



PAKISTAN
GUM AND CHEMICALS
LIMITED



INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE 3rd QUARTER ENDED SEPTEMBER 30, 2009



COMPANY INFORMATION

AS ON SEPTEMBER 30, 2009

Board of Directors

Mohammad Moonis	Chairman
Shuaib Ahmed	Vice Chairman
Mohammad Ali Hanafi	Director
Mohammad Aslam Hanafi	Director
Ozair Ahmed Hanafi	Director
Tariq Mohamed Amin	Director
Zaeem Ahmad Hanafi	Director
Zahid Zaheer	Director

Chief Executive Officer

Mir Asad Waseem

Audit Committee

Tariq Mohamed Amin	Chairman
Zaeem Ahmad Hanafi	Member
Zahid Zaheer	Member

Company Secretary

Rafat Hussain

Chief Financial Officer

Imran Shiwani

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisor

Tahir Ali Tayebi & Company

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
Phone: (92-21) 32561124-26
Fax: (92-21) 3256 1320, 3256 5213
E-mail: pakchem@cyber.net.pk
URL : www.pakchem.com.pk



CHAIRMAN'S REVIEW

On behalf of the Board of Directors, I present the un-audited accounts for the third quarter ended September 30, 2009.

Total sales during the quarter were Rs. 130.8 million compared to 251.2 million in the corresponding period of 2008. The decline is due to lower demand internationally as a result of global economic recession and much tougher competition from Indian companies due to their lower production cost mainly attributed to lower seed prices in their country. Profit after taxation in the third quarter of 2009 was Rs. 1.3 million compared to Rs. 9.4 million in the same period of 2008.

Earning per share amounted to Re. 0.30 per share for the aforesaid third quarter compared to Rs. 2.38 for the corresponding period of 2008.

Management is striving to maintain the current profitability but even that is a challenge, as seed prices have risen to very high level.

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

Mohammad Moonis

Chairman

Karachi: October 20, 2009



**INTERIM CONDENSED BALANCE SHEET
AS AT SEPTEMBER 30, 2009**

	Note	Sep 30, 2009	Dec 31, 2008
		----- (Rupees in '000) -----	
		(UN-AUDITED)	(AUDITED)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	50,111	43,887
Long-term deposits		776	770
		<u>50,887</u>	<u>44,657</u>
CURRENT ASSETS			
Stores and spare parts		5,052	5,683
Stock-in-trade	5	226,880	164,273
Trade debts		48,273	75,064
Accrued Mark-up on bank deposits		410	47
Loans and advances		2,197	1,528
Short-term prepayments		824	404
Other receivables		12,109	13,247
Taxation-net		8,727	4,429
Cash and bank balances		6,302	28,592
		<u>310,774</u>	<u>293,267</u>
TOTAL ASSETS		<u>361,661</u>	<u>337,924</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
10,000,000 ordinary shares of Rs.10/- each		<u>100,000</u>	<u>50,000</u>
Issued, subscribed and paid-up capital	6	42,486	42,486
Reserves		132,029	144,424
		<u>174,515</u>	<u>186,910</u>
CURRENT LIABILITIES			
Trade and other payables		22,596	28,262
Accrued Mark-up on short-term borrowings		1,576	2,752
Short-term borrowings	7	162,974	120,000
		<u>187,146</u>	<u>151,014</u>
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	8	<u>361,661</u>	<u>337,924</u>

The annexed notes from 1 to 13 form an integral part of these interim condensed financial information.

Mohammad Moonis
Chairman

M.A. Waseem
Chief Executive Officer

Imran Shiwani
Chief Financial Officer




**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT
FOR THE 3rd QUARTER ENDED SEPTEMBER 30, 2009
(UN-AUDITED)**

Notes	Period Ended Jan - Sep 30		Quarter Ended July - Sep 30,	
	2009	2008	2009	2008
	----- (Rupees in '000) -----			
Turnover-net	396,245	619,532	130,835	251,204
Cost of sales	<u>(347,132)</u>	<u>(528,885)</u>	<u>(113,070)</u>	<u>(213,190)</u>
Gross profit	49,113	90,647	17,765	38,014
Operating expenses				
Administrative expenses	<u>(22,274)</u>	<u>(20,139)</u>	<u>(7,132)</u>	<u>(5,729)</u>
Other operating expenses	<u>(355)</u>	<u>(2,377)</u>	<u>(89)</u>	<u>(1,185)</u>
Shipping expenses	<u>(10,646)</u>	<u>(24,888)</u>	<u>(3,130)</u>	<u>(11,298)</u>
	<u>(33,275)</u>	<u>(47,404)</u>	<u>(10,351)</u>	<u>(18,212)</u>
Operating profit	15,838	43,243	7,414	19,802
Other operating income	610	613	(641)	(1,197)
	16,448	43,856	6,773	18,605
Finance cost	<u>(6,933)</u>	<u>(10,981)</u>	<u>(3,938)</u>	<u>(5,284)</u>
Other charges	<u>(1,624)</u>	<u>(1,572)</u>	<u>-</u>	<u>-</u>
	<u>(8,557)</u>	<u>(12,553)</u>	<u>(3,938)</u>	<u>(5,284)</u>
Profit before taxation	7,891	31,303	2,835	13,321
Provision for taxation-current	<u>(3,292)</u>	<u>(8,991)</u>	<u>(1,560)</u>	<u>(3,891)</u>
PROFIT AFTER TAXATION	4,599	22,312	1,275	9,430
EARNINGS PER SHARE-Basic and diluted 10	Rs. 1.08	Rs. 5.63	Re. 0.30	Rs. 2.38

