



**PAKISTAN
GUM AND CHEMICALS
LIMITED**



014

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2013**

(UN-AUDITED)



PAKISTAN GUM & CHEMICALS LIMITED

COMPANY INFORMATION

AS ON JUNE 30, 2013

Board of Directors

Mohammad Moonis	<i>Chairman</i>
Shuaib Ahmed	<i>Vice-Chairman</i>
Tariq Mohamed Amin	<i>Director</i>
Ozair Ahmed Hanafi	<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>

Acting Chief Executive Officer

Ozair Ahmed Hanafi

Audit Committee

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

Human Resource & Remuneration (HR&R) Committee

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

Chief Financial Officer & Company Secretary

Khadim Hussain

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
Summit Bank Limited
Al-Baraka Bank (Pakistan) Limited

Registrar and Share Transfer Office

Evolution Factor (Private) Limited
(Formerly 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
E-mail: pakchem@cyber.net.pk
URL: www.pakchem.com.pk



CHAIRMAN'S REVIEW

On behalf of the Board of Directors, I present the unaudited accounts for the half year ended June 30, 2013. These accounts have been reviewed by our auditors Messrs Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants.

Net sales for the half year ended June 30, 2013 were Rs.935 million as compared to Rs.1,265 million in the corresponding period of 2012 and net profit decreased to Rs.67 million from Rs.238 million. The decline in profitability is attributable to lower Gross Profit Margin caused by much higher seed prices which could not be passed on to the customers due to competition and sluggishness in the export market. The Management is conscious of this situation and doing its best to reduce the cost and increase its market share.

Installation of more efficient Production facilities – Line 5 is in progress. This facility will be completed for trial run by the end of the year with commercial production targeted for early next year.

In view of the high degree of volatility in the seed prices and very sluggish export market, it is difficult to forecast profitability for the second half of the year, but it is unlikely to be in line with the result of the first half.

I would like to thank our Customers, Employees, Business partners and Board Members for their continued support to us.

Mohammad Moonis
Chairman

Karachi : August 22, 2013



PAKISTAN GUM & CHEMICALS LIMITED

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Pakistan Gum And Chemicals Limited (the Company) as at 30 **June 2013**, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Eni & Young Feroze Khan Siddiqi Hyder

Chartered Accountants

Review Engagement Partner's Name : Omar Mustafa Ansari

Karachi: August 22, 2013



PAKISTAN GUM & CHEMICALS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2013

	Note	June 30, 2013 -----Rs. '000----- (Un-audited)	December 31, 2012 (Audited) (Restated) (Note 3)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	115,087	88,372
Long-term deposits		<u>862</u>	<u>862</u>
		115,949	89,234
CURRENT ASSETS			
Stores and spare parts		20,161	11,766
Stock-in-trade	5	217,696	35,828
Trade debts	6	218,343	36,785
Loans and advances		2,639	4,867
Short-term prepayments		902	415
Other receivables	7	3,109	582
Short-term investment		5,345	309,384
Taxation - net		8,086	1,869
Cash and bank balances	8	43,905	36,693
		<u>520,186</u>	<u>438,189</u>
TOTAL ASSETS		<u>636,135</u>	<u>527,423</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
10,000,000 (December 31, 2012: 10,000,000)		<u>100,000</u>	<u>100,000</u>
Ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital		<u>42,486</u>	<u>42,486</u>
Reserves		<u>433,118</u>	<u>413,931</u>
		<u>475,604</u>	<u>456,417</u>
NON-CURRENT LIABILITIES			
Obligations under finance leases		1,593	3,177
CURRENT LIABILITIES			
Trade and other payables	9	54,899	65,887
Short-term borrowings	10	100,000	-
Accrued mark-up on short-term borrowings		2,358	-
Current maturity of obligations under finance leases		<u>1,681</u>	<u>1,942</u>
		158,938	67,829
CONTINGENCIES AND COMMITMENT			
	11		
TOTAL EQUITY AND LIABILITIES		<u>636,135</u>	<u>527,423</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements

Mohammad Moonis
Chairman

Ozair Ahmed Hanafi
Chief Executive Officer

Khadim Hussain
Chief Financial Officer



PAKISTAN GUM & CHEMICALS LIMITED

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF-YEAR ENDED JUNE 30, 2013
(UN-AUDITED)**

