

PAKISTAN GUM & CHE	MICALS LIMITED
PARCHEM	
COMPANY INFORMATION AS ON JUNE 30, 2014	
Board of Directors	
Mohammad Moonis Shuaib Ahmed Ozair Ahmed Hanafi Tariq Mohamed Amin Mohammed Aslam Hanafi Mohammad Ali Hanafi Zaeem Ahmad Hanafi Zahid Zaheer Zubyr Soomro	Chairman Vice-Chairman Director Director Director Director Director Director Director
Managing Director / CEO Ozair Ahmed Hanafi	
Audit Committee Tariq Mohamed Amin Zaeem Ahmad Hanafi Zahid Zaheer Zubyr Soomro	Chairman Member Member Member
Human Resource & Remuneration (HR	&R) Committee
Zahid Zaheer Shuaib Ahmed Tariq Mohamed Amin Zubyr Soomro	Chairman Member Member Member
Chief Financial Officer & Company Sec Khadim Hussain	cretary
Auditors	
Ernst & Young Ford Rhodes Sidat H Chartered Accountants	yder
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 407-408, Al-Ameera Centre, Shahra Phone: (92-21) 35662023-24	h-e-Iraq, Saddar, Karachi.
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	

URL: www.pakchem.com.pk



# CHAIRMAN'S REVIEW

On behalf of the Board I present the unaudited accounts for the half year ended June 30, 2014. These accounts have been subjected to limited scope review by our auditors - M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants.

Net sales for the half year ended June 30, 2014 were Rs.688 million as compared to Rs.935 million in the corresponding period of 2013 and net profit decreased to Rs.33 million from Rs.67 million. It may not be out of place to mention that while sales volume increased by 63%, sales value declined by 26%, as a consequence of substantially lower price of guar products in international market.

I am pleased to report that during the period under review two new customers were added to the list of our overseas buyers. Business with another customer in Europe which was dormant due to fluctuating price of guar gum was revived.

Delayed monsoon and so far very little rainfall in the guar growing areas of Sindh have encouraged guar seed stockists/suppliers to slow down seed supply to the market in the hope of higher price in the months to come. Rising price trend of the seed is a cause of concern to the guar industry. The next half year does not look easy, but we will do our utmost to meet this difficult challenge.

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

**Mohammad Moonis** *Chairman* Karachi : August 25, 2014



# 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 2014**, 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.

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Chartered Accountants

Review Engagement Partner's Name : Omar Mustafa Ansari

Karachi: August 25, 2014

PAKCHEM	TAN GUM & CHEMICALS	SLIMITED				
CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2014						
	Note	June 30, 2014 Rs.	December 31, 2013 '000			
ASSETS		(Un-audited)	(Audited)			
NON-CURRENT ASSETS Property, plant and equipn Long-term deposits	nent 4	145,464 <u>876</u> 146,340	140,924 <u>862</u> 141,786			
CURRENT ASSETS Stores and spare parts Stock-in-trade Trade debts Loans and advances Short-term prepayments Other receivables Short-term investment Taxation-net Cash and bank balances	5 6 7 8	9,033 344,858 134,246 1,640 845 12,857 5,360 7,809 28,566 545,214	8,695 209,761 39,773 838 409 6,642 258,062 10,506 3,266 537,952			
TOTAL ASSETS EQUITY AND LIABILITIES SHARE CAPITAL AND RES	SERVES	691,554	679,738			
Share capital						
Authorised 10,000,000 Ordinary shares	of Rs.10 each	100,000	100,000			
Issued, subscribed and pa	id-up capital	42,486	42,486			
Reserves NON-CURRENT LIABILITIE Obligations under finance le		<u>460,467</u> 502,953 48	<u>448,581</u> 491,067 644			
<b>CURRENT LIABILITIES</b> Trade and other payables Short-term borrowings Accrued mark-up on short-te Current maturity of obligation	9 10 erm borrowings	141,149 45,000 885 1,519 188,553	186,220 - - 1,807 188,027			
CONTINGENCIES AND CO	MMITMENT 11	100,555	100,027			
TOTAL EQUITY AND LIABLE The annexed notes from 1 interim financial statements	to 18 form an integral	691,554	679,738 condensed			
	Som A Danafi	zm				
<b>Mohammaʿd Moonis</b> Chairman	Ozair Ahmed Hanafi Chief Executive Officer		im Hussain nancial Officer			

PAKCHEM	an gun	1 & CHEMICA	ALS LIMITEI	)	
CONDENSED INTE FOR THE HALF	-YEA		<b>JUNE</b>		
	Note	June 30 Ju 2014			une 30 2013
NET SALES	12	688,457	935,051	333,379	487,278
Cost of sales	13	(593,274)	(811,071)	(285,082)	(410,491)
GROSS PROFIT		95,183	123,980	48,297	76,787
Distribution and shipping costs Administrative expenses Other operating expenses Other operating income		(14,144) (27,010) (12,281) 2,541 (50,894)	(11,154) (25,987) (5,807) 4,195 (38,753)	(7,100) (14,117) (7,331) <u>392</u> (28,156)	(6,392) (12,019) (3,600) 1,084 \$20,927)
OPERATING PROFIT		44,289	85,227	20,141	55,860
Finance costs	14	(2,740)	(7,288)	(1,837)	(5,455)
PROFIT BEFORE TAXATION		41,549	77,939	18,304	50,405
Taxation-current	15	(8,420)	(10,465)	(3,920)	(4,835)
NET PROFIT FOR THE PERIOD		33,129	67,474	14,384	45,570
			(Rup	ees)	
EARNINGS PER SHARE - Basi	c and dilu	uted 7.80	15.88	3.39	10.73