The annexed notes from 1 to 13 form an integral part of these financial statements.


Mohammad Moonis
Chairman


M.A. Waseem
Chief Executive Officer


Imran Shiwani
Chief Financial Officer



**INTERIM CONDENSED CASH FLOW STATEMENT
FOR THE 3rd QUARTER ENDED SEPTEMBER 30, 2009
(UN-AUDITED)**

	<u>3rd Quarter ended</u>	
	<u>Sep 30, 2009</u>	<u>Sep 30, 2008</u>
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,891	31,303
Adjustments for:		
Depreciation	4,326	2,937
Finance cost	6,933	10,981
Provision for compensated absences	362	1,274
Profit on bank deposits	(578)	(423)
Gain on sale of fixed assets	(32)	(190)
	<u>11,011</u>	<u>14,579</u>
	18,902	45,882
Movement in working capital		
(Increase) in current assets	(35,499)	(107,726)
(Decrease) in current liabilities	(6,028)	(6,236)
	<u>(41,527)</u>	<u>(113,962)</u>
Cash (utilized in) / generated from operations	(22,625)	(68,080)
Income tax paid	(7,590)	(7,635)
Long term deposits	(6)	-
Finance charges paid	(8,109)	(11,616)
	<u>(15,705)</u>	<u>(19,251)</u>
Net cash flows from operating activities	(38,330)	(87,331)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(10,598)	(12,486)
Proceeds from sale of fixed assets	80	202
Profit received on bank deposits	578	423
Net cash flows from investing activities	(9,940)	(11,861)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short term borrowings	42,974	74,804
Proceeds from issue of right shares	-	24,634
Dividend paid	(16,994)	(7,081)
Net cash flows from financing activities	25,980	92,357
Net Decrease in cash and cash equivalents	(22,290)	(6,835)
Cash and cash equivalents at the beginning of the period	28,592	15,452
Cash and cash equivalents at the end of the period	6,302	8,617

The annexed notes from 1 to 13 form an integral part of these financial statements.

Mohammad Moonis
Chairman

M.A. Waseem
Chief Executive Officer

Imran Shiwani
Chief Financial Officer



**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE 3rd QUARTER ENDED SEPTEMBER 30, 2009
(UN-AUDITED)**

	Issued subscribed and paid-up capital	Share Premium	Revenue Reserves- General	Accumulated profit	Total
----- (Rupees in '000) -----					
Balance as at January 1, 2008	35,405	-	82,474	18,948	136,827
Cash dividend @ Rs. 2 per ordinary share of Rs 10 each declared on March 27, 2008	-	-	-	(7,081)	(7,081)
Right Shares issued during the year at premium	7,081	17,553	-	-	24,634
Profit after taxation for the 3rd Quarter ended September 30, 2008	-	-	-	22,312	22,312
Balance as at September 30, 2008	42,486	17,553	82,474	34,179	176,692
Balance as at January 01, 2009	42,486	17,553	82,474	44,397	186,910
Cash dividend @ Rs.4 per Ordinary share of Rs. 10 each declared on April 18, 2009	-	-	-	(16,994)	(16,994)
Profit after taxation for the 3rd Quarter ended September 30, 2009	-	-	-	4,599	4,599
Balance as at September 30, 2009	42,486	17,553	82,474	32,002	174,515

The annexed notes from 1 to 13 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 INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE 3rd QUARTER ENDED SEPTEMBER 30, 2009
(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 interim condensed financial information are un-audited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34, "Interim Financial Reporting", as applicable in Pakistan. These interim condensed financial information should be read in conjunction with the published financial statements of the Company for the year ended December 31, 2008.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of these interim condensed financial information are same as those applied in the preparation of the annual financial statements for the year ended December 31, 2008.