	Note	Half-year ended		Quarter ended	
		June 30 2013	June 30 2012	June 30 2013	June 30 2012
		----- (Rupees in '000) -----		----- (Rupees in '000) -----	
		(Restated)		(Restated)	
		(Note 3)		(Note 3)	
NET SALES	12	935,051	1,264,823	487,278	695,607
Cost of sales	13	(811,071)	(929,796)	(410,491)	(499,936)
GROSS PROFIT		123,980	335,027	76,787	195,671
Distribution and shipping costs		(11,154)	(13,717)	(6,392)	(5,526)
Administrative expenses		(25,987)	(27,654)	(12,019)	(12,619)
Other operating expenses		(5,807)	(19,388)	(3,600)	(12,188)
Other operating income		4,195	2,040	1,084	1,597
		(38,753)	(58,719)	(20,927)	(28,736)
OPERATING PROFIT		85,227	276,308	55,860	166,935
Finance costs	14	(7,288)	(12,246)	(5,455)	(4,798)
PROFIT BEFORE TAXATION		77,939	264,062	50,405	162,137
Taxation - current	15	(10,465)	(26,459)	(4,835)	(6,459)
NET PROFIT FOR THE PERIOD		67,474	237,603	45,570	155,678
----- (Rupees) -----					
EARNINGS PER SHARE - Basic and diluted		15.88	55.93	10.73	36.64

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


Mohammad Moonis
Chairman


Ozair Ahmed Hanafi
Chief Executive Officer


Khadim Hussain
Chief Financial Officer



PAKISTAN GUM & CHEMICALS LIMITED

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED JUNE 30, 2013
(UN-AUDITED)**

	Half-year ended		Quarter ended	
	June 30 2013	June 30 2012	June 30 2013	June 30 2012
	(Rupees in '000)			
	(Restated) (Note 3)		(Restated) (Note 3)	
Net profit for the period	67,474	237,603	45,570	155,678
Actuarial loss on defined benefit plans	(5,801)	(2,453)	(2,901)	(1,227)
Total comprehensive income for the period	61,673	235,150	42,669	154,451

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

Mohammad Moonis
Chairman

Ozair Ahmed Hanafi
Chief Executive Officer

Khadim Hussain
Chief Financial Officer



PAKISTAN GUM & CHEMICALS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED JUNE 30, 2013 (UN-AUDITED)

Note	June 30, 2013	June 30, 2012
	-----Rs. '000-----	(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	77,939	264,062
Adjustments for:		
Depreciation	(5,405)	4,435
Finance costs	7,288	12,246
Provision for stores and spares	714	-
Provision for compensated absences	1,200	1,200
Profit on bank deposits	(3,757)	(1,222)
Gain on sale of property, plant and equipment	(421)	(34)
	(381)	16,625
Profit before working capital changes	77,558	280,687
Working capital changes		
(Increase) / decrease in current assets		
Stores and spare parts	(9,109)	(3,877)
Stock-in-trade	(181,868)	287,183
Trade debts	(181,558)	(102,335)
Loans and advances	2,228	(2,794)
Short-term prepayments	(487)	(439)
Other receivables	(2,527)	(257)
	(373,321)	177,481
Increase in current liabilities		
Trade and other payables	(6,703)	(20,863)
Cash (used in) / generated from operations	(302,466)	437,305
Income tax paid	(17,153)	(7,219)
Payment in respect of compensated absences	(2,559)	(1,249)
	(19,712)	(8,468)
Net cash (used in) / generated from operating activities	(322,178)	428,837
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(33,413)	(15,150)
Proceeds from disposal of fixed assets	2,215	1,297
Realization of short-term investments	300,000	-
Profit received on bank deposits	7,795	976
Net cash used in investing activities	276,597	(12,877)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment) / proceeds from short term borrowings	100,000	(214,002)
Repayment of obligation under finance lease	(1,584)	(1,262)
Finance costs paid	(3,377)	(15,672)
Dividend paid	(42,246)	(33,988)
Net cash generated from / (used in) financing activities	52,793	(264,924)
Net increase in cash and cash equivalents	7,212	151,036
Cash and cash equivalents at the beginning of the period	36,693	24,482
Cash and cash equivalents at the end of the period	8 43,905	175,518

