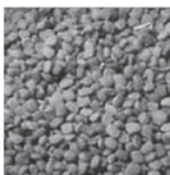




*Spreading goodness of Guar*

**CONDENSED INTERIM FINANCIAL  
INFORMATION FOR THE  
1st QUARTER ENDED MARCH 31, 2018**



**GUAR SEED**



**GUAR SPLITS**



**GUAR GUM**



**GUAR MEAL**

## CONTENTS:

Company Information	01
Directors' Report	02
Condensed Interim Balance Sheet	04
Condensed Interim Profit and Loss Account	05
Condensed Interim Statement of Comprehensive Income / (Loss)	06
Condensed Interim Cash Flow Statement	07
Condensed Interim Statement of Changes in Equity	08
Notes to the Condensed Interim Financial Information	09

## COMPANY INFORMATION

AS ON MARCH 31, 2018

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### Board of Directors

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

---

### Chief Executive

Sajid Iqbal Hussain

---

### Audit Committee

Tariq Mohamed Amin	Chairman
Zaeem Ahmad Hanafi	Member
Zahid Zaheer	Member
Zubyr Soomro	Member

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### Human Resource & Remuneration (HR&R) Committee

Zahid Zaheer	Chairman
Shuaib Ahmed	Member
Tariq Mohamed Amin	Member
Zubyr Soomro	Member

---

### Chief Financial Officer & Company Secretary

Manzoor Ahmed

---

### Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

---

### Legal Advisor

Azizuddin & Co.

---

### Bankers

Askari Bank Limited  
Habib Bank Limited  
MCB Bank Limited

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### Registrar and Share Transfer Office

JWAFFS Registrar Services (Pvt.) 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

E-mail: [info@pakchem.com.pk](mailto:info@pakchem.com.pk)

URL: [www.pakchem.com.pk](http://www.pakchem.com.pk)

## DIRECTORS' REPORT

On behalf of the Board of Directors, we are pleased to present the unaudited condensed interim financial information of the company for the 1st Quarter ended March 31, 2018.

### Business Review

Net sales during the period are Rs.221.6 million compared to Rs. 148.2 million last year corresponding period showing a growth of 50%. Seed prices have remained unstable during the period and has adversely impacted the margins. All other costs have remained well within the control.

Pre-tax loss during the period is Rs. 8.1 million compared to a loss of Rs. 7.3 million in the corresponding period. After tax loss is Rs. 10.3 million compared with a loss of Rs. 8.8 million in the corresponding period of last year.

### Future Outlook

The progress achieved so far in terms of volume, price and control in overhead cost has been encouraging. The outlook is expected to improve provided the seed prices achieve stability.

### Acknowledgement

We would like to thank the employees for their hard work. We also appreciate the valuable guidance of the Board members.

By order of the Board



**Sajid Iqbal Hussain**  
Chief Executive



**Muhammad Moonis**  
Chairman

Karachi: April 26, 2018

## ڈائریکٹرز کا جائزہ

یہ بات ہمارے لئے باعث مسرت ہے کہ ہم بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2018 کو ختم ہونے والے پہلے سہ ماہی کے غیر آڈیٹڈ مالیاتی گوشوارے پیش کر رہے ہیں۔

### کاروباری جائزہ

اس سہ ماہی کے دوران کمپنی کی حتمی فروخت 50 فیصد اضافہ کے ساتھ 221.6 ملین روپے رہی جو کہ گزشتہ سال اس دوران 148.2 ملین روپے تھی۔ گوار کے بیجوں کی قیمتیں تاوقت غیر مستحکم رہیں جس نے منافع کی شرح کو بھی متاثر کیا تاہم باقی لاگت دائرہ اختیار میں رہی۔

کمپنی کو اس سہ ماہی میں ٹیکس کی ادائیگی سے قبل 8.1 ملین روپے کا خصارہ ہوا جبکہ گزشتہ سال اس ہی دوران یہ خصارہ 7.3 ملین روپے تھا۔


ٹیکس کی ادائیگی کے بعد اس سہ ماہی میں 10.3 ملین روپے کا خصارہ ہوا جو گزشتہ سال اس ہی دوران یہ خصارہ 8.8 ملین روپے تھا۔

