



PAKISTAN
GUM AND CHEMICALS
LIMITED



INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE 1st QUARTER ENDED MARCH 31, 2009



COMPANY INFORMATION

AS ON MARCH 31, 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 |
| Zahid Zaheer | Director |
| Zaeem Ahmad Hanafi | Director |

Chief Executive Officer

Mir Asad Waseem

Audit Committee

| | |
|--------------------|----------|
| Tariq Mohamed Amin | Chairman |
| Zahid Zaheer | Member |
| Zaeem Ahmad Hanafi | Member |

Company Secretary

Rafat Hussain

Chief Financial Officer

Imran Shiwani

Auditors

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Legal Advisor

Tahir Ali Tayebi & Company

Bankers

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

Share Registrar 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, 2565213
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 first quarter-ended March 31, 2009.

Sales during the quarter were Rs.125.4 million vis-à-vis Rs.148.6 million during the same period of 2008. Profit before tax of Rs. 2.7 million declined from Rs. 6.8 million during the same period of 2008. This is mainly due to global recession and lack-luster demand from overseas buyers which caused sharp decline in the selling price while guar seed price has continued to remain very high as a result of abnormally heavy rainfall in 2008 which damaged the crop and affected free availability in the market. Rising utilities cost and frequent power outages have also contributed to erosion of profitability.

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

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

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

Mohammad Moonis

Chairman

Karachi: April 18, 2009



**INTERIM CONDENSED BALANCE SHEET
AS AT MARCH 31, 2009**

| | Note | Mar 31, 2009 | Dec 31, 2008 |
|---|------|------------------------------|-----------------------|
| | | ----- (Rupees in '000) ----- | |
| | | (UN-AUDITED) | (AUDITED) |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 46,025 | 43,887 |
| Long-term deposits | | <u>776</u> | <u>770</u> |
| | | 46,801 | 44,657 |
| CURRENT ASSETS | | | |
| Stores and Spare | | 5,892 | 5,683 |
| Stock-in-trade | | 180,492 | 164,273 |
| Trade debts | | 41,032 | 75,064 |
| Accrued mark-up | | 166 | 47 |
| Loans and advances | | 1,100 | 1,528 |
| Short-term prepayments | | 1,147 | 404 |
| Other receivables | | 12,969 | 13,247 |
| Taxation-net | 4 | 5,499 | 4,429 |
| Cash and bank balances | 5 | <u>17,120</u> | <u>28,592</u> |
| | | 265,417 | 293,267 |
| TOTAL ASSETS | | <u>312,218</u> | <u>337,924</u> |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised capital 5,000,000 Ordinary shares of Rs.10/- each | | <u>50,000</u> | <u>50,000</u> |
| Issued, subscribed and paid-up capital | | <u>42,486</u> | <u>42,486</u> |
| Reserves | 7 | <u>146,018</u> | <u>144,424</u> |
| | | 188,504 | 186,910 |
| CURRENT LIABILITIES | | | |
| Short term Borrowings | | <u>95,000</u> | <u>120,000</u> |
| Mark-up accrued on Short-term borrowings | | 440 | 2,752 |
| Creditors, accrued expenses and other liabilities | | <u>28,274</u> | <u>28,262</u> |
| | | 123,714 | 151,014 |
| CONTINGENCIES AND COMMITMENTS | 8 | | |
| TOTAL EQUITY AND LIABILITIES | | <u>312,218</u> | <u>337,924</u> |


Mohammad Moonis
Chairman



M.A. Waseem
Chief Executive Officer


Imran Shiwani
Chief Financial Officer



**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED MARCH 31, 2009
(UN-AUDITED)**

| | March 31, 2009 Rs.'000 | March 31, 2008 Rs.'000 |
|---------------------------------------|---------------------------------------|------------------------------|
| Net Sales | 125,381 | 148,563 |
| Cost of sales | 110,833 | <u>129,214</u> |
| Gross profit | 14,548 | 19,349 |
| Operating expenses | | |
| Distribution and Shipping Expenses | 2,531 | 4,036 |
| Administration expenses | 7,168 | <u>5,470</u> |
| | 9,699 | <u>9,506</u> |
| Operating Profit | 4,849 | <u>9,843</u> |
| Other income | 191 | <u>305</u> |
| | 5,040 | 10,148 |
| Financial & other charges | 2,325 | <u>3,301</u> |
| Profit before taxation | 2,715 | 6,847 |
| Provision for taxation | 1,121 | <u>2,322</u> |
| Profit after Taxation | 1,594 | <u>4,525</u> |
| Earning per share - Basic and diluted | Re. 0.38 | <u>Rs. 1.17</u> Re-stated |