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

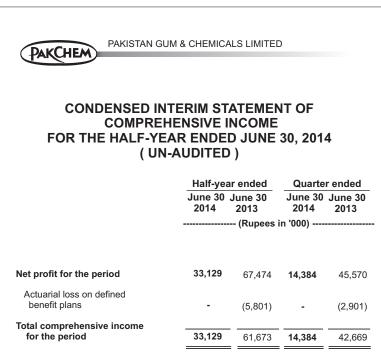
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Mohammad Moonis Chairman

Jung Ozair Ahmed Hanafi Chief Executive Officer

Khadim Hussain Chief Financial Officer

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

**Ozair Ahmed Hanafi** Chief Executive Officer

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Khadim Hussain Chief Financial Officer

Mohammad Moonis Chairman

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CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED JUNE 30, 2014 (UN-AUDITED)         Note       June 30, 2014 (2013)         Constant of the second state				<b>T</b>
NoteJune 30, 2014June 30, 2014ASH FLOWS FROM OPERATING ACTIVITIES Profit before taxation41,54977,939Adjustments for: Depreciation Trovision for compensated absences Provision for compensated absences5,755 2,740(5,405) 7,288Profit before working capital changes5,755 1,240(5,405) 	FOR THE HALF-Y	EAR ENDED JUN		
CASH FLOWS FROM OPERATING ACTIVITIES       41,549       77,939         Adjustments for:       2000       5,755       (5,405)         Provision for compensated absences       1,500       7,290       1,200         Provision for stores and spares       1,500       7,291       1,200         Provision for stores and spares       1,500       7,291       1,200         Profit before working capital changes       49,732       77,558         More and spare parts       (1,067)       (9,109)       (1,115)         Ubck-in-trade       (1,067)       (1,067)       (1,067)       (1,067)         Trade debts       (802)       (4,236)       (2,228)       (4,36)         Short-term prepayments       (45,267)       (6,703)       (2,152)       (2,373)         Other receivables       (45,267)       (6,703)       (1,17,152)       (2,34,667)       (1,7,121)         Cash used in operating activities       (1,306)       (1,7,122)       (2,228,166)       (1,7,121)       (2,34,190)       (1,17,121)       (2,22,178)         Cash used in operating activities       (45,000)       (10,000)       (1,22,178)       (2,2793)       (2,3,413)       (2,3,77)         Cash used in operating activities       (2,49,49)       (2,69)       <	(0	,	2014	2013
Depreciation       5,755       (5,405)         Tranance costs       729       (7,288         Provision for stores and spares       729       (7,142)         Sain on sale of property, plant and equipment       8,183       (381)         Profit before working capital changes       49,732       77,558         Working capital changes       (1,067)       (1,115)       (9,109)         Increase) / decrease in current assets       (1,067)       (181,868)       (2,228)         Stores and spare parts       (1,067)       (135,097)       (181,868)       (2,228)         Stores and spare parts       (1,067)       (2,827)       (2,227)       (2,228)         Stores and sdvances       (802)       (2,380)       (2,327)       (2,228)       (2,228)       (4436)       (2,32,71)       (2,227)       (2,227)       (2,227)       (2,227)       (2,227)       (2,227)       (2,227)       (2,227)       (2,227)       (2,227)       (2,257)       (2,529)       (2,33,21)       (2,228)       (2,228)       (2,480)       (2,252)       (2,559)       (2,559)       (2,559)       (2,559)       (2,559)       (2,559)       (2,559)       (2,559)       (2,559)       (2,559)       (2,559)       (2,559)       (2,559)       (2,559)       (2,2,		ACTIVITIES		
infance costs       2,740       7,286         Provision for stores and spares       1,500       1,200         Provision for stores and spares       1,1200         Provision for stores and spares       1,1300       1,200         Provision for stores and spares       1,1426       1,1426         Sain on sale of property, plant and equipment       1,1426       1,150       1,200         Profit before working capital changes       49,732       77,558         Morking capital changes       49,732       77,558         Norking capital changes       (1,067)       (181,568)       (181,568)         Stock-in-trade       (141,668)       (24,73)       (2,527)         Other receivables       (43,66)       (373,321)       (2,527)         Decrease in current liabilities       (236,090)       (373,321)         Payment in respect of compensated absences       (1,067)       (1,1712)       (2,277)         Cash used in operating activities       (45,267)       (6,703)       (2,22,77)         Payment in respect of compensated absences       (1,067)       (19,712)       (2,22,77)         Cash used in operating activities       (45,67)       (322,176)       (322,176)         CASH FLOWS FROM INVESTING ACTIVITIES       (1,067)       (22,17				
Provision for compensated absences Provision for stores and spares Provision for stores and spares Provision for stores and spares Provision for stores and spares Sain on sale of property, plant and equipment Profit before working capital changes Profit before working activities Profit before beriod Profit before wor				
Provision for stores and spares interest income gain on sale of property, plant and equipment       714         Profit before working capital changes       49,732         Profit before working capital changes       49,732         Norking capital changes       49,732         Norking capital changes       49,732         Norking capital changes       (1,067)         Stock-in-trade       (1,067)         (1,151)       (2,150)         Stock-in-trade       (24,73)         (1,150)       (2,167)         (2,228)       (373,321)         Other receivables       (45,267)         Decrease in current liabilities       (23,625)         rade and other payables       (45,267)         Cong term deposits       (1,17,12)         noome tax paid       (2,7722)         "ayment in respect of compensated absences       (1,3069)         Capus time received       (2,459)         Capus time received       (1,257)         Vecus time received       (2,5		5		
Bain on sale of property, plant and equipment       (1,115)       (421)         Bill       (381)         Profit before working capital changes       49,732       77,558         Working capital changes       (1,067)       (9,109)         Stock-in-trade       (13,097)       (9,4473)         grade debts       (802)       (44,73)         coans and advances       (6,215)       (2,228)         Short-term prepayments       (45,267)       (6,703)         Other receivables       (45,267)       (6,703)         Cash used in operations       (233,625)       (302,466)         Cong term deposits       (1,067)       (17,153)         noome tax paid       (1,067)       (17,153)       (23,2178)         CASH FLOWS FROM INVESTING ACTIVITIES       (234,667)       (33,413)       2,215         Cash used in operating activities       (240,667)       (33,413)       2,215         Cash used in operating activities       (241,949)       276,597       (14,94)       (11,712)       (2,527)         Cash used in operating activities       (241,949)       276,597       (25,597)       (23,413)       2,215       (25,2702)       (30,000)       7,795         CASH FLOWS FROM FINANCING ACTIVITIES       (849)		-		
