75,064	63,370
Accrued mark-up	12	47	1,594
Loans and advances	13	1,528	683
Short-term prepayments		404	433
Other receivables	14	13,247	36,715
Taxation - net	15	4,429	1,765
Cash and bank balances	16	<u>28,592</u>	<u>15,452</u>
		293,267	248,962
TOTAL ASSETS		<u>337,924</u>	<u>276,054</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
5,000,000 (2007: 5,000,000) Ordinary shares of Rs.10 each		<u>50,000</u>	<u>50,000</u>
Issued, subscribed and paid-up capital	17	42,486	35,405
Reserves	18	<u>144,424</u>	<u>101,422</u>
		186,910	136,827
CURRENT LIABILITIES			
Trade and other payables	19	28,262	45,261
Accrued markup on short term borrowings		2,752	1,566
Short-term borrowings	20	<u>120,000</u>	<u>92,400</u>
		151,014	139,227
CONTINGENCIES AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		<u>337,924</u>	<u>276,054</u>

The annexed notes 1 to 40 form an integral part of these financial statements.



Mohammad Moonis
Chairman



M.A. Waseem
Chief Executive Officer



Imran Shiwani
Chief Financial Officer

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2008**

		December 31, 2008	December 31, 2007
	Note	----- Rupees '000 -----	-----
NET SALES	22	782,752	615,936
Cost of sales	23	(683,984)	(551,630)
GROSS PROFIT		98,768	64,306
Distribution and shipping costs	24	(29,176)	(14,131)
Administrative expenses	25	(24,679)	(20,845)
Other operating expenses	26	(2,230)	(1,240)
Other operating income	27	13,817	3,779
		(42,268)	(32,437)
OPERATING PROFIT		56,500	31,869
Finance costs	28	(15,999)	(11,174)
PROFIT BEFORE TAXATION		40,501	20,695
Taxation	29	(7,971)	(6,072)
NET PROFIT FOR THE YEAR		32,530	14,623
BASIC EARNINGS PER SHARE	(Rs. per share)	30	8.04
		8.04	4.13

The annexed notes 1 to 40 form an integral part of these financial statements.


Mohammad Moonis
Chairman


M.A. Waseem
Chief Executive Officer


Imran Shiwani
Chief Financial Officer

**CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008**

	December 31, 2008	December 31, 2007
Note	----- Rupees '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	31 1,165	10,077
Income tax paid	(10,635)	(5,917)
Long-term deposits	-	23
Net cash (used in) / generated from operating activities	(9,470)	4,183
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(21,560)	(5,275)
Sale proceeds from disposal of operating fixed assets	202	-
Profit received on deposit accounts	13,627	3,779
Net cash used in investing activities	(7,731)	(1,496)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings	27,600	7,400
Finance cost paid	(14,812)	(11,783)
Proceeds from issue of right shares	24,634	-
Dividend paid	(7,081)	-
Net cash generated from / (used in) financing activities	30,341	(4,383)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	13,140	(1,696)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	15,452	17,148
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	28,592	15,452

The annexed notes 1 to 40 form an integral part of these financial statements.


Mohammad Moonis
Chairman


M.A. Waseem
Chief Executive Officer


Imran Shiwani
Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Issued, subscribed and paid-up capital	Capital reserve	REVENUE RESERVES			Total
			General reserve	Unappro- priated Profit	Total	
----- Rupees '000 -----						
Balance as at January 01, 2007	35,405	-	82,474	4,325	86,799	122,204
Net profit for the year	-	-	-	14,623	14,623	14,623
Balance as at December 31, 2007	35,405	-	82,474	18,948	101,422	136,827
Cash Dividend @ Rs. 2 per Ordinary Share of Rs. 10 each declared on March 27, 2008	-	-	-	(7,081)	(7,081)	(7,081)
Right shares issued during the year at a premium of Rs.25 per Ordinary share of Rs.10 each	7,081	17,553	-	-	-	24,634
Net profit for the year	-	-	-	32,530	32,530	32,530
Balance as at December 31, 2008	42,486	17,553	82,474	44,397	126,871	186,910

The annexed notes 1 to 40 form an integral part of these financial statements.


Mohammad Moonis
Chairman


M.A. Waseem
Chief Executive Officer


Imran Shiwani
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a public company limited by shares in 1982. The shares of the Company are quoted on the Karachi and Lahore Stock Exchanges. Its main business activity is 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. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention.

4. ACCOUNTING STANDARDS NOT YET EFFECTIVE

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretations.

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	01 January 2009
IAS 23 - Borrowings Costs (Revised)	01 January 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	01 January 2009
IFRS 3 - Business Combinations (Revised)	01 July 2009
IFRS 4 - Insurance Contracts	01 January 2009
IFRS 7 - Financial Instruments: Disclosures	01 July 2008
IFRS 8 - Operating segments	01 January 2009
IFRIC 4 - Determining whether an Arrangement contains a Lease	01 July 2009
IFRIC 13 - Customer Loyalty Programs	01 July 2008
IFRIC 15 - Agreements for the Construction of Real Estate	01 January 2009
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	01 October 2008
IFRIC 17 - Distributions of Non-cash Assets to owners	01 July 2009
IFRIC 18 - Transfers of Assets from Customers	01 July 2009
IFAS 2 Ijarah	01 January 2009

The Company expects that the adoption of the above standards and interpretations will have no material impact on the Company's financial statements in the period of initial application other than to the extent of certain changes or enhancements in the presentation and disclosures in the financial statements.

In addition to the above, amendments to various accounting standards have also been issued by IASB which are generally effective for accounting periods beginning on or after 01 January 2009. The management is in the process of evaluating the impact of such amendments on the Company's financial statements for the ensuing periods.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 14.1 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect unrecognized gains and losses in those years.

Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

Stock-in-trade

The Company reviews the net realizable values of stock-in-trade to assess any diminution in the respective carrying values. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

Future estimation of export sale

Deferred tax calculation has been made (and found to be immaterial for the disclosure purpose) based on an estimate of future ratio of export and local sales.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 Property, plant and equipment

6.1.1 Operating fixed assets

These are stated at cost less accumulated depreciation and impairment, if any.

Leasehold land is depreciated over the period of the lease. Depreciation on all other assets is charged to income applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. The rates used are stated in note 7.1 to the financial statements.

In respect of additions and deletions of assets during the year, depreciation is charged from the month of acquisition and up to the month preceding the deletion respectively.

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are charged to income.

An item of property and equipment is recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognized.

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Maintenance and normal repairs are charged to income as and when incurred. Assets having cost of less than a predetermined material amount are charged off when purchased.

Gains and losses on disposal of fixed assets, if any, are taken to profit and loss account.

6.1.2 Capital work-in-progress

Capital work-in progress is stated at cost less impairment in value, if any. It consists of expenditure incurred and advances made in respect of fixed assets in the course of their erection, acquisition and installation.

6.2 Employee benefits

(a) Defined contribution plan

The Company operates an approved contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 8.33% of basic salary and cost of living allowance.

(b) Defined benefit plans

The Company operates the following approved funded schemes:

- (i) pension scheme for its Executives and Executive Director. Provision is made, annually, to cover obligations under the scheme, by way of a charge to profit and loss account, calculated in accordance with the actuarial valuation. The most recent valuation in this regard was carried out as at December 31, 2008, using the Projected Unit Credit Method; and
- (ii) gratuity scheme for all permanent employees of the Company. Provision is made, annually, to cover obligations under the scheme, by way of a charge to profit and loss account, calculated in accordance with the actuarial valuation. The most recent valuation in this regard was carried out as at December 31, 2008, using the Projected Unit Credit Method.

6.3 Actuarial gains and losses

Actuarial gains and losses are recognised as income or expense when the cumulative unrecognised actuarial gains or losses as of the beginning of the period exceed 10% of the defined benefit obligation except for compensated absences. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

6.4 Compensated absences

The Company provides for compensated absences of its employees on unavailed leave balances in the period in which the leave is earned on the basis of accumulated leaves and the last drawn pay.

6.5 Stores and spares

These are valued at weighted (moving) average cost less provision for slow moving and obsolete items wherever necessary.

6.6 Stock-in-trade

These are valued at the lower of cost and NRV, except for feed meal, which is valued at NRV. Cost is determined as follows:

Raw material	-	First in First Out basis
Packing material	-	First in First Out basis
Finished goods	-	Cost of direct materials and labour plus attributable overheads on First-In-First-Out basis.

Goods in transit are stated at invoice price plus other charges paid thereon up to the balance sheet date.

Provision is made for obsolete inventory based on management's judgment.

NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

6.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, balances with banks on current and deposit account and outstanding balance of running finance facilities availed by the Company.

6.8 Trade debts and other receivables

These are recognised and carried at original invoice value less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off when identified.

6.9 Loans and advances

These are recognised at cost, which is the fair value of the consideration given. However, an assessment is made at each balance sheet date to determine whether there is an indication that a financial asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

6.10 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

6.11 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of the financial assets and financial liabilities are taken to profit and loss account currently.

6.12 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and under the final tax regime.

Deferred

Deferred tax is recognised, proportionate to local sales and other income, using the liability method, on all major temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part for the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

6.13 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

6.14 Foreign currency transactions

The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

6.15 Related party transactions

Related party transactions are stated at arm's length basis substantiated in the manner given in note 35 to the financial statements.

6.16 Revenue recognition

Sales are recognized on transfer of title to the customers which generally coincides with dispatch of goods to the customers.

Other revenues are recognized on accrual basis.

6.17 Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognised in the profit and loss account.

	Note	December 31, 2008	December 31, 2007
Rupees in '000			
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	27,800	23,773
Capital work-in-progress	7.2	16,087	2,549
		<u>43,887</u>	<u>26,322</u>

7.1 Operating fixed assets

December 31, 2008	Note	COST			ACCUMULATED DEPRECIATION / AMORTISATION			WRITTEN DOWN	
		As at January 01, 2008	Additions	As at December 31, 2008 (Disposals) / (written-off) *	As at January 01, 2008	Charge for the year	(On disposals) / (written-off) *	As at December 31, 2008 VALUE	
		Rupees in '000			Rupees in '000				
			Rate %						
Leasehold land		225	-	-	225	1.01	2	102	123
Building on leasehold land	7.1.1	17,612	47	-	17,640	3 & 4	521	14,371	3,269
	7.1.2			(19) *				(19) *	
Plant and machinery	7.1.1	73,434	3,784	-	57,363	7 & 10	2,045	40,527	16,836
	7.1.2			(19,855) *				(19,855) *	
Furniture and fixtures		1,103	-	-	1,103	10	10	1,056	47
Vehicles		7,375	427	(360)	7,442	20 & 25	923	4,643	2,799
Office equipment	7.1.1	11,971	3,764	(303)	10,476	10 & 33	432	6,011	4,465
	7.1.2			(4,956) *				(4,956) *	
Electrical installations		756	-	-	756	7 & 10	50	495	261
		112,476	8,022	(663)	95,005		3,983	67,205	27,800
				(24,830) *				(24,830) *	
December 31, 2007		COST			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
		As at January 01, 2007	Additions	As at December 31, 2007 (Disposal)	As at January 01, 2007	Charge for the year	(On disposals)	As at December 31, 2007	
		Rupees in '000			Rupees in '000				
			Rate %						
Leasehold land		225	-	-	225	1.01	2	100	125
Building on leasehold land		17,612	-	-	17,612	3 & 4	530	13,869	3,743
Plant and machinery		67,069	6,365	-	73,434	7 & 10	1,398	58,337	15,097
Furniture and fixtures		1,238	-	(135)	1,103	10	12	1,046	57
Vehicles		6,287	1,088	-	7,375	20 & 25	912	4,068	3,307
Office equipment		11,611	360	-	11,971	10 & 33	462	10,838	1,133
Electrical installations		756	-	-	756	7 & 10	50	445	311
		104,798	7,813	(135)	112,476		3,366	88,703	23,773

7.1.1 Additions during the year include a sum of Rs.3.867 (2007: Rs.4.782) million transferred from capital work-in-progress, as shown in note 7.2.

