



**PAKISTAN
GUM AND CHEMICALS
LIMITED**



**1st Quarter Ended
March 31, 2011**



PAKISTAN GUM & CHEMICALS LIMITED

COMPANY INFORMATION

AS ON MARCH 31, 2011

Board of Directors

Mohammad Moonis	<i>Chairman</i>
Shuaib Ahmed	<i>Vice-Chairman</i>
Mohammad Ali Hanafi	<i>Director</i>
Mohammed 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

Hamid Ahmed

Audit Committee

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

Compensation Committee

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

Chief Financial Officer and Company Secretary

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) 35662023-24

Registered Office

B-19/A, Irshad Qadri Road
S.I.T.E., Karachi-75700
P.O. Box 3639

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, 2011.

Sales during the quarter were Rs.230.7 million which were slightly higher than Rs.218.2 million during the same period of 2010. Profit before tax of Rs. 7.1 million was almost the same as during the corresponding period of 2010.

Management is taking all possible measures to enhance earnings and we do expect some improvement in the months ahead.

I am appreciative of my colleagues on the board for their wise counsel and support in the discharge of my responsibilities and thank the management and the staff for their contribution.

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

Mohammad Moonis
Chairman

Karachi : April 18, 2011



PAKISTAN GUM & CHEMICALS LIMITED

**INTERIM CONDENSED BALANCE SHEET
AS AT MARCH 31, 2011**

	Note	March 31, 2011 (Un-audited)	December 31, 2010 (Audited)
		-----Rs. '000-----	
ASSETS			
FIXED ASSETS			
Property, Plant and equipment		49,410	49,895
Long-term deposit		776	776
		<u>50,186</u>	<u>50,671</u>
CURRENT ASSETS			
Stores and Spares		9,054	6,998
Stock-in-trade		228,149	142,891
Trade debts		50,728	76,606
Accrued mark-up		138	37
Loans and advances		3,518	1,430
Short-term prepayments		1,208	179
Other receivables		7,612	5,838
Taxation - net	4	14,672	15,586
Cash and Bank balances	5	41,428	17,944
		<u>356,507</u>	<u>267,509</u>
TOTAL ASSETS		<u>406,693</u>	<u>318,180</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
10,000,000 Ordinary shares of Rs.10/- each		<u>100,000</u>	<u>100,000</u>
Issued, subscribed and paid-up		42,486	42,486
Reserves	7	82,579	78,719
		<u>125,065</u>	<u>121,205</u>
CURRENT LIABILITIES			
Trade and other payables		58,323	27,511
Accrued mark-up on Short-term borrowings		2,503	4,464
Short term Borrowings		220,802	165,000
		<u>281,628</u>	<u>196,975</u>
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		<u>406,693</u>	<u>318,180</u>

The annexed notes from 1 to 11 form an integral part of these interim condensed financial information.


Mohammad Moonis
Chairman


Hamid Ahmed
Chief Executive Officer


Imran Shiwani
Chief Financial Officer



PAKISTAN GUM & CHEMICALS LIMITED

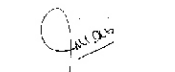
**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT
FOR THE 1st QUARTER ENDED MARCH 31, 2011
(UN-AUDITED)**

	March 31, 2011	March 31, 2010
	---- (Rupees in '000) ----	
NET SALES	230,694	218,160
Cost of sales	<u>(207,603)</u>	<u>(191,139)</u>
GROSS PROFIT	23,091	27,021
Distribution and Shipping costs	<u>(3,571)</u>	<u>(8,202)</u>
Administration expenses	<u>(7,092)</u>	<u>(5,563)</u>
Other operating expenses	<u>(455)</u>	<u>(482)</u>
Other operating income	<u>226</u>	<u>453</u>
	<u>(10,892)</u>	<u>(13,794)</u>
OPERATING PROFIT	<u>12,199</u>	<u>13,227</u>
Financial costs	<u>(5,098)</u>	<u>(6,045)</u>
PROFIT BEFORE TAXATION	7,101	7,182
Taxation	<u>(3,241)</u>	<u>(2,210)</u>
NET PROFIT FOR THE YEAR	<u>3,860</u>	<u>4,972</u>
EARNINGS PER SHARE - Basic	<u>Re. 0.91</u>	<u>Rs. 1.17</u>

The annexed notes from 1 to 11 form an integral part of these interim condensed financial information.