Profit before working capital changes       8,183       (381)         Profit before working capital changes       49,732       77,558         Working capital changes       (1,067)       (1,167)       (1,167)         Stores and spare parts       (1,067)       (1,18,68)       (1,18,68)         Joans and advances       (436)       (2,228)       (436)       (2,227)         Short-term prepayments       (436)       (2,227)       (2,277)       (2,277)       (2,277)       (2,277)       (2,277)       (2,277)       (2,277)       (2,277)       (2,277)       (2,277)       (2,277)       (2,277)       (2,257)       (2,573)       (2,257)       (2,559)       (3,32,466)       (1,306)       (2,257)       (2,559)       (2,559)       (2,559)       (2,559)       (2,559)       (2,559)       (2,559)       (2,559)       (2,559)       (2,559)       (2,559)       (2,559)       (2,559)       (2,559)       (2,559)       (3,2,178)       (3,413)       2,215       (3,0,000       (7,795)       (3,3,413)       2,215       (3,0,000       (1,1712)       (2,527)       (3,0,000       (4,244)       (4,244)       (4,256)       (4,264)       (4,264)       (4,264)       (4,264)       (4,264)       (4,264)       (4,264)       (4,264)       (4,264) <td></td> <td></td> <td>(1,426)</td> <td></td>			(1,426)	
Profit before working capital changes         Working capital changes         Norking capital changes         Increase) / decrease in current assets         Stock-in-trade         Trade debts         Cash used in operations         Cash used in operating activities         Cash and cash equivalents at the begi	Gain on sale of property, plant and e	quipment		
Working capital changes         Increase) / decrease in current assets         Stores and spare parts         Stock-in-trade         Trade debts         Joans and advances         Short-term prepayments         Other receivables         Operase in current liabilities         Trade and other payables         Cash used in operations         Comparison of short-term investments         noome tax paid         "ayment in respect of compensated absences         (11,712)         (233,625)         Cash used in operating activities         CASH FLOWS FROM INVESTING ACTIVITIES         Acquisition of fixed assets         "croceeds from disposal of fixed assets         "croceeds from short-term investments         netrest income received         Vet cash generated from investing activities         CASH FLOWS FROM FINANCING ACTIVITIES         Repayment) / proceeds from short-term borrowings         Dividend paid         Repayment of obligation under finance lease         Timance cost paid         Vet cash generated from financing activities         Cash and cash equivalents at the beginning of the period         Stash and cash equivalents at the end of the period         Stash and cash equivalents at th			8,183	(381)
Increase) / decrease in current assets       (1,067)       (9,109)         Stores and spare parts       (1,067)       (135,097)         Trade debts       (436)       (2,228)         Short-term prepayments       (436)       (2,527)         Other receivables       (45,267)       (6,703)         Decrease in current liabilities       (233,625)       (302,466)         Trade and other payables       (11,712)       (17,153)         Cong term deposits       (141)       (17,153)         ncome tax paid       (5,722)       (17,153)         Orage       (11,712)       (132,178)         CASH FLOWS FROM INVESTING ACTIVITIES       (11,712)       (33,413)         Acquisition of fixed assets       (11,712)       (33,413)         Proceeds from disposal of fixed assets       (11,712)       (33,413)         Proceeds from disposal of fixed assets       (11,712)       (33,413)         Proceeds from disposal of fixed assets       (11,712)       (1,584)         Repayment) / proceeds from short-term borrowings       (45,207)       (42,246)         Other displation under finance lease       (11,584)       (1,584)         Finance cost paid       (1,584)       (1,584)       (1,584)         Other did       (25,300)<	Profit before working capital chan	ges	49,732	77,558
Stores and spare parts block-in-trade(1,067) (135,097) (130,010) (12,243) (11,712	Vorking capital changes			
Stock-in-trade trade debts coans and advances(135,097) (94,473) (802)(181,868) (181,568) (94,473) (2,228) (238,090)Decrease in current liabilities trade and other payables(436) (6,215)(2,277) (238,090)(373,321)Decrease in current liabilities trade and other payables(45,267) (323,625)(6,703) (233,625)(302,466)Cash used in operations(233,625)(302,466)(302,466)Comp term deposits noome tax paid(11,712) (240,667)(17,153) (2,257)Vet cash used in operating activities(11,712) (240,667)(33,413) (2,257)CASH FLOWS FROM INVESTING ACTIVITIESAcquisition of fixed assets Realization of short-term investments nterest income received(11,712) (230,000)(33,413) (2,559)CASH FLOWS FROM FINANCING ACTIVITIESRepayment of obligation under finance lease inance cost paid(45,000) (21,243) (1,854)(100,000) (42,246) (1,584) (1,854)Vet cash generated from financing activities25,3007,212Cash and cash equivalents at the beginning of the period the annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.3,26636,693Cash and cash equivalents at the end of the period interim financial statements.3,26643,905		sets		
Trade debts .cons and advances(181,558) (2,222) (436) (2,215)Short-term prepayments(181,558) (2,222) (436) (2,215)Obter receivables(362) (2,215)Decrease in current liabilities (rade and other payables(45,267) (6,703)Cash used in operations(23,625)Cong term deposits ncome tax paid(141) (5,722) (1,306)Cash used in operations(141) (5,722) (1,306)Cash used in operating activities(141) (5,722) (1,306)Cash used in operating activities(141) (5,722) (1,306)Cash used in operating activities(141) (5,722) (1,306)Cash used in operating activities(11,712) (2,259) (2,259)Cash true cash used in operating activities(11,712) (2,259) (2,22,178)Cash true cash used in operating activities(11,712) (2,259) (2,22,178)Cash true cash used in operating activities(11,712) (2,259) (2,22,702) (3,22,178)Cash true cash used from investing activities(11,712) (2,240) (2,246) (1,243) (2,246)Cash true cost paid(11,512) (2,244) (1,3377)Vet cash generated from financing activities(11,512) (2,246) (1,344) (3,377)Vet cash generated from financing activities(2,240) (1,243) (1,344) (3,377)Vet cash generated from financing activities(2,300) (2,243) (1,344) (3,377)Vet cash generated from financing activities(2,300) (2,243) (1,344) (3,377)Vet cash generated from financing activities(2,500) (2,243) (2,243				