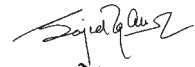
### امکانات مستقبل

اس سہ ماہی میں فروخت کا حجم، قیمت اور بالائی اخراجات قابو میں رہے جو کہ حوصلہ کن بات ہے۔ ہم پر امید ہیں کہ اگر گوار کے بیجوں کی قیمت میں استحکام رہا تو سال کے آئندہ حصہ میں بہتری آئے گی۔

### اعتراف

ہم معترف ہیں کارکنان کا جو کہ ان مشکل حالات کا انتھک محنت سے مقابلہ کرتے رہے اور ہم مشکور ہیں بورڈ پر موجود اپنے ساتھیوں کا جنکے مشوروں اور اصلاح کی بدولت ہم اپنے کام کی انجام دہی کر سکے۔

  
محمد منیر  
چیرمین

  
ساجد اقبال حسین  
چیف ایگزیکٹو

کراچی: مورخہ 26 اپریل، 2018

## Condensed Interim Balance Sheet As at March 31, 2018

	Note	Unaudited March 31, 2018	Audited December 31, 2017
Rupees in '000			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	101,895	104,415
Long term security deposits		876	878
		<b>102,771</b>	<b>105,293</b>
<b>CURRENT ASSETS</b>			
Stores and spares		5,264	2,240
Stock in trade	4	177,427	89,782
Trade debts	5	93,463	48,841
Loans and advances		1,315	1,619
Short term prepayments		1,169	247
Other receivables		8,324	7,036
Short term investments	6	75,887	211,126
Taxation - net		25,592	26,322
Cash and bank balances		21,005	33,456
		<b>409,446</b>	<b>420,669</b>
<b>TOTAL ASSETS</b>		<b>512,217</b>	<b>525,962</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Share capital</b>			
<b>Authorised</b>			
10,000,000 (2017: 10,000,000) ordinary shares of Rs. 10 each			
		<b>100,000</b>	<b>100,000</b>
<b>Issued, subscribed and paid-up capital</b>			
		<b>42,486</b>	<b>42,486</b>
<b>Capital reserves</b>			
		<b>17,553</b>	<b>17,553</b>
<b>Revenue reserves</b>			
		<b>248,754</b>	<b>259,093</b>
		<b>308,793</b>	<b>319,132</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred taxation		1,745	1,792
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	50,982	54,397
Short term borrowings - secured		150,000	150,000
Mark-up accrued		697	641
		<b>201,679</b>	<b>205,038</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>512,217</b>	<b>525,962</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		

The annexed notes 1 to 15 form an integral part of these financial statements.



**Sajid Iqbal Hussain**  
CHIEF EXECUTIVE



**Muhammad Moonis**  
CHAIRMAN



**Manzoor Ahmed**  
CHIEF FINANCIAL OFFICER

## Condensed Interim Profit and Loss Account For the 1st Quarter Ended March 31, 2018

	Note	Unaudited March 31, 2018	Unaudited March 31, 2017
Rupees in '000			
Sales - net	9	221,598	148,194
Cost of Sales	10	(212,515)	(136,974)
Gross Profit / (Loss)		9,083	11,220
Administrative expenses	11	(11,877)	(14,289)
Shipping expenses		(8,115)	(5,738)
		(19,992)	(20,027)
		(10,909)	(8,807)
Other income		4,042	1,550
Operating (Loss) before finance cost		(6,867)	(7,257)
Finance cost		(1,272)	(35)
<b>(Loss) Before Taxation</b>		<b>(8,139)</b>	<b>(7,292)</b>
Taxation		(2,200)	(1,483)
<b>(Loss) for the Period</b>		<b>(10,339)</b>	<b>(8,775)</b>
Rupees			
(Loss) per share - Basic and Diluted	12	(2.43)	(2.07)

The annexed notes 1 to 15 form an integral part of these financial statements.



**Sajid Iqbal Hussain**  
CHIEF EXECUTIVE



**Muhammad Moonis**  
CHAIRMAN

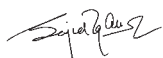


**Manzoor Ahmed**  
CHIEF FINANCIAL OFFICER

## Condensed Interim Statement of Comprehensive Income /(Loss) For the 1st Quarter Ended March 31, 2018

	<b>Unaudited March 31, 2018</b>	Unaudited March 31, 2017
	Rupees in '000	
(Loss) for the period	<b>(10,339)</b>	(8,775)
Other comprehensive income / (loss)	-	-
Total comprehensive (loss) for the period	<b><u>(10,339)</u></b>	<u>(8,775)</u>

The annexed notes 1 to 15 form an integral part of these financial statements.



