



**PAKISTAN  
GUM AND CHEMICALS  
LIMITED**



**INTERIM CONDENSED FINANCIAL STATEMENTS**

**1st Quarter Ended  
March 31, 2017**



PAKISTAN GUM & CHEMICALS LIMITED

## **COMPANY INFORMATION**

AS ON MARCH 31, 2017

### **Board of Directors**

Mohammad Moonis	<i>Chairman</i>
Shuaib Ahmed	<i>Vice-Chairman</i>
Ozair Ahmed Hanafi	<i>Director</i>
Tariq Mohamed Amin	<i>Director</i>
Mohammed Aslam Hanafi	<i>Director</i>
Mohammad Ali Hanafi	<i>Director</i>
Zaeem Ahmad Hanafi	<i>Director</i>
Zahid Zaheer	<i>Director</i>
Zubyr Soomro	<i>Director</i>

### **Chief Executive**

Sajid Iqbal Hussain

### **Audit Committee**

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

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

Zahid Zaheer	<i>Chairman</i>
Shuaib Ahmed	<i>Member</i>
Tariq Mohamed Amin	<i>Member</i>
Zubyr Soomro	<i>Member</i>

### **Chief Financial Officer & Company Secretary**

Manzoor Ahmed

### **Auditors**

KPMG Taseer Hadi & Co.  
Chartered Accountants

### **Legal Advisor**

Azizuddin Khan

### **Bankers**

Askari Bank Limited  
Habib Bank Limited  
MCB Bank Limited

### **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, I am pleased to present the unaudited condensed financial statement for the first quarter ended March 31, 2017 of the Company.

### **Business Review**

Net sales during the period were Rs.148 million compared to Rs.95 million during the corresponding period per March 31, 2016, an increase of 56%. Guar seed price has shown a sharp upward trend in the last part of Q1 2017 and is still maintaining the same trend, as a result the buyers are watching the situation consciously.

Overheads cost have remained under control during the period.

Pre-tax loss during the period is Rs. 7.292 million compared with a loss of Rs. 17.858 million in the corresponding period per March 31, 2016, 59% reduction in loss.

After tax loss is Rs. 8.774 million compared with a loss of Rs. 18.682 million in the corresponding period per March 31, 2016, 53% reduction in loss.

### **Future Outlook**

We expect volatility in the future period due to volatility in the guar seed prices. The management is watching the current seed price situation and cautiously purchasing the seed without exposing the Company to high risk.

### **Acknowledgement**

We would like to thank the employees for their hard work under very trying conditions. We also owe a debt of gratitude to the Board Members for their wise counsel and continued support.

**By order of the Board**

  
**Sajid Iqbal Hussain**  
*Chief Executive*

  
**Mohamrad Moonis**  
*Chairman*

Karachi: April 25, 2017

## ڈائریکٹرز کا جائزہ

ہم بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2017 کو ختم ہونے والے پہلے سہ ماہی کے غیر آڈیٹڈ مالیاتی گوشوارے پیش کر رہے ہیں۔

کاروباری جائزہ

اس سہ ماہی کی حتمی فروخت 56 فیصد اضافہ کے ساتھ 148 ملین رہی جو کہ گزشتہ سال اس دوران 95 ملین تھی۔ گوار کے بیجوں کی قیمتوں میں اس سہ ماہی کے آخر میں تیزی سے اضافہ ہوا ہے جو کہ اب تک جاری ہے، جس کا خریدار بڑے محتاط طریقہ سے جائزہ لے رہے ہیں۔

بالائی اخراجات بھی اس مدت میں قابو میں رہے۔

کمپنی کو اس سہ ماہی میں ٹیکس کی ادائیگی سے قبل 7.92 ملین روپے کا خصارہ ہوا جبکہ گزشتہ سال اس ہی دوران یہ خصارہ 17.858 ملین روپے تھا جسکی شرحہ 59 فیصد سے کم رہی۔

اس سہ ماہی میں ٹیکس کی ادائیگی کے بعد 8.774 ملین روپے کا خصارہ ہوا جبکہ گزشتہ سال اس ہی دوران یہ خصارہ 18.682 ملین روپے تھا جسکی شرحہ بالترتیب 53 فیصد سے کم رہی۔

امکانات مستقبل

ہم امید کرتے ہیں کہ گوار کی قیمتوں کا اتار چڑھاؤ آئندہ بھی جاری رہے گا۔ بہر کیف انتظامیہ ان مشکل کاروباری حالات سے بخوبی آگاہ ہے اور گوار کی خرید بڑے محتاط طریقے سے کر رہی ہے تاکہ کسی بھی غیر مطوع نقصان سے بچا جاسکے۔