coans and advances(802)Short-term prepayments(437)Other receivables(437)Decrease in current liabilities(238,090)Trade and other payables(45,267)Cash used in operations(233,625)Comp term deposits(14)ncome tax paid(17,153)Payment in respect of compensated absences(14)Payment in respect of compensated absences(14)Payment in respect of compensated absences(14)Payment in respect of compensated absences(11,712)Net cash used in operating activities(11,712)Proceeds from disposal of fixed assets(11,712)Proceeds from disposal of fixed assets(11,712)Repayment) / proceeds from investing activities(24,949)CASH FLOWS FROM FINANCING ACTIVITIESRepayment of obligation under finance lease(11,84)Pinance cost paid(14,244)Repayment of obligation under finance lease(14,245)Pinance cost paid(2,278)Net cash generated from financing activities25,300Cash and cash equivalents at the beginning of the period3,266Cash and cash equivalents at the end of the period3,266Cash and cash equivalents.(14,244)Cash and cash equivalents.(14,244)Payment in financial statements.(14,245)Cash and cash equivalents at the end of the period3,266Cash and cash equivalents.(14,245)Cash and cash equivalents.(14,245)Cash and cash equivalents.(14,145) <td></td> <td></td> <td></td> <td></td>				
Short-term prepayments       (436) (6,215)       (487) (2,527)         Decrease in current liabilities rrade and other payables       (23,625)       (302,466)         Cash used in operations       (23,625)       (302,466)         Component tar paid       (14) (5,722)       (17,153)         Payment in respect of compensated absences       (14) (5,722)       (17,172)         Net cash used in operating activities       (11,712)       (23,413)         CASH FLOWS FROM INVESTING ACTIVITIES       (240,667)       (32,178)         CASH FLOWS FROM INVESTING ACTIVITIES       (11,712)       (33,413)         Proceeds from disposal of fixed assets       (11,712)       (33,413)         Proceeds from disposal of fixed assets       (24,949)       (276,597)         CASH FLOWS FROM FINANCING ACTIVITIES       (11,854)       (12,855)         Repayment / proceeds from investing activities       244,949       (276,597)         CASH FLOWS FROM FINANCING ACTIVITIES       (11,855)       (13,377)         Repayment of obligation under finance lease       (14,855)       (13,377)         Interact paid       (14,1855)       (13,377)         Vet cash generated from financing activities       21,018       52,793         Cash and cash equivalents at the beginning of the period       3,266       36,693				
Dether receivables       (6,215)       (2,527)         Decrease in current liabilities       (373,321)         Trade and other payables       (45,267)       (6,703)         Cash used in operations       (233,625)       (302,466)         Long term deposits       (14)       (17,153)         ncome tax paid       (17,042)       (19,712)         Payment in respect of compensated absences       (10,702)       (19,712)         Net cash used in operating activities       (240,667)       (33,413)         CASH FLOWS FROM INVESTING ACTIVITIES       (33,413)       (2,215)         Acquisition of fixed assets       (11,712)       (33,413)         Proceeds from disposal of fixed assets       (2,125)       (300,000)         Realization of short-term investments       (25,27)       (25,59)         Net cash generated from investing activities       (244,949)       (276,597)         CASH FLOWS FROM FINANCING ACTIVITIES       (884)       (1,584)         Repayment / proceeds from short-term borrowings       (14,24)       (14,246)         Dividend paid       (884)       (1,337)         Repayment of obligation under finance lease       (884)       (1,337)         Finance cost paid       (1,855)       (25,300)       (7,212)				
Decrease in current liabilities         Irade and other payables       (45,267)       (6,703)         Cash used in operations       (233,625)       (302,466)         Composition come tax paid       (1,7,153)       (2,559)         Payment in respect of compensated absences       (1,306)       (1,7,12)         Net cash used in operating activities       (240,667)       (322,178)         CASH FLOWS FROM INVESTING ACTIVITIES       (240,667)       (322,178)         Acquisition of fixed assets       (11,712)       (33,413)         Proceeds from disposal of fixed assets       (2,533)       (2,537)         Realization of short-term investments income received       1,426       (30,000)         Interest income received       1,426       (30,000)         CASH FLOWS FROM FINANCING ACTIVITIES       244,949       276,597         CASH FLOWS FROM FINANCING ACTIVITIES       (18,851)       (1,584)         Repayment / proceeds from short-term borrowings       (1,855)       (1,584)         Dividend paid       21,018       52,793       (32,793)         Repayment of obligation under finance lease       (1,855)       (1,3371)       (3,2712)         Interce se in cash and cash equivalents       25,300       7,212       (33,371)       (3,2793)         C				
Trade and other payables(45,267)(6,703)Cash used in operations(233,625)(302,466)ong term deposits ncome tax paid(14)(17,153)Payment in respect of compensated absences(14)(17,153)Payment in respect of compensated absences(14)(17,153)Net cash used in operating activities(240,667)(322,178)CASH FLOWS FROM INVESTING ACTIVITIES(240,667)(322,178)CASH FLOWS FROM INVESTING ACTIVITIES(11,712)(33,413)Proceeds from disposal of fixed assets Realization of short-term investing activities(11,712)(33,413)Proceeds from disposal of fixed assets Realization of short-term investing activities244,949276,597CASH FLOWS FROM FINANCING ACTIVITIES Repayment / proceeds from short-term borrowings Dividend paid Repayment of obligation under finance lease Tinance cost paid100,000(42,246)Cash and cash equivalents at the beginning of the period Cash and cash equivalents at the beginning of the period3,26636,693Cash and cash equivalents at the end of the period Interim financial statements.3,26643,90543,905The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.44,44444,44444,444	oorooco in current lighilitios		(238,090)	(373,321)
(14)       (17,153)         (2,559)       (13,06)         (19,712)       (19,712)         (19,712)       (240,667)         (32,178)       (33,413)         (2,533)       (2,553)         (2,533)       (2,573)         (2,597)       (33,413)         (2,2178)       (33,413)         (2,2178)       (33,413)         (2,2178)       (33,413)         (2,2178)       (33,413)         (2,2178)       (33,413)         (2,2178)       (33,413)         (2,2178)       (33,413)         (2,2178)       (33,413)         (2,2178)       (33,413)         (2,2178)       (33,413)         (2,2178)       (240,667)         (33,413)       (2,215)         (30,000)       (11,712)         (2,246)       (11,712)         (2,334)       (2,215)         (30,000)       (11,226)         (2,246)       (2,246)         (3,377)       (42,246)         (11,584)       (1,584)         (11,584)       (1,584)         (11,584)       (1,584)         (11,584)       (1,3377)         Let cash generated from			(45,267)	(6,703)