**Sajid Iqbal Hussain**  
CHIEF EXECUTIVE



**Muhammad Moonis**  
CHAIRMAN



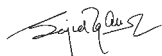
**Manzoor Ahmed**  
CHIEF FINANCIAL OFFICER



## Condensed Interim Cash Flow Statement For the 1st Quarter Ended March 31, 2018

	Unaudited March 31, 2018	Unaudited March 31, 2017
	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation for the period	(8,139)	(7,292)
<b>Adjustments for:</b>		
Depreciation	2,533	3,054
Finance cost	1,740	378
Provision against doubtful debts	126	-
Provision for slow moving stores and spares	278	22
Profit on financial assets	(1,512)	(1,472)
Loss on disposal of fixed assets	-	-
	<b>(4,974)</b>	<b>(5,310)</b>
<b>Changes in:</b>		
Stores and spares	(2,746)	5
Stock in trade	(87,645)	(33,579)
Trade debts	(44,622)	(26,999)
Loans and advances	304	(795)
Short-term prepayments	(922)	(661)
Other receivables	(1,288)	(329)
Trade and other payables	(3,359)	33,511
Provisions and employee benefits	866	1,619
	<b>(139,412)</b>	<b>(27,228)</b>
Cash used in operations	<b>(144,386)</b>	<b>(32,538)</b>
Income tax paid	(757)	(2,661)
Finance cost paid	(1,740)	(378)
	<b>(2,497)</b>	<b>(3,039)</b>
Net cash (used) in operating activities	<b>(146,883)</b>	<b>(35,577)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(2,271)	(3,205)
Investment in term deposit receipts	-	-
Proceeds from disposal of operating fixed assets	-	346
Interest income received	1,464	1,472
Net cash generated from investing activities	<b>(807)</b>	<b>(1,387)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash generated from financing activities	-	50,000
Net (decrease) / increase in cash and cash equivalents	<b>(147,690)</b>	<b>13,036</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>237,708</b>	<b>128,861</b>
<b>Cash and cash equivalents at end of the year</b>	<b>90,018</b>	<b>141,897</b>

The annexed notes 1 to 15 form an integral part of these financial statements.



**Sajid Iqbal Hussain**  
CHIEF EXECUTIVE



**Muhammad Moonis**  
CHAIRMAN



**Manzoor Ahmed**  
CHIEF FINANCIAL OFFICER

## Condensed Interim Statement of Changes In Equity For the 1st Quarter Ended March 31, 2018

	Issued, subscribed and paid-up capital	Capital reserve Share premium	Revenue Reserves			
			General	Unapp- ropriated profit/(loss)	Sub total	Total
	-----Rupees'000-----					
<b>Balance as at December 31, 2016</b>	42,486	17,553	462,839	(174,144)	288,695	348,734
Loss for the 1st Quarter ended March 31, 2017	-	-	-	(8,775)	(8,775)	(8,775)
Other comprehensive income / (loss)	-	-	-	-	-	-
Total comprehensive (loss) for the period	-	-	-	(8,775)	(8,775)	(8,775)
<b>Balance as at March 31, 2017</b>	<u>42,486</u>	<u>17,553</u>	<u>462,839</u>	<u>(182,919)</u>	<u>279,920</u>	<u>339,959</u>
<b>Balance as at January 01, 2018</b>	42,486	17,553	462,839	(203,746)	259,093	319,132
Net loss for the 1st Quarter ended March 31, 2018	-	-	-	(10,339)	(10,339)	(10,339)
Other comprehensive income / (loss)	-	-	-	-	-	-
Total comprehensive (loss) for the period	-	-	-	(10,339)	(10,339)	(10,339)
<b>Balance as at March 31, 2018</b>	<u>42,486</u>	<u>17,553</u>	<u>462,839</u>	<u>(214,085)</u>	<u>248,754</u>	<u>308,793</u>

The annexed notes 1 to 15 form an integral part of these financial statements.