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 جسکے مشوروں اور اصلاح کی بدولت ہم اپنے کام کی انجام دہی کر سکے۔



محمد منیس

چیرمین



ساجد اقبال حسین

چیف ایگزیکٹو

کراچی: مورخہ 25 اپریل، 2017



PAKISTAN GUM &amp; CHEMICALS LIMITED

**INTERIM CONDENSED BALANCE SHEET  
AS AT MARCH 31, 2017**

	Note	March 31, 2017	December 31, 2016
		-----Rs. '000-----	
		(Un-audited)	(Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	108,949	111,975
Long-term security deposits		878	878
		<u>109,827</u>	<u>112,853</u>
<b>CURRENT ASSETS</b>			
Stores and spares		5,002	5,007
Stock-in-trade	4	145,478	111,899
Trade debts	5	60,762	33,763
Loans and advances		2,548	1,753
Short-term prepayments		1,326	665
Other receivables		5,225	4,896
Short-term Investment	6	85,361	90,376
Taxation-net		34,842	33,664
Cash and bank balances		61,897	43,861
		<u>402,441</u>	<u>325,884</u>
<b>TOTAL ASSETS</b>		<u><b>512,268</b></u>	<u><b>438,737</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital			
Authorised			
10,000,000 (2016: 10,000,000) ordinary shares of Rs.10/- each		<u>100,000</u>	<u>100,000</u>
Issued, subscribed and paid-up capital		42,486	42,486
Reserves		<u>297,473</u>	<u>306,248</u>
		<u>339,959</u>	<u>348,734</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred taxation		2,123	2,123
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	120,186	87,880
Short term borrowings		50,000	-
		<u>170,186</u>	<u>87,880</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>512,268</b></u>	<u><b>438,737</b></u>

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

**Mohammad Moonis**  
Chairman

**Sajid Iqbal Hussain**  
Chief Executive



**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT  
FOR THE 1st QUARTER ENDED MARCH 31, 2017  
( UN-AUDITED )**

	Note	March 31, 2017	March 31, 2016
		----- (Rupees in '000) -----	
<b>SALES - NET</b>	9	<b>148,194</b>	94,964
Cost of sales	10	<u>(136,974)</u>	(98,812)
<b>GROSS PROFIT / (LOSS)</b>		<b>11,220</b>	(3,848)
Shipping expenses		<u>(5,395)</u>	(4,241)
Administrative expenses	11	<u>(14,289)</u>	(11,520)
Other charges		-	-
Finance cost		<u>(378)</u>	(306)
Other income		<u>1,550</u>	2,057
		<u>(18,512)</u>	(14,010)
<b>(LOSS) BEFORE TAXATION</b>		<b>(7,292)</b>	(17,858)
Taxation		<u>(1,483)</u>	(824)
<b>(LOSS) FOR THE PERIOD</b>		<u><b>(8,775)</b></u>	(18,682)
<b>(LOSS) PER SHARE - (Basic &amp; Diluted)</b>	12	<u><b>(Rs.2.07)</b></u>	<u>(Rs. 4.40)</u>

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

**Mohammad Moonis**  
Chairman

**Sajid Iqbal Hussain**  
Chief Executive



PAKISTAN GUM & CHEMICALS LIMITED

**INTERIM CONDENSED STATEMENT OF  
COMPREHENSIVE INCOME/(LOSS)  
FOR THE 1st QUARTER ENDED MARCH 31, 2017  
(UN-AUDITED)**

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
	----- (Rupees in '000) -----	
<b>(Loss) for the period</b>	<b>(8,775)</b>	<b>(18,682)</b>
Other comprehensive income/(loss) for the period	-	-
<b>Total comprehensive (loss) for the period</b>	<b><u>(8,775)</u></b>	<b><u>(18,682)</u></b>

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

**Mohammad Moonis**  
Chairman

**Sajid Iqbal Hussain**  
Chief Executive



**INTERIM CONDENSED CASH FLOW STATEMENT  
FOR THE 1st QUARTER ENDED MARCH 31, 2017  
( UN-AUDITED )**

	Note	March 31, 2017	March 31, 2016
		-----Rs. '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	13	(32,317)	9,216
Income tax paid		(2,661)	(2,104)
Bonus paid		-	-
Compensated absences paid		(221)	(153)
Net cash (used in)/generated from operating activities		(35,199)	6,959
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred		(3,205)	-
Sale proceeds from disposal of operating fixed assets		346	2,025
Interest income received		1,472	1,852
Net cash (used in)/generated from investing activities		(1,387)	3,877
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Financing costs paid		(378)	(306)
Short term borrowings		50,000	-
		49,622	(306)
<b>Net increase in cash and cash equivalents</b>		<b>13,036</b>	<b>10,530</b>
Cash and cash equivalents at the beginning of the period		128,861	127,822
<b>Cash and cash equivalents at the end of the period</b>		<b>141,897</b>	<b>138,352</b>