7.1.2 The cost of fully depreciated assets written off during the year amounted to Rs.24.830 (2007: Rs.0.135) million.

	Note	December 31, 2008	December 31, 2007
		----- Rupees '000 -----	
7.1.3 Depreciation for the year has been allocated as follows:			
Cost of sales	23	3,104	2,482
Administrative expenses	25	879	884
		<u>3,983</u>	<u>3,366</u>

7.1.4 The details of operating fixed assets disposed off during the year are as follows:

Description	Cost	Accumulated depreciation	Net Book Value	Sale Proceeds	Mode of disposal	Particulars of buyers
	(Rupees '000)					
Vehicle	360	348	12	200	Negotiation	Mr. Arshadul Hasnain - Employee, Karachi
Office equipment	157	157	-	1	-do-	Mr. Mansoor - Employee, Karachi
	146	146	-	1	-do-	-do-
	<u>663</u>	<u>651</u>	<u>12</u>	<u>202</u>		

	Note	December 31, 2008	Additions / (transfers)	December 31, 2007
		----- Rupees '000 -----		

7.2 Capital work-in-progress

Operating fixed assets

Building on leasehold land		-	47	-
	7.1		(47)	
Plant and machinery		16,087	17,199	2,549
	7.1		(3,661)	
Office equipment		-	159	-
	7.1		(159)	
		<u>16,087</u>	<u>17,405</u>	<u>2,549</u>
	7.1.1		<u>(3,867)</u>	

8. LONG-TERM DEPOSITS

Utilities	8.1	757	757
Others		13	13
		<u>770</u>	<u>770</u>

8.1 This carries interest, ranging between 4% and 5% (2007: 4% to 5%) per annum.

		December 31, 2008	December 31, 2007
	Note	----- Rupees '000 -----	
9. STORES AND SPARES			
Stores		4,524	3,373
Spares		<u>3,393</u>	<u>4,394</u>
		7,917	7,767
Provision against slow moving stores and spares	9.1	<u>(2,234)</u>	<u>(2,194)</u>
		<u><u>5,683</u></u>	<u><u>5,573</u></u>

9.1 Provision against slow moving stores and spares

Balance at the beginning of the year		2,194	2,171
Provision made during the year	23	<u>40</u>	<u>23</u>
		<u><u>2,234</u></u>	<u><u>2,194</u></u>

10. STOCK-IN-TRADE

Raw material		24,157	55,533
Packing material		4,078	1,945
Finished goods		<u>136,038</u>	<u>65,899</u>
		<u><u>164,273</u></u>	<u><u>123,377</u></u>

10.1 Included in stock-in-trade is a sum of Rs.43.058 (2007: Rs.2.462) million, representing stock carried at their net realisable value.

11. TRADE DEBTS

Secured	11.1		
Considered good		62,237	54,072
Unsecured			
Considered good		12,827	9,298
Considered doubtful		-	2
		12,827	9,300
Provision against debts considered doubtful			
Opening balance		2	998
Written-off during the year		(2)	(996)
		-	2
		<u><u>75,064</u></u>	<u><u>63,370</u></u>

11.1 These are secured against letters of credit.

11.2 The maximum aggregate amount due from Orkila Pakistan (Private) Limited [formerly Rhodia Pakistan (Private) Limited], a related party, at the end of any month during the year was Rs.2.612 (2007: Rs.1.467) million.

		December 31, 2008	December 31, 2007
	Note	----- Rupees '000 -----	
12. ACCRUED MARK-UP			
Bank deposits		47	321
Others		-	1,273
		<u>47</u>	<u>1,594</u>
13. LOANS AND ADVANCES			
Considered good, unsecured			
Loans			
Employees	13.1	543	555
Advances			
Suppliers		985	128
		<u>1,528</u>	<u>683</u>

13.1 These are interest free, personal loans given to the employees of the Company, in accordance with the terms of their employment, and are secured against the outstanding balances of the Provident Fund. The amount outstanding at the end of the year is recoverable in equal monthly installments.

Long-term loans have not been discounted to their present value as the financial impact thereof is not considered material by the management.

14. OTHER RECEIVABLES

Due from Employees' Provident Fund		-	8,003
Pension Fund	14.1	5,061	18,370
Gratuity Fund	14.1	3,663	4,388
Sales tax		4,523	5,954
		<u>13,247</u>	<u>36,715</u>

14.1 The status of the funds and principal assumptions used in the actuarial valuation as of December 31, 2008 were as follows:

	<u>Pension Fund</u>		<u>Gratuity Fund</u>	
	2008	2007	2008	2007
	----- Rs. in '000 -----		----- Rs. in '000 -----	
Balance sheet reconciliation as at December 31,				
Present value of defined benefit obligation	9,293	10,587	5,860	5,196
Fair value of plan assets	(6,679)	(26,387)	(8,316)	(8,146)
Net actuarial losses not recognised	(7,675)	(2,570)	(1,207)	(1,438)
Net liability in balance sheet	<u>(5,061)</u>	<u>(18,370)</u>	<u>(3,663)</u>	<u>(4,388)</u>
Movement in asset / (liability)				
Prepayment as at January 1,	(18,370)	(17,273)	(4,388)	(6,327)
Credit / (charge) for the year	(891)	(1,097)	725	1,939
Contribution during the year	14,200	-	-	-
Prepayment / (liability) as at December 31,	<u>(5,061)</u>	<u>(18,370)</u>	<u>(3,663)</u>	<u>(4,388)</u>

	Pension Fund		Gratuity Fund	
	2008	2007	2008	2007
	----- Rs. in '000 -----		----- Rs. in '000 -----	
(Credit) / Expense recognised				
Service cost	689	567	397	236
Interest cost	1,059	1,095	520	393
Expected return on plan assets	(2,639)	(2,759)	(815)	(746)
Net actuarial (gain) / losses recognised	-	-	623	2,056
	(891)	(1,097)	725	1,939
Actual return on plan assets	9,970	5,850	1,264	647
Movement in the defined benefit obligation				
Obligation as at January 1,	10,587	10,949	5,196	3,929
Service cost	689	567	397	236
Interest cost	1,059	1,095	520	393
Benefits paid	(815)	(874)	(196)	(153)
Actuarial (gain) / loss	(2,227)	(1,150)	(57)	791
Obligation as at December, 31	9,293	10,587	5,860	5,196
Movement in fair value of plan Assets				
Fair value as at January 1,	26,387	27,593	8,146	7,455
Expected return on plan assets	2,638	2,759	815	746
Employer contributions	(14,200)	-	-	-
Benefits paid	(815)	(874)	(197)	(154)
Actuarial gain	(7,331)	(3,091)	(449)	99
Fair value as at December 31,	6,679	26,387	8,315	8,146
Key actuarial assumptions used are as follows:				
Discount factor used	15%	10%	15%	10%
Expected rate of returns per annum on plan assets	15%	10%	15%	10%
Expected rate of increase in future salaries per annum	15%	10%	15%	10%

	2008		2007	
	Rupees '000	%	Rupees '000	%
Plan assets comprise of:				
Funded pension plan				
Bonds	-	-	10,187	38.61
Equities	6,164	92.29	13,489	51.12
Property	-	-	-	-
Cash and net current assets	515	7.71	2,711	10.27
	<u>6,679</u>	<u>100.00</u>	<u>26,387</u>	<u>100.00</u>
Funded gratuity plan				
Bonds	7,788	93.66	7,552	92.71
Equities	390	4.69	-	-
Property	-	-	-	-
Cash and net current assets	137	1.65	594	7.29
	<u>8,315</u>	<u>100.00</u>	<u>8,146</u>	<u>100.00</u>

Comparison for five years:	2008	2007	2006	2005	2004
	----- Rs. in '000 -----				
Funded pension plan					
Present value of defined benefit obligation	9,293	10,587	10,949	10,547	9,639
Fair value of plan assets	(6,679)	(26,387)	(27,593)	(29,517)	(27,080)
Deficit	<u>2,614</u>	<u>(15,800)</u>	<u>(16,644)</u>	<u>(18,970)</u>	<u>(17,441)</u>
Experience adjustment					
Actuarial gain on obligation	2,227	1,150	217	-	961
Actuarial (loss)/gain on plan assets	(7,331)	(3,091)	(3,705)	150	33
Funded gratuity plan					
Present value of defined benefit obligation	5,860	5,196	3,929	2,585	3,701
Fair value of plan assets	(8,315)	(8,146)	(7,455)	(9,394)	(8,618)
Surplus	<u>(2,455)</u>	<u>(2,950)</u>	<u>(3,526)</u>	<u>(6,809)</u>	<u>(4,917)</u>
Experience adjustment					
Actuarial gain/ (loss) on obligation	57	(791)	(2,105)	-	(1,221)
Actuarial gain/ (loss) on plan assets	(449)	99	(1,635)	1,711	(342)

14.2 The latest actuarial valuation of the Funds was carried out as of December 31, 2008 on the basis of the "Projected Unit Credit Method".

		December 31, 2008	December 31, 2007
	Note	----- Rupees '000 -----	
15. TAXATION - Net			
Advance income tax		8,331	10,483
Provision for income tax - current		(9,018)	(12,163)
Income tax refundable		<u>5,116</u>	<u>3,445</u>
		<u><u>4,429</u></u>	<u><u>1,765</u></u>
16. CASH AND BANK BALANCES			
In hand			
Local currency		398	326
Foreign currency		245	-
		<u>643</u>	<u>326</u>
At banks in			
Current accounts			
Local currency		18,596	6,542
Foreign currency		857	21
		<u>19,453</u>	<u>6,563</u>
Savings account	16.1	4,896	4,963
Term deposit account	16.2	3,600	3,600
		<u>8,496</u>	<u>8,563</u>
		<u><u>27,949</u></u>	<u><u>15,126</u></u>
		<u><u>28,592</u></u>	<u><u>15,452</u></u>

16.1 These carry return at the rates, ranging between 4.5% and 5.5% (2007: 1% to 2%) per annum

16.2 A bank has a lien on the term deposit account on account of a guarantee issued by the bank to Sui Southern Gas Company Limited.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

<u>Number of shares</u>				
2008	2007			
200,000	200,000	Ordinary shares of Rs.10/- each fully paid in cash	2,000	2,000
4,048,552	3,340,460	Ordinary shares of Rs.10 each, including 708,092 Ordinary shares of Rs.10 each issued during the current year as Right Shares at a premium of Rs.25 per Ordinary shares	40,486	33,405
		18	<u>40,486</u>	<u>33,405</u>
<u>4,248,552</u>	<u>3,540,460</u>		<u><u>42,486</u></u>	<u><u>35,405</u></u>

17.1 East West Group Holding Inc., British Virgin Island - the Parent company, held 2,549,131 (60%) [2007: 2,124,276 (60%)] Ordinary shares of Rs. 10 each as at December 31, 2008.