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


Mohammad Moonis
Chairman


Ozair Ahmed Hanafi
Chief Executive Officer


Khadim Hussain
Chief Financial Officer



PAKISTAN GUM & CHEMICALS LIMITED

**CONDENSED INTERIM STATEMENT OF
CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED JUNE 30, 2013
(UN-AUDITED)**

	Issued, subscribed and paid-up capital	CAPITAL RESERVE Share premium	REVENUE RESERVES General	Unappro- priated profit	Total
	(Rupees in '000) (Restated)				
Balance as at January 01, 2012 (as previously reported)	42,486	17,553	82,474	106,621	249,134
Effect of change in accounting policy as stated in note 3	-	-	-	(4,760)	(4,760)
Balance as at January 01, 2012 - restated	42,486	17,553	82,474	101,861	244,374
Final dividend for the year ended December 31, 2011 @ Rs. 8 per Ordinary share	-	-	-	(33,988)	(33,988)
Transferred to General Reserve	-	-	72,633	(72,633)	-
Net profit for the half year ended June 30, 2012 - (as previously reported)	-	-	-	236,483	236,483
Effect of change in accounting policy as stated in note 3	-	-	-	1,120	1,120
Other comprehensive loss	-	-	-	(2,453)	(2,453)
Total comprehensive income	-	-	-	235,150	235,150
Balance as at June 30, 2012 - restated	<u>42,486</u>	<u>17,553</u>	<u>155,107</u>	<u>230,390</u>	<u>445,536</u>
Balance as at January 01, 2013 (as previously reported)	42,486	17,553	155,107	243,938	459,084
Effect of change in accounting policy as stated in note 3	-	-	-	(2,667)	(2,667)
Balance as at January 01, 2013 - restated	42,486	17,553	155,107	241,271	456,417
Final dividend for the year ended December 31, 2012 @ Rs. 10 per Ordinary share	-	-	-	(42,486)	(42,486)
Transferred to General Reserve	-	-	201,452	(201,452)	-
Net profit for the half year ended June 30, 2013	-	-	-	67,474	67,474
Other comprehensive loss	-	-	-	(5,801)	(5,801)
Total comprehensive income	-	-	-	61,673	61,673
Balance as at June 30, 2013	<u>42,486</u>	<u>17,553</u>	<u>356,559</u>	<u>59,006</u>	<u>475,604</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


Mohammad Moonis
Chairman


Ozair Ahmed Hanafi
Chief Executive Officer


Khadim Hussain
Chief Financial Officer



PAKISTAN GUM & CHEMICALS LIMITED

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED JUNE 30, 2013
(UN-AUDITED)**

1. THE COMPANY AND ITS 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. STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements of the Company for the half year ended June 30, 2013 have been prepared in accordance with the requirements of the International Accounting Standard - 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2012.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as follows:

New, Amended and revised standards and interpretations of IFRSs

The Company has adopted the following revised standard, amendments, improvements and interpretation of IFRSs which became effective for the current period:

- IAS 1 - Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (Amendment)
- IAS 19 - Employee Benefits (Revised)
- IFRS 7 - Financial Instruments : Disclosures (Amendment)
 - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities
- IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine



Improvements to various standards issued by IASB (2009-2011 cycle)

- IAS 1 - Presentation of Financial Statements - Clarification of the requirements for comparative information
- IAS 16 - Property, Plant and Equipments - Classification of Servicing equipment
- IAS 32 - Financial Instruments: Presentation - Tax Effects of Distribution to Holders of Equity Instruments
- IAS 34 - Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above revision, amendments, improvements and interpretation of the standards did not have any effect on the financial statements, other than the amendments to IAS 19 'Employees Benefits' as described in 3.1.

Further, certain new standards have been issued by IASB which are effective for accounting periods beginning on or after January 01, 2013 but are yet to be notified by the SECP for the purpose of applicability in Pakistan.

3.1 Change in accounting policy

Amendments to IAS 19 range from fundamental changes to simple clarification and rewording. The significant changes to IAS 19 include the following:

- For defined benefit plans, the option to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognised in other comprehensive income when they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit obligation are recognised directly in other comprehensive income with no subsequent recycling through the profit and loss account.
- The distinction between short-term and long-term employee benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits.
- The revised standard has new or revised disclosure requirements. The disclosures now include quantitative information regarding the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been re-stated. The impact on condensed interim statement of financial position, condensed interim profit and loss account and condensed interim statement of comprehensive income is based on actuarial valuation as of December 31, 2012.