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

**Mohammad Moonis**  
Chairman

**Sajid Iqbal Hussain**  
Chief Executive



PAKISTAN GUM &amp; CHEMICALS LIMITED

**INTERIM CONDENSED STATEMENT OF  
CHANGES IN EQUITY  
FOR THE 1<sup>st</sup> QUARTER ENDED MARCH 31, 2017  
( UN-AUDITED )**

	Share capital	Capital reserve	Revenue Reserves		Total
			General reserve	Accumu- lated (loss)	
	----- (Rupees in '000) -----				
<b>Balance as at January 01, 2016</b>	42,486	17,553	462,839	(80,090)	442,788
Net (loss) for the 1 <sup>st</sup> Quarter ended March 31, 2016	-	-	-	(18,682)	(18,682)
<b>Balance as at March 31, 2016</b>	<u>42,486</u>	<u>17,553</u>	<u>462,839</u>	<u>(98,772)</u>	<u>424,106</u>
<b>Balance as at January 01, 2017</b>	42,486	17,553	462,839	(174,144)	348,734
Net (loss) for the 1 <sup>st</sup> Quarter ended March 31, 2017	-	-	-	(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>339,959</u>

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

**Mohammad Moonis**  
Chairman

**Sajid Iqbal Hussain**  
Chief Executive



**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE 1<sup>ST</sup> QUARTER ENDED MARCH 31, 2017  
(UN-AUDITED)**

**1. THE COMPANY AND ITS OPERATIONS**

The Company was incorporated in Pakistan as a public company limited by shares in 1982 under the Companies Act, 1913 (now the Companies Ordinance, 1984). The shares of the Company are quoted on the Pakistan Stock Exchange. Its main business activity is production and sale of guar gum and its allied products.

The registered office and factory 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 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, 2016.

	Note	March 31, 2017 (Un-audited)	December 31, 2016 (Audited)
		-----Rs. '000-----	-----Rs. '000-----
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets		105,762	105,950
Capital work-in-progress		3,187	6,025
		<u>108,949</u>	<u>111,975</u>
<b>4. STOCK-IN-TRADE</b>			
Raw material		61,129	52,020
Packaging material		2,148	2,368
Finished and semi finished goods		82,201	57,511
		<u>145,478</u>	<u>111,899</u>
<b>5. TRADE DEBTS</b>			
<b>Considered good</b>			
Secured against letter of credit		56,276	33,085
Unsecured		4,486	678
		<u>60,762</u>	<u>33,763</u>
<b>Considered doubtful</b>			
Unsecured		172	172
Provision against doubtful debts		(172)	(172)
		<u>-</u>	<u>-</u>
		<u>60,762</u>	<u>33,763</u>
<b>6. SHORT TERM INVESTMENTS</b>			
<b>Held to maturity</b>			
Term Deposit Receipts		85,361	90,376



March 31, December 31,  
2017 2016  
(Un-audited) (Audited)  
-----Rs. '000-----

**7. TRADE AND OTHER PAYABLES**

Creditors	<b>75,855</b>	39,086
Accrued liabilities	<b>14,007</b>	11,960
Compensated absences	<b>4,430</b>	4,200
Employees Pension Fund	-	2,319
Employees Gratuity Fund	-	6,085
Provision against Bonus	<b>6,000</b>	4,800
Accrual for contractual workers benefits	<b>3,546</b>	4,000
Advances received from customers	<b>1,704</b>	532
Workers' Welfare Fund	<b>12,098</b>	12,098
Withholding tax deducted at source	<b>457</b>	383
Unclaimed dividends	<b>1,506</b>	1,506
Employees' car and motorcycle schemes	<b>583</b>	911
	<b><u>120,186</u></b>	<u>87,880</u>

**8. CONTINGENCIES AND COMMITMENTS****Contingencies**

The status of contingencies as at March 31, 2017 remains at the same level as reported in the financial statements for the year ended December 31, 2016.

**Commitment**

Commitment for capital expenditure is Rs.0.323 million  
(December 31, 2016 : Rs.0.635 million).