		December 31, 2008	December 31, 2007
	Note	----- Rupees '000 -----	
18. RESERVES			
Revenue reserves			
General		82,474	82,474
Unappropriated profit		44,397	18,948
		126,871	101,422
Capital reserve			
Premium on issue of Ordinary shares issued during the current year, net of commission of Rs.0.124 million	17	17,553	-
		<u>144,424</u>	<u>101,422</u>
19. TRADE AND OTHER PAYABLES			
Trade			
Creditors	19.1	6,006	25,455
Other payables			
Accrued liabilities	19.2	15,915	14,308
Compensated absences		2,110	2,529
Advances from customers		431	402
Workers' Profits Participation Fund	19.3	2,137	1,097
Workers' Welfare Fund		193	350
Tax deducted at source		173	31
Unclaimed dividends		354	342
Employees' Car and Motorcycle Loan Schemes		943	747
		<u>28,262</u>	<u>45,261</u>
19.1 Included herein a sum of Rs.0.954 (2007: Rs.0.414) million and Rs.0.120 (2007: Rs.0.083) million, respectively, due to Orkila Pakistan (Private) Limited [formerly Rhodia Pakistan (Private) Limited] and Shipwell (Private) Limited- related parties.			
19.2 Included herein is a sum of Rs.5.658 (2007: Rs.3.191) million accrued by the Company on account of bonus to employees.			
19.3 Workers' Profits Participation Fund			
Balance at the beginning of the year		1,097	-
Allocation for the year	26	2,137	1,097
		<u>3,234</u>	1,097
Payments made during the year		1,097	-
		<u>2,137</u>	<u>1,097</u>
20. SHORT-TERM BORROWINGS - secured			
From commercial banks			
Short term loans	20.1	120,000	92,400
Short term running finance	20.2	-	-
		<u>120,000</u>	<u>92,400</u>
20.1 Short term loans			
Export refinance	20.1.1	120,000	92,400

20.1.1 These represent the utilised portion of export re-finance facilities, aggregating to Rs.140.00 (2007: Rs.130.00) million, obtained from banks, carrying mark-up at rates ranging between 7.25% and 7.5% (2007: 7% and 7.5%) per annum. These facilities are secured against pari-passu charge on the Company's stock-in-trade and book debts, aggregating to Rs.220.00 million, first pari-passu charge, amounting to Rs.180.00 million, on land and building, hypothecation of plant and machinery of the Company and floating charge on all present and future assets of the Company, aggregating in total to Rs.400.00 million, duly registered with RJSC margin of 25% and 30%, respectively, from the commercial banks.

20.2 Short term running finance

The Company has arranged a facility for short term running finance from a commercial bank, amounting to Rs.55.00 (2007: Rs.30.00) million.

The mark-up is charged at KIBOR plus 1.5% per annum.

This short-term running finance facility is secured against:

- (a) 1st pari passu charge over book debts and receivables (outstanding money, receivables, claims, bills, contracts, engagements, securities, investments, rights and assets excluding property) to the tune of Rs.220.00 million. Habib Bank Limited share of charge is Rs. 120.00 million and Askari Bank share is Rs. 100.00 million; and
- (b) 1st pari passu charge over movables (present and future stock-in-trade, raw material stores and spares and accessories) to the tune of Rs.200.000 million. Habib Bank Limited share of charge is Rs.100.00 million and Askari Bank charge is Rs.100.00 million. Margin 25%.

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 The former employees of the Company filed law suits against the Company on August 15, 1999, claiming an aggregate sum of Rs.5.470 million on various accounts. The management is confident, based on the advice of its legal counsel, that any liability in this respect has a remote possibility of crystallization. Therefore, no provision has been made in these financial statements in this regard.

21.1.2 A letter of guarantee amounting to Rs.3.600 million (2007: Rs. 3.600) million has been issued by a commercial bank on behalf of the Company.

	December 31, 2008	December 31, 2007
Note	----- Rupees '000 -----	
21.2 Commitments		
21.2.1 Commitment for capital expenditure	<u>2,417</u>	<u>30</u>
21.2.2 Rentals under operating lease agreements in respect of land	<u>160</u>	<u>162</u>

		December 31, 2008	December 31, 2007
	Note	----- Rupees '000 -----	
22. NET SALES			
Gross sales			
Local		234,282	196,994
Export		<u>558,563</u>	<u>422,388</u>
		792,845	619,382
Sales commission		<u>(10,093)</u>	<u>(3,446)</u>
		<u><u>782,752</u></u>	<u><u>615,936</u></u>
Refer note 35 in respect of sales and commission to related parties.			
23. COST OF SALES			
Raw material consumed			
Opening stock		55,533	77,605
Purchases		<u>594,671</u>	<u>466,625</u>
		650,204	544,230
Closing stock		<u>(24,157)</u>	<u>(55,533)</u>
		<u><u>626,047</u></u>	<u><u>488,697</u></u>
Packing material consumed			
Opening stock		1,945	1,698
Purchases		<u>17,833</u>	<u>12,185</u>
		19,778	13,883
Closing stock		<u>(4,078)</u>	<u>(1,945)</u>
		<u><u>15,700</u></u>	<u><u>11,938</u></u>
		<u><u>641,747</u></u>	<u><u>500,635</u></u>
Manufacturing overheads			
Stores and spares consumed		7,887	4,902
Salaries, wages and benefits	23.1	24,927	17,992
Utilities		57,441	50,562
Depreciation	7.1.2	3,104	2,482
Repairs and maintenance		5,467	3,689
Handling charges		4,017	3,029
Rent, rates and taxes		5,905	2,678
Insurance		559	713
Traveling and conveyance		989	833
Laboratory expenses		1,485	928
Research and development		362	143
Communication		92	89
Provision against slow moving stores and spares	9.1	40	23
Others		101	71
		<u><u>112,376</u></u>	<u><u>88,134</u></u>
Cost of goods manufactured			
		<u><u>754,123</u></u>	<u><u>588,769</u></u>
Opening stock of finished goods		<u>65,899</u>	<u>28,760</u>
		820,022	617,529
Closing stock		<u>(136,038)</u>	<u>(65,899)</u>
		<u><u>683,984</u></u>	<u><u>551,630</u></u>