PAKISTAN GUM & CHEMICALS LIMITED

	(Audited) December 31, 2012 (Rupees in '000)	(Audited) December 31, 2011 (Rupees in '000)
3.2 Impact of adoption of IAS 19 (revised)		
Impact on condensed interim statement of financial position		
Increase in trade and other payables	<u>2,667</u>	<u>4,760</u>
Decrease in reserves	<u>(2,667)</u>	<u>(4,760)</u>
		(Un-audited) June 30, 2012 (Rupees in '000)
Impact on condensed interim profit and loss account		
Increase in net profit for the period		<u>1,120</u>
Impact on condensed interim statement of comprehensive income		
Increase in actuarial loss for the year		<u>(2,453)</u>
Impact on earnings per share (Re.)		<u>0.27</u>
	Note	June 30, 2013 (Un-audited)
		December 31, 2012 (Audited)
		-----Rs. '000-----
4. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	4.1	<u>63,687</u>
Capital work-in-progress	4.2	<u>51,400</u>
		<u>115,087</u>
4.1 Operating fixed assets		
Opening net book value		57,557
Additions during the period / year, including transfers of Rs. 10.388 (December 31, 2012:Rs.8.655) million transferred from capital work-in-progress	4.1.1	<u>13,329</u>
		<u>70,886</u>
Disposal during the period / year	4.1.2	<u>(1,794)</u>
Depreciation charged during the period / year		<u>(5,405)</u>
		<u>(7,199)</u>
		<u>63,687</u>
4.1.1 Additions during the period / year, including transfers from capital work-in-progress		
Building on leasehold land		2,420
Plant and machinery		2,842
Furniture and fixtures		1,571
Vehicles		6,456
Office equipment		40
		<u>13,329</u>
4.1.2 Disposals during the period / year		
Vehicles		1,794
Plant and machinery		-
		<u>1,794</u>
4.2 Capital work-in-progress		
Balance at the beginning of the period / year		30,815
Additions during the period / year		30,973
Transferred to operating fixed assets		<u>(10,388)</u>
		<u>51,400</u>



PAKISTAN GUM & CHEMICALS LIMITED

	Note	June 30, 2013 (Un-audited)	December 31, 2012 (Audited)
		-----Rs. '000----- (Restated)	
5. STOCK-IN-TRADE			
Raw material		52,490	-
Packing material		3,325	2,764
Finished goods		161,881	33,064
		<u>217,696</u>	<u>35,828</u>
6. TRADE DEBTS			
Considered good			
Secured - against letters of credit		199,007	35,937
Unsecured		19,336	848
		<u>218,343</u>	<u>36,785</u>
7. OTHER RECEIVABLES			
Sales tax - net		1,667	582
Employees' Provident Fund		1,309	-
Others		133	-
		<u>3,109</u>	<u>582</u>
8. CASH AND BANK BALANCES			
Cash in hand			
Local currency		37	107
Foreign currency		249	238
		<u>286</u>	<u>345</u>
Cash at bank in			
Current accounts			
Local currency		17,585	5,510
Foreign currency		854	910
		<u>18,439</u>	<u>6,420</u>
PLS saving account			
Local currency		25,180	29,928
		<u>43,905</u>	<u>36,693</u>
9. TRADE AND OTHER PAYABLES			
Trade			
Creditors		3,116	1,527
Other payables			
Accrued liabilities		16,351	4,325
Provision for compensated absences		1,917	3,276
Bonus to employees		3,785	25,000
Due to Employees' Gratuity Fund		8,798	5,692
Due to Employees' Pension Fund		665	109
Advances from customers		816	423
Workers' Profit Participation Fund		4,007	14,345
Workers' Welfare Fund		10,210	7,526
Tax deducted at source		236	138
Unclaimed dividend		1,046	806
Employees' car and motorcycle loan schemes		3,952	2,720
		<u>51,783</u>	<u>64,360</u>
		<u>54,899</u>	<u>65,887</u>
10. SHORT-TERM BORROWINGS - Secured			
Short-term loan			
Export refinance loan	10.1	100,000	-

10.1 The outstanding balance represents a facility arranged by the Company for short-term financing under export refinance, aggregating to Rs. 260.000 (December 31, 2012: Rs. 260.000) million, from various commercial bank on mark-up basis. As at June 30, 2013 the Company has utilised the amount of Rs. 100.000 million from the facility.

The above is repayable through the realisation of export proceeds / negotiation of export bills within a maximum period of 180 days from the draw-down date. Mark-up is payable upon adjustment of loans or at quarter end, whichever is earlier, at the rate of 1.00% per annum over State Bank of Pakistan minimum export refinance rate.