	Note	September 30, 2009	December 31, 2008
		----(Rupees in '000)----	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating Assets	4.1	44,871	27,800
Capital Work-in-progress	4.2	5,240	16,087
		<u>50,111</u>	<u>43,887</u>
4.1 Operating assets			
Opening book value		27,800	23,773
Additions during the period / year	4.1.1	21,445	<u>8,022</u>
		49,245	31,795
Disposal during the period / year	4.1.2	<u>122</u>	<u>12</u>
Depreciation charged during the period / year		<u>4,252</u>	3,983
		4,374	<u>3,995</u>
		44,871	<u>27,800</u>
4.1.1 Additions during the period / year			
Plant and machinery		20,200	3,784
Buildings		-	47
Vehicles		779	427
Office equipments		466	<u>3,764</u>
		21,445	<u>8,022</u>



PAKISTAN GUM & CHEMICALS LIMITED

	September 30, 2009	December 31, 2008
	----(Rupees in '000)----	
4.1.2 Disposals during the period / year		
Vehicles	<u>122</u>	<u>12</u>
	<u>122</u>	<u>12</u>
4.2 Capital work-in-progress		
Balance at the beginning of the year / period	16,087	2,549
Additions during the period / year	10,989	17,405
Transferred to operating assets	<u>(21,836)</u>	<u>(3,867)</u>
	<u>5,240</u>	<u>16,087</u>
5. STOCK-IN-TRADE		
Raw material	60,580	24,157
Packaging material	3,412	4,078
Finished goods	162,888	136,038
	<u>226,880</u>	<u>164,273</u>
6. ISSUED, SUBSCRIBED AND PAID-UP-CAPITAL		
Ordinary Shares of Rs. 10/- each		
<u>Number of Shares</u>		
2009	2008	
200,000	200,000	Issued for cash
		2,000
4,048,552	4,048,552	Ordinary Shares of Rs. 10
-	-	each as at January 01
4,048,552	4,048,552	Issued during the period / year
		40,486
<u>4,248,552</u>	<u>4,248,552</u>	<u>40,486</u>
		<u>42,486</u>
7. SHORT-TERM RUNNING FINANCE - SECURED		
Export Refinance	7.1	130,000
Running Finance under mark-up arrangement	7.2	32,974
		<u>162,974</u>
		<u>120,000</u>

7.1 This represents utilized portion of export refinance facilities aggregating Rs. 140,000,000/- (2008: Rs. 140,000,000/-) obtained from commercial banks carrying mark-up rate of 7.25% to 7.50% (2008: 7.25% to 7.50%) per annum. These facilities are secured by way of pari passu charge on Company's stock-in-trade and book debts aggregating to Rs. 220 million and first pari passu charge, aggregating to Rs. 180 million by way of land and building, hypothecation of plant and machinery and floating charge on all present and future assets of the Company.

7.2 This represents facilities obtained from the commercial bank amounting to Rs. 55,000,000/- (2008:Rs. 55,000,000/-) These facilities are secured by way of pari passu charge on stock-in-trade and book debts. Mark-up on the availed facilities is charged at KIBOR plus 1.5% per annum on outstanding balance.

8. CONTINGENCIES AND COMMITMENTS

8.1 Commitment for capital expenditures Rs. 387,350/- (2008: Rs. 2,417,000/-)

8.2 The status of other contingencies and commitments as at September 30, 2009 is same as reported in the annual financial statements for the year ended December 31, 2008.

**9. TAXATION**

9.1 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 of 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.

9.2 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, the major 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.

	<u>3rd Quarter ended</u>		<u>Quarter ended</u>	
	<u>Sep 30, 2009</u>	<u>Sep 30, 2008</u>	<u>Sep 30, 2009</u>	<u>Sep 30, 2008</u>
----- (Rupees in '000) -----				
10. Profit / EARNINGS PER SHARE-Basic and diluted				
Net profit for the period after tax	4,599	22,312	1,275	9,430
Number of ordinary shares in issue during the period	4,248,552	4,248,552	4,248,552	4,248,552
Basic earnings per share	Rs. 1.08	Rs .5.25	Re. 0.30	Rs. 2.22

11. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties. Transactions with related parties are given below:

Relationship	Nature of transaction	<u>3rd Quarter ended</u>	
		<u>Sep 30, 2009</u>	<u>Sep 30, 2008</u>
--- (Rupees in '000) ---			
	Commission paid to associated companies	2,323	2,937
	Sale of goods to associated companies	5,969	9,971
	Contribution to staff retirement funds	669	591
Chief Executive	Remuneration	2,234	2,104
Director	Remuneration	1,405	1,301

All the above transactions are at arm's length using admissible valuation method.

12. DATE OF AUTHORISATION

These financial statements were authorized for issue on 20th October 2009 by the Board of Directors of the Company.

13. GENERAL

13.1. Figures for the 3rd quarter ended September 30, 2009 and 3rd quarter ended September 30, 2008 have not been subject to limited scope review by the statutory auditors.

13.2. Figures presented in these interim condensed financial information have been rounded off to the nearest thousand rupees.

Mohammad Moonis
Chairman

M.A. Waseem
Chief Executive Officer

Imran Shiwani
Chief Financial Officer