23.1 Included herein is a sum of Rs.0.319 (2007: Rs.0.269) million in respect of the Company's contribution to the provident fund, provision of Rs.0.861 (2007: Rs.0.326) million in respect of compensated absences and Rs.3.203 (2007: Rs.1.418) million in respect of bonus to employees.

		December 31, 2008	December 31, 2007
	Note	----- Rupees '000 -----	
24. DISTRIBUTION AND SHIPPING COSTS			
Sales promotion expenses		979	510
Freight		19,147	8,055
Port expenses		6,481	4,308
Cartage outward		1,670	887
Marine insurance		310	161
Travelling and conveyance		589	210
		<u>29,176</u>	<u>14,131</u>
25. ADMINISTRATIVE EXPENSES			
Salaries and benefits	25.1	16,420	14,030
Travelling and conveyance		1,547	957
Depreciation	7.1.2	879	884
Communication		899	619
Security service charges		614	522
Repairs and maintenance		321	346
Insurance		225	164
Printing and stationery		452	459
Auditors' remuneration	25.2	410	462
Subscriptions		1,418	1,109
Legal and professional charges		262	507
Utilities		254	222
Entertainment		444	272
Rent, rates and taxes		245	202
Advertisement		205	58
Others		84	32
		<u>24,679</u>	<u>20,845</u>
25.1 Included herein is a sum of Rs.0.483 (2007: Rs.0.271) million in respect of the Company's contribution to the provident fund, provision of Rs.0.535 (2007: Rs.1.054) million in respect of compensated absences and Rs.2.455 (2007: Rs.1.772) million in respect of bonus to employees.			
25.2 Auditors' remuneration			
Audit fee		200	200
Review of Code of Corporate Governance compliance and half yearly financial statements		75	75
Other services		75	127
Out of pocket expenses		60	60
		<u>410</u>	<u>462</u>
26. OTHER OPERATING EXPENSES			
Workers' Profits Participation Fund	19.3	2,137	1,097
Workers' Welfare Fund		93	143
		<u>2,230</u>	<u>1,240</u>

	December 31, 2008	December 31, 2007
Note	----- Rupees '000 -----	
27. OTHER OPERATING INCOME		
Profit on		
Deposit accounts	293	280
Savings accounts	270	152
	563	432
Mark-up on		
Provident Fund loan	469	1,273
Long-term deposits	-	38
	469	1,311
Gain on sale of operating fixed assets	190	-
Exchange gain	12,595	2,036
	13,817	3,779
28. FINANCE COSTS		
Mark-up on:		
Export refinance	9,613	8,073
Short-term running finance	4,237	1,802
Bank charges	2,114	1,299
Others	35	-
	15,999	11,174
29. TAXATION		
Current	29.1 9,018	7,363
Prior	(1,047)	(1,291)
	7,971	6,072
29.1 Relationship between accounting profit and tax expense		
Profit before taxation	40,501	20,695
Tax at the rate of 35 percent	14,175	7,243
Tax effects of:		
Final tax regime	(965)	(90)
Expenses that are admissible / inadmissible in determining taxable profit	221	(969)
Others	(4,413)	1,179
	(5,157)	120
	9,018	7,363

The income tax assessment of the company have been finalised up to and including the tax year 2008, corresponding to the income year ended December 31, 2007.

Deferred

A major portion of the Company's income is subject to taxation on the 'Final Tax' under Section 169 of the Income Tax Ordinance, 2001. Accordingly, a significant part of the Company's tax liability is determined on the basis of withholding tax deductions made, irrespective of profit and further there is no material temporary difference between the tax and accounting bases of carrying value of assets and liabilities. Therefore, the tax effects of temporary differences, which might determine deferred taxation, are not considered to be significant.

	December 31, 2008	December 31, 2007
Note	----- Rupees '000 -----	
30. EARNINGS PER SHARE		
There is no dilutive effect on the basic earnings per share of the Company, which is based on:		
Net profit for the year	<u>32,530</u>	<u>14,623</u>
	Number of shares	
Weighted average number of Ordinary shares in issue during the year	<u>4,044,669</u>	<u>3,540,460</u>
	R u p e e s	
Earnings per share - Basic	<u>8.04</u>	<u>4.13</u>
	December 31, 2008	December 31, 2007
	Note ----- Rupees '000 -----	
31. CASH GENERATED FROM OPERATIONS		
Profit before taxation	40,501	20,695
Adjustments for non-cash items		
Depreciation	3,983	3,366
Finance costs	15,999	11,911
Provision against compensated absences	(419)	1,369
Provision for bonus	5,658	3,191
Provision for slow moving stores and spares	40	23
Gain on disposal of fixed assets	(190)	-
Profit on deposit accounts	(13,627)	(3,779)
	<u>11,444</u>	<u>16,081</u>
Operating profit before working capital changes	<u>51,945</u>	<u>36,776</u>
Working capital changes	31.1 (50,780)	(26,699)
	<u>1,165</u>	<u>10,077</u>
31.1 Working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(150)	1,662
Stock-in-trade	(40,896)	(15,314)
Trade debts	(11,694)	(20,340)
Advances	(845)	57
Short-term prepayments	29	(25)
Other receivables	25,015	2,034
	<u>(28,541)</u>	<u>(31,926)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	(23,122)	4,654
Workers' Profit Participation Fund	1,040	1,097
Workers' Welfare Fund	(157)	(524)
	<u>(22,239)</u>	<u>5,227</u>
	<u>(50,780)</u>	<u>(26,699)</u>