PAKISTAN GUM & CHEMICALS LIMITED

11. CONTINGENCIES AND COMMITMENT

Contingencies

11.1 The status of contingencies as at June 30, 2013 is the same as reported in the annual financial statements for the year ended December 31, 2012.

Commitment

11.2 Commitment for capital expenditure amounted to Rs.3.419 (December 31, 2012: Rs.21.618) million.

	Half-year ended		Quarter ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	(Rupees in '000)		(Rupees in '000)	
	(Restated)		(Restated)	
12. NET SALES				
Gross sales				
Local	150,334	202,422	75,165	85,155
Export	789,033	1,069,061	414,113	612,787
	939,367	1,271,483	489,278	697,942
Sales commission	(4,316)	(6,660)	(2,000)	(2,336)
	935,051	1,264,823	487,278	695,606
13. COST OF SALES				
Raw material consumed				
Opening stock	-	372,333	187,925	464,769
Purchases	927,381	528,846	262,580	56,755
	927,381	901,179	450,505	521,524
Closing stock	(52,490)	-	(52,490)	-
	874,891	901,179	398,015	521,524
Packing material consumed				
Opening stock	2,764	2,864	2,881	2,994
Purchases	4,518	9,466	2,853	4,639
	7,282	12,330	5,734	7,633
Closing stock	(3,325)	(2,752)	(3,325)	(2,752)
	3,957	9,578	2,409	4,881
	878,848	910,757	400,424	526,405
Manufacturing overheads				
Stores and spares consumed	3,046	7,092	1,507	3,695
Salaries, wages and benefits	18,856	30,110	7,735	16,585
Utilities	27,688	54,727	13,904	28,856
Depreciation	3,832	3,707	1,943	1,720
Repairs and maintenance	1,725	3,618	1,096	2,721
Handling charges	1,619	2,169	1,043	855
Rent, rates and taxes	703	1,023	307	532
Insurance	519	534	256	277
Travelling and conveyance	901	689	453	419
Laboratory expenses	5	197	5	15
Research and development cost	1,300	276	190	276
Communication	52	50	27	24
Entertainment	12	16	6	6
Provision against slow moving stores and spares	714	53	336	165
Others	67	40	45	33
	61,039	104,301	28,853	56,179
Cost of goods manufactured	939,887	1,015,058	429,277	582,584
Opening stock of finished goods	33,065	17,317	143,095	19,931
	972,952	1,032,375	572,372	602,515
Closing stock of finished goods	(161,881)	(102,579)	(161,881)	(102,579)
	811,071	929,796	410,491	499,936



PAKISTAN GUM & CHEMICALS LIMITED

	Half-year ended		Quarter ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
14. FINANCE COSTS ----- (Rupees in '000) -----				
Mark-up on:				
Export refinance	5,318	8,253	4,322	3,333
Short-term running finance	17	1,149	17	7
Obligations under finance leases	379	165	193	165
	5,714	9,567	4,532	3,505
Bank charges	1,574	2,679	923	1,293
	7,288	12,246	5,455	4,798

15. TAXATION

15.1 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.

15.2 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. The tax effects of temporary differences are not considered in these financial statements, as these are not likely to reverse in view of applicability of Final Tax Regime.

16. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise the holding company (East West Group Holdings Inc, British Virgin Islands), local associated companies, staff retirement funds, directors, executives and key management personnel. Transactions and balances of related parties are given below:

		Half-year ended	
		June 30, 2013	June 30, 2012
		----- (Rupees in '000) -----	
Relationship	Nature of transaction		
Holding company	Dividend paid to holding company	25,491	20,393
Associated Undertakings	Commission on sales	3,011	4,716
	Sale of goods	2,587	23,211
	Freight Forwarding	8	13
	Transportation	672	829
Staff Retirement Benefit plan, key management personnel	Contribution to staff retirement funds	3,738	454
	Remuneration	20,638	17,699
		(Un-Audited) June 30, 2013	(Audited) December 31, 2012
Relationship	Nature of balance	----- (Rupees in '000) -----	
Associated undertakings	Commission payable	515	50

17. DATE OF AUTHORIZATION

These condensed interim financial statements were authorised for issue on 22 August 2013 by the Board of Directors of the Company.

18. GENERAL

18.1 These condensed interim financial statements are unaudited but subject to limited scope review by the auditors except for the figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2013 and June 30, 2012.

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


Mohammad Moonis
Chairman


Ozair Ahmed Hanafi
Chief Executive Officer


Khadim Hussain
Chief Financial Officer