noome tax paid       (5,722)       (17,153)         Payment in respect of compensated absences       (1,306)       (2,559)         Net cash used in operating activities       (2,059)       (19,712)         CASH FLOWS FROM INVESTING ACTIVITIES       (2,0667)       (322,178)         Cash add assets       (11,712)       (33,413)         Proceeds from disposal of fixed assets       2,533       2,533         Realization of short-term investments       1,226       300,000         Interest income received       1,426       300,000         Net cash generated from investing activities       244,949       276,597         CASH FLOWS FROM FINANCING ACTIVITIES       8       100,000       (42,246)         Net cash generated from finance lease       (1,855)       (3,371)         Dividend paid       45,000       (1,864)       (1,584)         Repayment / proceeds from financing activities       21,018       52,793         Net increase in cash and cash equivalents       25,300       7,212         Cash and cash equivalents at the beginning of the period       3,266       36,693         Cash and cash equivalents at the end of the period       8       28,566       43,905         The annexed notes from 1 to 18 form an integral part of these condensed       43,905 <t< td=""><td>Cash used in operations</td><td></td><td>(233,625)</td><td>(302,466)</td></t<>	Cash used in operations		(233,625)	(302,466)
Payment in respect of compensated absences       (1,306)       (2,559)         Acquisition of short lerm investments       (2,501)       (32,178)         Proceeds from disposal of fixed assets       (11,712)       (33,413)         Proceeds from short-term investing activities       (11,712)       (33,413)         Proceeds from short-term borrowings       (1,265)       (1,265)         Dividend paid       (11,712)       (11,712)       (11,712)         Repayment of obligation under finance lease       (11,855)       (11,72)       (12,243)         (11,584)       (11,855)       (13,377)       (13,377)         Net cash generated from financing activities       (25,300)       7,212         Cash and cash equivalents at the beginning of the period       (3,266)       (36,693)         Cash and cash equivalents at the end	ong term deposits		(14)	-
Image: constraint of the set of the				
Net cash used in operating activities       (240,667)       (322,178)         CASH FLOWS FROM INVESTING ACTIVITIES       (11,712)       (33,413)         Acquisition of fixed assets       2,533       2,215         Scalization of short-term investments       252,702       300,000         Interest income received       1,426       300,000         Net cash generated from investing activities       244,949       276,597         CASH FLOWS FROM FINANCING ACTIVITIES       (884)       (1,584)         Repayment) / proceeds from short-term borrowings       (100,000)         Dividend paid       (884)       (1,584)         Sepayment of obligation under finance lease       (884)       (1,584)         Finance cost paid       21,018       52,793         Net cash generated from financing activities       25,300       7,212         Cash and cash equivalents at the beginning of the period       3,266       36,693         Cash and cash equivalents at the end of the period       8       28,566       43,905         The annexed notes from 1 to 18 form an integral part of these condensed       200       200       200         Interim financial statements.	Payment in respect of compensated	absences		
Acquisition of fixed assets Proceeds from disposal of fixed assets Realization of short-term investments neterest income received Net cash generated from investing activities CASH FLOWS FROM FINANCING ACTIVITIES Repayment / proceeds from short-term borrowings Dividend paid Repayment of obligation under finance lease Finance cost paid Net cash generated from financing activities Net increase in cash and cash equivalents Cash and cash equivalents at the beginning of the period Cash and cash equivalents at the end of the period Cash and cash equivalents The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.	let cash used in operating activit	ies		
Proceeds from disposal of fixed assets       2,533       2,215         Realization of short-term investments       25,702       300,000         Interest income received       244,949       276,597         Vet cash generated from investing activities       244,949       276,597         CASH FLOWS FROM FINANCING ACTIVITIES       45,000       (1,243)         Repayment) / proceeds from short-term borrowings       (45,000)       (21,243)         Dividend paid       (884)       (1,584)       (1,584)         Sepayment of obligation under finance lease       (884)       (1,584)       (1,3377)         Intercase in cash and cash equivalents       25,300       7,212         Cash and cash equivalents at the beginning of the period       3,266       36,693         Cash and cash equivalents at the end of the period       3,266       43,905         The annexed notes from 1 to 18 form an integral part of these condensed       43,905       43,905         The annexed notes from 1 to 18 form an integral part of these condensed       43,905       43,905	ASH FLOWS FROM INVESTING	ACTIVITIES		
Proceeds from disposal of fixed assets       2,533       2,215         Realization of short-term investments       25,702       300,000         Interest income received       244,949       276,597         Vet cash generated from investing activities       244,949       276,597         CASH FLOWS FROM FINANCING ACTIVITIES       45,000       (1,243)         Repayment) / proceeds from short-term borrowings       (45,000)       (21,243)         Dividend paid       (884)       (1,584)       (1,584)         Sepayment of obligation under finance lease       (884)       (1,584)       (1,3377)         Intercase in cash and cash equivalents       25,300       7,212         Cash and cash equivalents at the beginning of the period       3,266       36,693         Cash and cash equivalents at the end of the period       3,266       43,905         The annexed notes from 1 to 18 form an integral part of these condensed       43,905       43,905         The annexed notes from 1 to 18 form an integral part of these condensed       43,905       43,905	ocquisition of fixed assets		(11 712)	(33 / 13)