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

32.1 The aggregate amounts charged in the financial statements for the year are as follows :

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVE		TOTAL	
	2008	2007	2008	2007	2008	2007	2008	2007
	(Rupees '000)							
Managerial remuneration	1,638	1,285	1,024	861	1,615	1,357	4,277	3,503
Housing	737	578	461	388	727	611	1,925	1,577
Retirement benefits	136	30	85	72	135	95	356	197
Bonus	400	100	200	100	337	57	937	257
Medical expenses	168	96	86	46	97	57	351	199
Utilities	164	129	102	86	162	135	428	350
	<u>3,243</u>	<u>2,218</u>	<u>1,958</u>	<u>1,553</u>	<u>3,073</u>	<u>2,312</u>	<u>8,274</u>	<u>6,083</u>
Number	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>6</u>	<u>6</u>

32.2 The Chief Executive and one of the Directors are also provided with the Company maintained cars and other benefits in accordance with their terms of employment.

32.3 Six Non-Executive Directors (2007: Six) were paid fees to attend the meetings aggregating Rs.0.205 (2007: Rs.0.140) million.

33. FINANCIAL INSTRUMENTS

	Effective yield / Mark-up rate %	Interest/mark-up bearing			Non interest/mark-up bearing			2008 Total
		Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
(Rupees '000)								
Financial assets								
Long term deposits		-	757	757	-	13	13	770
Trade debts		-	-	-	75,064	-	75,064	75,064
Loans and advances		-	-	-	1,522	-	1,522	1,522
Other receivables		-	-	-	13,294	-	13,294	13,294
Cash and bank balances	4.5-5.5	8,496	-	8,496	20,103	-	20,103	28,599
		<u>8,496</u>	<u>757</u>	<u>9,253</u>	<u>109,983</u>	<u>13</u>	<u>109,996</u>	<u>119,249</u>
Financial liabilities								
Trade and other payables		-	-	-	28,264	-	28,264	28,264
Mark-up accrued on short-term borrowings		-	-	-	2,752	-	2,752	2,752
Short-term borrowings	7.25-7.5	120,000	-	120,000	-	-	-	120,000
		<u>120,000</u>	<u>-</u>	<u>120,000</u>	<u>31,016</u>	<u>-</u>	<u>31,016</u>	<u>151,016</u>
(Rupees '000)								
Financial assets								
Long term deposits		-	757	757	-	13	13	770
Trade debts		-	-	-	63,370	-	63,370	63,370
Accrued mark-up		-	-	-	1,594	-	1,594	1,594
Loans and advances		-	-	-	555	-	555	555
Other receivables		8,003	-	8,003	22,758	-	22,758	30,761
Cash and bank balances	1-2	8,563	-	8,563	6,889	-	6,889	15,452
		<u>16,566</u>	<u>757</u>	<u>17,323</u>	<u>95,166</u>	<u>13</u>	<u>95,179</u>	<u>112,502</u>
Financial liabilities								
Trade and other payables		-	-	-	40,883	-	40,883	40,883
Mark-up accrued on short-term borrowings		-	-	-	1,566	-	1,566	1,566
Short-term borrowings	7-9	92,400	-	92,400	-	-	-	92,400
		<u>92,400</u>	<u>-</u>	<u>92,400</u>	<u>42,449</u>	<u>-</u>	<u>42,449</u>	<u>134,849</u>

The effective interest / mark-up rate, for financial assets and liabilities are mentioned in the respective notes to the financial statements.

34. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

34.1 Interest / profit / markup rate risk

Interest / mark-up risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

34.2 Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years end December 31, 2008 and December 31, 2007.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 40% and 55%. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, accrued mark-up less cash and cash equivalents. Capital includes, equity attributable to the equity holders add revenue reserve.

	December 31, 2008	December 31, 2007
	----- Rupees '000 -----	
Short-term borrowings	120,000	92,400
Trade and other payables	28,261	45,261
Mark-up accrued on short-term borrowings	2,752	1,566
Cash and bank balances	<u>(28,592)</u>	<u>(15,452)</u>
Net debt	122,421	123,775
Issued, subscribed and paid-up capital	42,486	35,405
Share Premium	17,553	-
Revenue reserve	126,871	101,422
Total capital	<u>186,910</u>	<u>136,827</u>
Capital and net debt	<u>309,331</u>	<u>260,602</u>
Gearing ratio	40%	47%

34.3 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Company attempts to control credit risk associated with the carrying amount of its receivables by monitoring credit exposures, limiting transactions with specific customers and continuing assessment of credit worthiness of such customers. Further, most of the Company's export debtors are secured by way of irrevocable letter of credit.

34.4 Liquidity risk management

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company follows an effective cash flows management to ensure availability of funds and to take appropriate measures for new requirements.

34.5 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. Receivables exposed to foreign currency risk are not covered through forward exchange contracts as the management does not expect depreciation in the value of Pak rupee.

34.6 Fair values of financial instruments

As the major portion of the Company's financial instruments are of a short-term nature and would be settled in the near future, the carrying values of financial assets and liabilities reflected in the financial statements approximate their fair values.

35. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of associated company, employees' provident fund, employees' pension fund and staff gratuity fund, directors and key management personnel of the Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, amounts due from executives and remuneration of directors and executives are disclosed in the relevant notes.

Terms and conditions of transactions with related parties

The transactions with the related parties are made at normal market prices. Outstanding balances are disclosed in the respective notes. There have been no guarantees provided or received for any related party receivables or payables. For the year ended December 31, 2008, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (2007: Nil). An assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Other material transactions with related parties are given below:

		December 31, 2008	December 31, 2007
	Note	----- Rupees '000 -----	-----
Orkila Pakistan (Private) Limited - Associated company	36		
Sale of goods		10,491	6,606
Commission on sales		2,717	1,735
Shipwell (Private) Limited - Associated company			
Commission on sales		907	1,064
Staff retirement benefit plan			
Contribution to staff retirement funds		802	540
36. CAPACITY AND PRODUCTION			
Installed capacity (Seed processing)		<u>35,000</u>	<u>35,000</u>
Actual seed processing	36.1	<u>22,890</u>	<u>24,888</u>

36.1 The under utilization of capacity was due to lower demand during the year.

37. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on March 14, 2009 by the Board of Directors of the Company.

38. DIVIDEND AND APPROPRIATION

In the meeting held on March 14, 2009, the Board of Directors of the Company recommended a final cash dividend of Rs.4 per share for the year ended December 31, 2008, for approval of the members at the Annual General Meeting to be held on 18 April, 2009.

39. COMPARATIVE FIGURES

Prior year's figures have been reclassified as follows for better presentation:

<u>FROM</u>	<u>TO</u>	Rupees in `000
Trade and other payables Trade creditors	Accrued liabilities Accrued expenses	616
Trade and other payables Other payables - Other liabilities	Trade and other payables Other payables - Suppliers	227
Cost of good sold Repairs and maintenance	Cost of good sold Handling charges	3,029
Provisions for compensated absence	Salaries, wages and benefits	326
Administrative expenses Salaries, wages and benefits	Administrative expenses Security service charges	522
Fixed assets written off	Repairs and maintenance	110

40. 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

PATTERN OF SHAREHOLDINGS

AS AT DECEMBER 31, 2008

SIZE OF HOLDING Rs.10/- EACH	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE OF ISSUED CAPITAL
1 - 100	76	3,060	0.08
101 - 500	155	31,412	0.74
501 - 1,000	36	25,646	0.60
1,001 - 5,000	32	62,202	1.46
5,001 - 10,000	7	50,760	1.19
10,001 - 15,000	6	71,705	1.69
15,001 - 20,000	1	18,101	0.43
30,001 - 35,000	2	61,560	1.45
35,001 - 40,000	1	37,000	0.87
45,001 - 50,000	1	47,009	1.11
50,001 - 55,000	1	53,516	1.26
65,001 - 70,000	1	68,585	1.61
90,001 - 95,000	1	90,750	2.14
95,001 - 100,000	3	295,456	6.95
325,001 - 330,000	1	329,725	7.76
450,001 - 455,000	1	452,934	10.66
2,500,001 - 3,000,000	1	2,549,131	60.00
	<u>326</u>	<u>4,248,552</u>	<u>100.00</u>

ADDITIONAL INFORMATION

Category No.	Categories of Share Holders	NUMBER OF SHARES HELD	PERCENTAGE %
1	Individual	740,129	17.42
2	Joint Stock Companies	93,650	2.20
3	Directors, Chief Executive Officer and their Spouse and Minor Children		
	i. Mr. Mohammad Moonis	129,880	3.06
	ii. Mr. Mohammad Ali Hanafi	1,600	0.04
	iii. Mr. M. Aslam Hanafi	55,176	1.30
	iv. Mr. Shuaib Ahmed	452,934	10.66
	v. Mr. Ozair Ahmed Hanafi	2,059	0.05
	vi. Mr. Tariq Mohamed Amin	1,000	0.02
	vii. Mr. Zahid Zaheer	1,000	0.02
	viii. Mr. Zaeem A. Hanafi	1,000	0.02
	ix. Mrs. Shahinda Moonis	66,100	1.56
	x. Mrs. Farah Zaeem Hanafi	145	0.00
	xi. Mrs. Kehkashan Hanafi	7,260	0.17
4	Associated Company	2,549,131	60.00
5	Banks, DFIs, NBFIs, Insurance Companies, Investment Cos., Modarbas & Mutual Fund	140,228	3.31
6	Charitable Trust	7,260	0.17
	Total	4,248,552	100.00

Shareholders holding 10% or more voting interest

East West Group Holdings Inc.	2,549,131	60.00
Mr. Shuaib Ahmed	452,934	10.66

PROXY FORM
46th ANNUAL GENERAL MEETING OF THE COMPANY

I/We, _____
(Name)

of _____
(Address)

being a member of PAKISTAN GUM & CHEMICALS LIMITED and holder of _____
Ordinary Shares as per Register Folio No./CDC Participant's ID and Account No. _____

hereby appoint _____
(Name)

of _____
(Address)

as my proxy to vote for me and on my behalf at the 46th **ANNUAL GENERAL MEETING** of the
Company to be held on Saturday, 18th April 2009 and at any adjournment thereof.

Signed by me/us this _____ day of _____ 2009

Signature of Proxy

Signature on
Revenue Stamp

Signature of Shareholder, must
be in accordance with the
Specimen signature registered
with the company

Witness : _____
(Signature)

Name: _____

Address : _____

Note:

1. The proxy in order to be valid must be signed across five rupees revenue stamp and should be deposited with the Company not later than 48 hours before the time of holding the meeting.
2. CDC Shareholders and their proxies must attach either an attested photocopy of their National Identity Card or Passport with this Proxy Form.