**Sajid Iqbal Hussain**  
CHIEF EXECUTIVE



**Muhammad Moonis**  
CHAIRMAN



**Manzoor Ahmed**  
CHIEF FINANCIAL OFFICER

## Notes to the Condensed Interim Financial Information For the 1st Quarter Ended March 31, 2018

### 1. THE COMPANY AND ITS OPERATIONS

Pakistan Gum and Chemicals Limited ("the Company") was incorporated in Pakistan as a public limited company in 1982 under the repealed Companies Act, 1913 (now the Companies Act, 2017) and is quoted on the Pakistan Stock Exchange. The registered office of the Company is located at B-19/A, Irshad Qadri Road, S.I.T.E. Karachi.

The Company is principally engaged in the production and sale of guar gum and its allied products.

### 2. BASIS OF PREPARATION

These condensed interim (un-audited) financial information are being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and have been prepared with the requirements of the International Accounting Standard (IFAS) - 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, 2017.

### 3. PROPERTY PLANT & EQUIPMENT

Operating fixed assets  
Capital work in progress

### 4. STOCK IN TRADE

Raw Material  
Packing Material  
Finished & Semi-finished goods

### 5. TRADE DEBTS

#### Considered good

Secured against letter of credit  
Unsecured

#### Considered doubtful

Unsecured  
Provision against doubtful debts

### 6. SHORT TERM INVESTMENTS

Held to maturity  
Treasury bills  
Term Deposit Receipts

	Unaudited March 31, 2018	Audited December 31, 2017
Rupees in '000		
	<b>99,097</b>	99,357
	<b>2,798</b>	5,058
	<b><u>101,895</u></b>	<u>104,415</u>
	<b>45,820</b>	16,280
	<b>3,180</b>	2,232
	<b>128,427</b>	71,270
	<b><u>177,427</u></b>	<u>89,782</u>
	<b>89,469</b>	45,957
	<b>3,994</b>	2,884
	<b>93,463</b>	48,841
	<b>1,426</b>	1,300
	<b>(1,426)</b>	(1,300)
	<b>-</b>	-
	<b><u>93,463</u></b>	<u>48,841</u>
	<b>69,013</b>	54,252
	<b>6,874</b>	156,874
	<b>75,887</b>	211,126

## 7. TRADE AND OTHER PAYABLES

Trade creditors - related parties  
Others

Accrued liabilities  
Compensated absences  
Payable to pension fund  
Provision for bonus  
Advances from customers  
Workers welfare fund  
Tax deducted at source  
Unclaimed dividends  
Employees' car and motorcycle loan scheme

Unaudited  
March 31,  
2018

Audited  
December 31,  
2017

Rupees in '000

2,224	2,062
15,940	20,573
<b>18,164</b>	<b>22,635</b>
17,669	16,666
4,112	4,800
-	819
6,000	4,800
607	325
1,972	1,972
541	496
1,505	1,506
412	378
<b>50,982</b>	<b>54,397</b>

## 8. CONTINGENCIES AND COMMITMENTS

### Contingencies

The status of contingencies as at March 31, 2018 remains at the same level as reported in the Financial Statement for the year ended December 31, 2017.

### Commitments

Commitment for capital expenditure  
Letters of guarantee

Unaudited  
March 31,  
2018

Audited  
December 31,  
2017

Rupees in '000

-	-
<b>6,874</b>	<b>6,874</b>

## 9. SALES - NET

### Gross Sales

Local  
Export

Sales Tax  
Sales Commission  
Discounts

Unaudited  
March 31,  
2018

Unaudited  
March 31,  
2017

Rupees in '000

37,908	43,509
189,356	110,401
<b>227,264</b>	<b>153,910</b>
(4,332)	(4,613)
(805)	(882)
(529)	(221)
<b>(5,666)</b>	<b>(5,716)</b>
<b>221,598</b>	<b>148,194</b>

## 10. COST OF SALES

	Unaudited March 31, 2018	Unaudited March 31, 2017
Rupees in '000		
<b>Raw Material Consumed</b>		
Opening stock	16,280	52,020
Purchases	253,824	125,241
	<u>270,104</u>	<u>177,261</u>
Closing stock	(45,820)	(61,129)
	<u>224,284</u>	<u>116,132</u>
<b>Packing Material Consumed</b>		
Opening stock	2,232	2,368
Purchases	5,040	4,077
	<u>7,272</u>	<u>6,445</u>
Closing stock	(3,180)	(2,148)
	<u>4,092</u>	<u>4,297</u>
	<u>228,376</u>	<u>120,429</u>
<b>Manufacturing Overheads</b>		
Stores and Spares consumed	1,538	2,917
Salaries, wages and benefits	11,195	11,164
Utilities	21,539	21,613
Depreciation	2,102	2,369
Repairs and maintenance	498	536
Handling charges	2,931	1,565
Rent, rates and taxes	-	107
Insurance	208	251
Travelling and conveyance	427	393
Laboratory expenses	529	195
Communication	37	38
Entertainment	8	44
Provision against slow moving items	279	22
Others	5	21
	<u>41,296</u>	<u>41,235</u>
<b>Cost of goods manufactured</b>	<u>269,672</u>	<u>161,664</u>
Opening stock of finished goods	71,270	57,511
	<u>340,942</u>	<u>219,175</u>
Closing stock of finished goods	(128,427)	(82,201)
<b>Cost of Sales</b>	<u>212,515</u>	<u>136,974</u>