Realization of short-term investments       252,702       300,000         Interest income received       1,426       7,795         Value cash generated from investing activities       244,949       276,597         CASH FLOWS FROM FINANCING ACTIVITIES       100,000       14,226         Repayment) / proceeds from short-term borrowings       (45,000)       100,000         Dividend paid       (884)       (1,855)       (42,246)         Repayment of obligation under finance lease       (884)       (1,855)       (1,584)         Finance cost paid       21,018       52,793       52,793         Net cash generated from financing activities       21,018       52,793       52,793         Net increase in cash and cash equivalents       25,300       7,212         Cash and cash equivalents at the beginning of the period       3,266       36,693         Cash and cash equivalents at the end of the period       8       28,566       43,905         The annexed notes from 1 to 18 form an integral part of these condensed       3,000       3,000       3,000         Interim financial statements.		ats		
Interest income received       1,426       7,795         Vet cash generated from investing activities       244,949       276,597         CASH FLOWS FROM FINANCING ACTIVITIES       45,000       100,000         Repayment) / proceeds from short-term borrowings       45,000       100,000         Dividend paid       (884)       (1,584)         Sepayment of obligation under finance lease       (884)       (1,585)         Finance cost paid       1100,000       (21,243)         Net cash generated from financing activities       21,018       52,793         Net increase in cash and cash equivalents       25,300       7,212         Cash and cash equivalents at the beginning of the period       3,266       36,693         Cash and cash equivalents at the end of the period       8       28,566       43,905         The annexed notes from 1 to 18 form an integral part of these condensed       300       300       300         The annexed notes from 1 to 18 form an integral part of these condensed       300       300       300       300         The annexed notes from 1 to 18 form an integral part of these condensed       300       300       300       300       300       300				
CASH FLOWS FROM FINANCING ACTIVITIES         Repayment) / proceeds from short-term borrowings         Dividend paid         Repayment of obligation under finance lease         inance cost paid         Vet cash generated from financing activities         21,018         25,300         7,212         Cash and cash equivalents at the beginning of the period         8         Cash and cash equivalents at the end of the period         8       28,566         43,905         The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.	nterest income received		1,426	
Repayment) / proceeds from short-term borrowings       45,000       100,000         Dividend paid       (21,243)       (384)       (1,584)         Repayment of obligation under finance lease       (1,855)       (3,377)       (3,377)         Net cash generated from financing activities       25,300       7,212         Start increase in cash and cash equivalents       25,300       7,212         Cash and cash equivalents at the beginning of the period       3,266       36,693         Cash and cash equivalents at the end of the period       8       28,566       43,905         The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.       Multiple       20,000       100,000	let cash generated from investing	g activities	244,949	276,597
Dividend paid       (21,243)       (42,246)         Repayment of obligation under finance lease       (1,854)       (1,584)         Inance cost paid       (1,855)       (3,377)         Net cash generated from financing activities       21,018       52,793         Net increase in cash and cash equivalents       25,300       7,212         Cash and cash equivalents at the beginning of the period       3,266       36,693         Cash and cash equivalents at the end of the period       8       28,566       43,905         The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.       Multiple       20,016       20,005	ASH FLOWS FROM FINANCING	ACTIVITIES		
Repayment of obligation under finance lease       (884)       (1,584)         inance cost paid       21,018       52,793         Vet cash generated from financing activities       21,018       52,793         Vet increase in cash and cash equivalents       25,300       7,212         Cash and cash equivalents at the beginning of the period       3,266       36,693         Cash and cash equivalents at the end of the period       8       28,566       43,905         The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.       Mark       20,000		erm borrowings		
Finance cost paid       (1,855)       (3,377)         Net cash generated from financing activities       21,018       52,793         Net increase in cash and cash equivalents       25,300       7,212         Cash and cash equivalents at the beginning of the period       3,266       36,693         Cash and cash equivalents at the end of the period       8       28,566       43,905         The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.       Image: Market fille       Image: Market fille				
Net cash generated from financing activities       21,018       52,793         Net increase in cash and cash equivalents       25,300       7,212         Cash and cash equivalents at the beginning of the period       3,266       36,693         Cash and cash equivalents at the end of the period       8       28,566       43,905         The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.       Image: Market fill for the fill for t		ce lease		
Cash and cash equivalents at the beginning of the period       3,266       36,693         Cash and cash equivalents at the end of the period       8       28,566       43,905         The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.       Image: Cash and cash equivalents at the end of the period       8       28,566       43,905		g activities		
Cash and cash equivalents at the end of the period       8       28,566       43,905         The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.       4       4       4         Interim financial statements.       Interim financial statements.       Interim financial statements.       1       1       1       1	let increase in cash and cash equ	livalents	25,300	7,212
Cash and cash equivalents at the end of the period       8       28,566       43,905         The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.       4       4       4         Interim financial statements.       Interim financial statements.       Interim financial statements.       1       1       1       1	Cash and cash equivalents at the	beginning of the period	3,266	36,693
The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.				
interim financial statements.	•	•		
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Makammad Maania Daala Alamad Ulamati Maadi U	Anna 1	Gan 1 Namage	Jon	<b>\$</b>