Mohammad Moonis
Chairman


Hamid Ahmed
Chief Executive Officer


Imran Shiwani
Chief Financial Officer



PAKISTAN GUM & CHEMICALS LIMITED

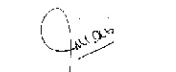
**INTERIM CONDENSED STATEMENT OF
COMPREHENSIVE INCOME
FOR THE 1st QUARTER ENDED MARCH 31, 2011
(UN-AUDITED)**

	March 31, 2011	March 31, 2010
	----- (Rupees in '000) -----	
Profit for the year	3,860	4,972
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>3,860</u>	<u>4,972</u>

The annexed notes from 1 to 11 form an integral part of these interim condensed financial information.


Mohammad Moonis
Chairman


Hamid Ahmed
Chief Executive Officer


Imran Shiwani
Chief Financial Officer

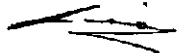


PAKISTAN GUM & CHEMICALS LIMITED

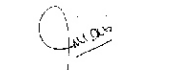
**INTERIM CONDENSED CASH FLOW STATEMENT
FOR THE 1st QUARTER ENDED MARCH 31, 2011
(UN-AUDITED)**

	March 31, 2011	March 31, 2010
	-----Rs. '000-----	
CASH GENERATED FROM/ (UTILIZED IN) OPERATIONS		
Profit before taxation	7,101	7,182
Adjustments for other items:		
Depreciation	1,852	1,635
(Profit)/loss on disposal of fixed assets	-	(250)
Return on deposits	(226)	(203)
Financial charges	4,579	5,040
(Increase)/decrease in current assets	(66,428)	2,373
Increase/(decrease) in current liabilities	30,812	1,734
CASH FLOW FROM OPERATING ACTIVITIES	(22,310)	17,511
Financial charges paid	(6,539)	(6,795)
Taxes paid	(2,327)	(3,310)
	(8,866)	(10,105)
Net cash (outflow)/inflow from operating activities	(31,176)	7,406
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(1,368)	(4,352)
Sales proceeds from disposal of fixed assets	-	250
Profit received on deposits	226	203
Net cash used in investing activities	(1,142)	(3,899)
CASH FLOW FROM FINANCING ACTIVITIES		
Short-term finance under mark-up arrangement	55,802	(67)
Net (decrease)/increase in cash and cash equivalents	23,484	3,440
Cash and cash equivalents at the beginning of the period	17,944	10,406
Cash and cash equivalents at the end of the period	<u>41,428</u>	<u>13,846</u>

The annexed notes from 1 to 11 form an integral part of these interim condensed financial information.


Mohammad Moonis
Chairman


Hamid Ahmed
Chief Executive Officer


Imran Shiwani
Chief Financial Officer



PAKISTAN GUM & CHEMICALS LIMITED

**INTERIM CONDENSED STATEMENT OF
CHANGES IN EQUITY
FOR THE 1st QUARTER ENDED MARCH 31 2011
(UN-AUDITED)**

	Share capital	Capital Reserve	General reserve	Accumu- lated profit	Total
	----- (Rupees in '000) -----				
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>
Balance at January 1, 2011	42,486	17,553	82,474	(21,308)	121,205
Net Profit for the period	-	-	-	3,860	3,860
Balance at March 31, 2011	<u>42,486</u>	<u>17,553</u>	<u>82,474</u>	<u>(17,448)</u>	<u>125,065</u>

The annexed notes from 1 to 11 form an integral part of these interim condensed financial information.


Mohammad Moonis
Chairman


Hamid Ahmed
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, 2011
(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, 2010.

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 (2010: 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 11	Up to March 10
	Rs.'000	Rs.'000
Additions during the Period	855	554
Deletions during the Period	-	-



PAKISTAN GUM & CHEMICALS LIMITED

	March 31 2011 (Un-audited) Rs.'000	December 31 2010 (Audited) Rs.'000
7. RESERVES		
Revenue reserves		
General	82,474	82,474
Unappropriated profit	(17,448)	(21,308)
	65,026	61,166
Capital reserve		
Share Premium	17,553	17,553
	<u>82,579</u>	<u>78,719</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, 2010.

9. RELATED PARTY TRANSACTIONS

Relationship	Nature of Transaction	Up to March 11 (Un-audited) Rs.'000	Up to March 10 (Un-audited) Rs.'000
Associated undertakings	Commission on sales	1,814	641
	Sale of goods	2,191	2,716
	Freight Forwarding	6	19
	Transportation	277	625
Staff retirement benefit plan	Contribution to staff retirement funds	338	210

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 18, 2011 by the Board of Directors of the Company.

11. GENERAL

Amounts have been rounded off to the nearest thousand rupees.


Mohammad Moonis
Chairman


Hamid Ahmed
Chief Executive Officer


Imran Shiwani
Chief Financial Officer