### 11. ADMINISTRATIVE EXPENSES

Salaries, wages and benefits	7,337	8,321
Utilities	1,116	1,180
Depreciation	431	684
Sales promotion expenses	225	83
Security service charges	280	242
Repair & maintenance	236	110
Rent rates and taxes	32	27
Insurance	52	66
Travelling & conveyance	478	2,187
Communication	170	140
Entertainment	119	130
Provision / (reversal) against doubtful debts	126	-
Printing & stationary	148	98
Auditors' remuneration	184	194
Subscription	316	242
Legal and professional charges	627	488
Advertisement	-	37
Charity & donation	-	60
	<b>11,877</b>	<b>14,289</b>

<b>Unaudited March 31, 2018</b>	Unaudited March 31, 2017
---	--------------------------------

Rupees in '000

### 12. (LOSS) PER SHARES - BASIC AND DILUTED

There is no dilutive effect on the basic loss per share of the Company, which is based on:

	<b>Unaudited March 31, 2018</b>	Unaudited March 31, 2017
	Rupees in '000	
Net loss for the period	<b>(10,339)</b>	(8,775)
	Number of shares	
Weighted average number of ordinary shares outstanding during the period	<b>4,248,552</b>	4,248,552
	Rupees	
(Loss) per share - basic and diluted	<b>(2.43)</b>	(2.07)
	<b>Unaudited March 31, 2018</b>	Audited December 31, 2017
	Rupees in '000	
Cash and bank balances	<b>21,005</b>	43,861
Treasury bills	<b>69,013</b>	-
Short term investments	-	85,000
	<b>90,018</b>	<b>128,861</b>

### 13. CASH AND CASH EQUIVALENTS

#### 14. TRANSACTIONS WITH RELATED PARTIES

##### Orkila Pakistan (Pvt) Limited - Associated undertaking

-Commission on sale

Unaudited March 31, 2018	Unaudited March 31, 2017
--------------------------------	--------------------------------

Rupees in '000

445	547
-----	-----

- Sale of goods

527	573
-----	-----

##### Shipwell (Pvt) Limited - Associated undertaking

-Commission on sale

267	286
-----	-----

##### IAL Logistics Pakistan (Pvt) Limited - Associated undertaking

- Freight forwarding and transportation

6,526	4,466
-------	-------

##### Staff retirement

- Contribution to staff retirement funds

2,062	9,530
-------	-------

##### Chief Executive Officer, Directors and key management personnel

- Remuneration, honorarium and meetings fee

4,837	4,363
-------	-------

Unaudited March 31, 2018	Audited December 31, 2017
--------------------------------	---------------------------------

Rupees in '000

#### AMOUNTS OUTSTANDING AT PERIOD / YEAR END

##### Orkila Pakistan (Pvt) Limited - Associated undertaking

- Payment in respect of commission

293	1,013
-----	-------

- Receivable in respect of sales

886	720
-----	-----

##### Shipwell (Pvt) Limited - Associated undertaking

- Payment in respect of commission

107	127
-----	-----

##### IAL Logistics Pakistan (Pvt) Limited - Associated undertaking

- Payable in respect of shipping expenses

1,824	922
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#### 15. DATE OF AUTHORIZATION

These condensed interim financial information were approved by the Board of Directors of the company in its meeting held on April 26, 2018.



**Sajid Iqbal Hussain**  
CHIEF EXECUTIVE



**Muhammad Moonis**  
CHAIRMAN



**Manzoor Ahmed**  
CHIEF FINANCIAL OFFICER



**PAKISTAN GUM & CHEMICALS LIMITED**

**1963-2018**

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