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## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED JUNE 30, 2014 ( UN-AUDITED )

		CAPITAL RESERVE		/ENUE SERVES	
	Issued, subscribed and paid-up capital	Share preimum	General	Unappro priated profit	
		(1	Rupees in	'000)	
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	42,486	17,553	356,559	59,006	475,604
Balance as at January 01, 2014	42,486	17,553	356,559	74,469	491,067
Final dividend for the year ended December 31, 2013 @ Rs. 5 per Ordinary Share	-	-	-	(21,243)	(21,243)
Transferred to General Reserve	-	-	55,198	(55,198)	-
Net Profit for the half year ended June 30, 2014	-	-	-	33,129	33,129
Other Comprehensive Loss	_	-	-	_	-
Total Comprehensive Income	-	-	-	33,129	33,129
Balance as at June 30, 2014	42,486	17,553	411,757	31,157	502,953

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

Mohammad Moonis Chairman

Em 1 Danste

Ozair Ahmed Hanafi Chief Executive Officer

Jung 12 Khadim Hussain

Chief Financial Officer



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED JUNE 30, 2014 (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, 2014 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, 2013.

#### 3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended December 31, 2013 other than as follows:

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

	Effective date (annual periods Beginning on or after)
IAS 32 Offsetting Financial Assets and Financial liabilities (Amendment)	January 01, 2014
IAS 36 Recoverable Amount for Non-Financial Assets (Amendment)	January 01, 2014
IAS 39 Novation of Derivatives and Continuation of Hedge Accounting (Amendment)	January 01, 2014
IFRIC 21 Levies	January 01, 2014

The adoption of the above revision, amendments and interpretation of the standards did not have any effect on these condensed interim financial statements.

PAKISTAN GUM & CHEMIC	ALS LIN	IITED	
PARCIEN			
	Note	June 30, 2014	December 31 2013 '000
		(Un-audited)	(Audited)
I. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	141,703	59,524
Capital work-in-progress	4.2	<u>3,761</u> 145,464	81,400 140,924
4.1 Operating fixed assets			
Opening net book value Additions during the period / year, including transfers of Rs. 89.352 (December 31, 2013:		59,524	57,557
Rs. 15.774) million transferred from capital work-in-progress	4.1.1	<u>89,352</u> 148,876	<u>   19,074  </u> 76,631
	4 4 9		
Disposals during the period / year Depreciation charged during the period / year	4.1.2	(1,418) (5,755) (7,173)	(5,501) (11,606) (17,107)
		141,703	59,524
4.1.1 Additions during the period / year, including transfers from capital work-in-progress			
Building on leasehold land		33,567	6,112
Plant and machinery Furniture and fixtures		53,543 -	2,842 3,216
Vehicles		1,654	6,502
Office equipment		<u>588</u> 89,352	402
4.1.2 Disposals during the period / year			
Vehicles		1,418	5,501
4.2 Capital work-in-progress			
Balance at the beginning of the period / year		81,400	30,815
Additions during the period / year		11,713	66,359
Transferred to operating fixed assets		<u>(89,352)</u> <u>3,761</u>	(15,774) 81,400
5. STOCK-IN-TRADE			
Raw material		216,466 3 187	139,340
Packing material Finished goods		3,187 125,205	2,632 67,789
5. TRADE DEBTS		344,858	209,761
Considered good			
Secured-against letters of credit Unsecured		125,056 9,190 134,246	33,233 6,540
· OTHER RECEIVABLES		134,240	39,773
Sales tax - net		7,082	4,670
Employees' Pension Fund Employees' Gratuity Fund		767 811	767 697
Others		4,197	508
		12,857	6,642