Mohammad Moonis
Chairman


M.A. Waseem
Chief Executive Officer


Imran Shiwani
Chief Financial Officer



**INTERIM CONDENSED CASH FLOW STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2009
(UN-AUDITED)**

| | March 31, 2009 Rs.'000 | March 31, 2008 Rs.'000 |
|---|---------------------------------------|---------------------------------------|
| CASH GENERATED FROM / (UTILIZED IN) OPERATIONS | | |
| Profit before taxation | 2,715 | 6,847 |
| Adjustments for other items: | | |
| Depreciation | 1,242 | 965 |
| (Profit)/loss on disposal of fixed assets | - | (190) |
| Return on deposits | (191) | (115) |
| Financial charges | 1,670 | 2,526 |
| (Increase)/decrease in current assets | 17,448 | (66,484) |
| Increase/(decrease) in current liabilities | 12 | (669) |
| CASH FLOW FROM OPERATING ACTIVITIES | 22,896 | (57,120) |
| Financial charges paid | (3,981) | (2,650) |
| Taxes paid | (2,191) | (2,250) |
| | (6,172) | (4,900) |
| Net cash (outflow)/inflow from operating activities | 16,724 | (62,020) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Capital expenditure | (3,387) | (1,819) |
| Sales proceeds from disposal of fixed assets | - | 202 |
| Profit received on deposits | 191 | 115 |
| Net cash inflow from investing activities | (3,196) | (1,502) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Short-term finance under mark-up arrangement | (25,000) | 67,100 |
| Net (decrease)/increase in cash and cash equivalents | (11,472) | 3,578 |
| Cash and cash equivalents at the beginning of the period | 28,592 | 15,452 |
| Cash and cash equivalents at the end of the period | <u>17,120</u> | <u>19,030</u> |


Mohammad Moonis
Chairman


M.A. Waseem
Chief Executive Officer


Imran Shiwani
Chief Financial Officer



**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2009
(UN-AUDITED)**

| | Issued subscribed and paid-up capital | Capital Reserve | Revenue Reserves - General | Accumulated profit | Total |
|---|--|--------------------|----------------------------------|-----------------------|----------------|
| | ----- (Rupees in '000) ----- | | | | |
| Balance 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) |
| Net Profit for the period | - | - | - | 4,525 | 4,525 |
| Balance at March 31 2008 | <u>35,405</u> | <u>-</u> | <u>82,474</u> | <u>16,392</u> | <u>134,271</u> |
| | | | | | |
| Balance at January 1, 2009 | 42,486 | 17,553 | 82,474 | 44,397 | 186,910 |
| Net Profit for the period | - | - | - | 1,594 | 1,594 |
| Balance at March 31, 2009 | <u>42,486</u> | <u>17,553</u> | <u>82,474</u> | <u>45,991</u> | <u>188,504</u> |


Mohammad Moonis
Chairman


M.A. Waseem
Chief Executive Officer


Imran Shiwani
Chief Financial Officer



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 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 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. SIGNIFICANT 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, 2008.

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 AND BANK BALANCES

Includes cash margin of Rs.3.60 million (2007: 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 09 Rs. `000 | Up to March 08 Rs. `000 |
|-----------------------------|----------------------------|----------------------------|
| Additions during the Period | 15,536 | 380 |
| Deletions during the Period | - | 663 |

7. RESERVES

| | March 31 2009 | December 31 2008 |
|-------------------------|------------------|---------------------|
| Revenue reserves | | |
| General | 82,474 | 82,474 |
| Unappropriated profit | 45,991 | 44,397 |
| | 128,465 | 126,871 |
| Capital reserve | | |
| Share Premium | 17,553 | 17,553 |
| | <u>146,018</u> | <u>144,424</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, 2008.



Up to March 09 Up to March 08
Rs. '000 Rs. '000

9. RELATED PARTY TRANSACTIONS

| Relationship | Nature of transaction | | |
|-------------------------------|--|-------|-------|
| Associated undertakings | Commission on sales | 737 | 1,093 |
| | Sale of goods | 3,060 | 2,003 |
| Staff retirement benefit plan | Contribution to staff retirement funds | 207 | 174 |

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 18th April 2009 by the board of directors of the Company.

11. GENERAL

Amounts have been rounded off to the nearest thousand rupees.

Mohammad Moonis
Chairman

M.A. Waseem
Chief Executive Officer

Imran Shiwani
Chief Financial Officer