March March  
31, 2017 31, 2016  
----- (Rupees in '000) -----  
----- (Un-Audited) -----

**9. NET SALES****Gross sales**

Local	<b>43,509</b>	18,723
Export	<b>110,401</b>	78,360
	<b>153,910</b>	97,083
Sales Tax	<b>(4,613)</b>	(1,649)
Sales commission	<b>(882)</b>	(445)
Discounts	<b>(221)</b>	(25)
	<b><u>(5,716)</u></b>	<u>(2,119)</u>
	<b><u>148,194</u></b>	<u>94,964</u>



## PAKISTAN GUM &amp; CHEMICALS LIMITED

	March 31, 2017	March 31, 2016
	----- (Rupees in '000) -----	----- (Un-Audited) -----
<b>10. COST OF SALES</b>		
<b>Raw material consumed</b>		
Opening stock	52,020	-
Purchases	125,241	74,690
	<u>177,261</u>	<u>74,690</u>
Closing stock	(61,129)	(4,312)
	<u>116,132</u>	<u>70,378</u>
<b>Packing material consumed</b>		
Opening stock	2,368	2,320
Purchases	4,077	3,188
	<u>6,445</u>	<u>5,508</u>
Closing stock	(2,148)	(2,102)
	<u>4,297</u>	<u>3,406</u>
	<u>120,429</u>	<u>73,784</u>
<b>Manufacturing overheads</b>		
Salaries, wages and benefits	11,164	10,156
Stores and spares consumed	2,917	915
Provision against slow moving stores and spares	22	276
Utilities	21,613	14,331
Depreciation	2,369	2,983
Repairs and maintenance	536	448
Handling charges	1,565	1,004
Rent, rates and taxes	107	27
Insurance	251	228
Travelling and conveyance	393	477
Laboratory Expenses	34	116
Research and development	161	50
Communication	38	43
Others	65	21
	<u>41,235</u>	<u>31,075</u>
<b>Cost of goods manufactured</b>	<u>161,664</u>	<u>104,859</u>
Opening stock of finished goods	57,511	140,028
	<u>219,175</u>	<u>244,887</u>
Closing stock	(82,201)	(146,075)
	<u>136,974</u>	<u>98,812</u>
<b>11. ADMINISTRATIVE EXPENSES</b>		
Salaries, wages and benefits	8,321	8,464
Utilities	1,180	-
Sales promotion	83	-
Travelling & Conveyance	2,187	459
Depreciation	684	779
Communication	140	333
Security & Services	242	247
Repair & maintenance	110	134
Insurance	66	61
Printing & stationery	98	83
Auditors remuneration	194	139
Subscription	242	231
Legal & professional charges	488	274
Entertainment	130	105
Rent, rates and taxes	27	195
Advertisement	37	-
Others	60	16
	<u>14,289</u>	<u>11,520</u>

**12. (LOSS) PER SHARE - Basic and diluted**

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

	March 31, 2017	March 31, 2016
	----- (Rupees in '000) -----	----- (Un-Audited) -----
Net (Loss) for the period	<u>(8,775)</u>	<u>(18,682)</u>
	... Number of shares ....	
Weighted average number of ordinary shares outstanding during the period	<u>4,248,552</u>	<u>4,248,552</u>
(loss) per share - basic and diluted	<u>(Rs.2.07)</u>	<u>(Rs.4.40)</u>

**13. CASH GENERATED FROM OPERATIONS**

(Loss) before tax

**Adjustments for non-cash items**

	March 31, 2017	March 31, 2016
	----- (Rupees in '000) -----	----- (Un-Audited) -----
(Loss) before tax	<u>(7,292)</u>	<u>(17,858)</u>
<b>Adjustments for non-cash items</b>		
Depreciation	3,054	6,851
Finance cost	378	306
Provision for compensated absences	450	600
Provision for bonus	1,200	900
Provision for slow moving stores and spares	22	6,475
Provision for SESSI & EOBI	190	217
Loss/(gain) on disposal of fixed assets	-	(22)
Interest income	(1,472)	(1,852)
	<u>3,822</u>	<u>13,475</u>
Operating loss before working capital changes	<u>(3,470)</u>	<u>(4,383)</u>
Working capital changes	<u>(28,847)</u>	<u>13,599</u>
	<u>(32,317)</u>	<u>9,216</u>

**14. TRANSACTIONS WITH RELATED PARTIES**

The related parties of the Company comprise of parent company, associates, retirement funds, directors and key management personnel of the Company. Material transactions with related parties are given below:

	March 31, 2017	March 31, 2016
	-- (Rupees in '000) --	
Commission paid to associated companies	833	436
Sale of goods to associated company	573	760
Freight Forwarding & Transportation paid to associated company	319	318
Contribution to staff retirement funds	356	361

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

**15. DATE OF AUTHORIZATION FOR ISSUE**

These financial information were approved by the Board of Directors of the Company in its meeting held on April 25, 2017.

**Mohammad Moonis**  
Chairman

**Sajid Iqbal Hussain**  
Chief Executive