PAKCHEM	Note	June 30,	December 31
	Note	2014 (Un-audited)	2013 (Audited)
8. CASH AND BANK BALANCES		Rs.	'000
Cash in hand Local currency		57	93
Cash at bank in :			
Current accounts Local currency		14,934	1,032
Foreign currency		372	784
PLS saving account		15,306	1,816
Local currency		13,203 28,566	1,357 3,266
9. TRADE AND OTHER PAYABLES			
Trade Creditors		80,378	132,591
Other payables		00,570	152,531
Accrued liabilities		22,693	10,099
Provision for compensated absences Bonus to employees		2,303	2,109
Due to Employees' Gratuity Fund		7,663 7,629	14,000 6,429
Due to Employees' Pension Fund		601	-
Advances from customers Workers' Profit Participation Fund		502 2,224	93 4,970
Workers' Welfare Fund		11,419	10,576
Tax deducted at source		468 1,984	246 813
Unclaimed dividend Employees' car and motorcycle loan schemes		3,285	4,294
		60,771	53,629
		141,149	186,220
SHORT-TERM BORROWINGS - Secured Short-term financing			
Export refinance	10.1	45,000	-
10.1 The outstanding balance represents fa for short-term financing under export (December 31, 2013: Rs. 260) millior mark-up basis. As at June 30, 2014 the of Rs. 45 million from the facility. The co finance facility of Rs. 55 million.	refinance n, from t Compa	e, aggregatin wo commerc ny has utilise	g to Rs. 260 ial banks on d the amount
The financing is repayable through th negotiation of export bills within a max draw-down date. Mark-up is payable quarter end, whichever is earlier, at th State Bank of Pakistan's minimum expo	imum pe upon a ne rate c	eriod of 180 d djustment of of 1.00% per	ays from the loans or, at
<ul> <li>11. CONTINGENCIES AND COMMITMENT</li> <li>Contingencies</li> <li>11.1 The status of contingencies as at June 3 the annual financial statements for the y Commitment</li> </ul>	ear ende	d December 3	

#### PAKISTAN GUM & CHEMICALS LIMITED

PAKCHEM

	Half-year ended June 30, June 30, 2014 2013 (Rupees		June 30 2014	er ended , June 30 2013
2. NET SALES		(itupees	, iii 000)	
Gross sales				
Local	173,312	150,334	85.430	75.165
Export	518,620	789,033	249,699	414,113
	691,932	939,367	335,129	489,278
Sales commission	(3,475)	(4,316)	(1,750)	(2,000)
	688,457	935,051	333,379	487,278
3. COST OF SALES				
Raw material consumed				
Opening stock	139,340	-	333,721	187,925
Purchases	611,579	927,381	171,973	262,580
	750,919	927,381	505,694	450,505
Closing stock	(216,466)	(52,490)	(216,466)	(52,490)
	534,453	874,891	289,228	398,015
Packing material consumed				
Opening stock	2,632	2,764	3,309	2,881
Purchases	9,932	4,518	5,974	2,853
	12,564	7,282	9,283	5,734
Closing stock	(3,187) 9,377	(3,325) 3,957	<u>(3,187)</u> 6,096	2,409
	543,830	878,848	295,324	400,424
Manufacturing overheads		] [		
Stores and spares consumed	6,082	3,046	4,531	1,507
Salaries, wages and benefits	24,357	18,856	12,035	7,735
Utilities	57,531	27,688	29,915	13,904
Depreciation	4,066	3,832	1,991	1,943
Repairs and maintenance Handling charges	1,741 6,286	1,725	2,642	1,096
Rent, rates and taxes	2,569	703	1,438	307
Insurance	515	519	258	256
Travelling and conveyance	1,162	901	595	453
Laboratory expenses	175	5	157	5
Research and development cost	1,426	1,300	1,004	190
Communication	80	52	43	27
Entertainment Provision against slow moving	22	12	14	6
stores and spares	729	714	441	336
Others	118	67	55	45
	106,859	61,039	55,864	28,853
Cost of goods manufactured	650,689	939,887	351,188	429,277
Opening stock of finished goods	67,789	33,065	59,098	143,095
Closing stock	718,478 (125,204)	972,952 (161,881)	410,286 (125,204)	572,372
CIOSING SLUCK				
	593,274	811,071	285,082	410,491

PAKCHEM				
		ar ended	Quarter	
	June 30, 2014	June 30, 2013	June 30, . 2014	June 30, 2013
14. FINANCE COSTS		(Rupees	in '000)	
Mark-up on:				
Export refinance	981	5,318	884	4,322
Short-term running finance	-	17	-	17
Obligations under finance leases	143	379	65	193
	1,124	5,714	949	4,532
Bank charges	1,616	1,574	888	923
	2.740	7,288	1.837	5,455

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. 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.

#### 16. TRANSACTIONS WITH RELATED PARTIES

determined on the basis of annual results.

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

		June 30, 2014 (Rupee	June 30, 2013 s in '000)
Relationship	Nature of transaction		
Holding company	Dividend paid to holding company	12,746	25,491
Associated	Commission on sales	3,037	3,011
Undertakings	Sale of goods	991	2,587
-	Freight Forwarding	13	8
	Transportation	750	672
Staff Retirement Benefit plan, key management	Contribution to staff retirement funds	2,239	3,738
personnel	Remuneration	13,425	20,638

#### **17. DATE OF AUTHORIZATION**

These condensed interim financial statements were authorised for issue on 25 August 2014 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, 2014 and June 30, 2013.
- **18.2** Figures presented in these condensed interim financial statements have been rounded off to the nearest thousand rupees.

Mohammad Moonis

Chairman

Frei 1. Dawy

Ozair Ahmed Hanafi Chief Executive Officer

Khadim Hussain Chief Financial Officer

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Half-year ended