



**PAKISTAN  
GUM AND CHEMICALS  
LIMITED**



**Condensed Interim Financial  
Information (Unaudited)  
For the six months period ended  
30 June 2017**



PAKISTAN GUM & CHEMICALS LIMITED

## **COMPANY INFORMATION**

AS ON JUNE 30, 2017

### **Board of Directors**

Mohammad Moonis	<i>Chairman</i>
Shuaib Ahmed	<i>Director</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 & Co.

### **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 condensed interim financial information with limited review by the Auditors for the half year ended June 30, 2017 of the Company.

### **Business Review**

Net sales during the period were Rs.339 million compared to Rs. 211 million during the corresponding period per June 30, 2016, an increase of 61%. Overheads cost have remained under control and in line with the increase in production during the period. However, volatility in raw material prices adversely impacted the margins.

Pre-tax loss during the period is Rs. 24 million compared with a loss of Rs. 43 million in the corresponding period per June 30, 2016, a reduction in pre-tax loss by 45%. After tax loss is Rs. 28 million compared with a loss of Rs. 45 million in the corresponding period per June 30, 2016, a reduction in after tax loss by 38%.

### **Future Outlook**

Keeping in view the improvement in sales, the company has performed better during the period compared to the prior year. For the foreseeable future, we expect continued uncertainty in seed prices coupled with lower demand from the oil sector.

### **Acknowledgement**

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

By order of the Board

**Sajid Iqbal Hussain**  
Chief Executive

**Mohammad Moonis**  
Chairman

Karachi : August 24, 2017

### ڈائریکٹرز کا جائزہ

ہم بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2017 کو ختم ہونے والے ششماہی غیر آڈیٹڈ مالیاتی گوشوارے جو کہ آڈیٹرز کے محدود جائزے پر مشتمل ہیں، پیش کر رہا ہوں۔

### کاروباری جائزہ

اس ششماہی کی حتمی فروخت 339 ملین رہی جو کہ گزشتہ سال اس دوران 211 ملین تھی جو کہ 30 جون 2016 کی نسبت 61% اضافی رہی۔

بالائی اخراجات بھی پیداوار کے تناسب سے قابو میں رہے۔ تاہم خام مال کی قیمتوں میں شدید اتار چڑھاؤ نے منافع کی شرح کو بھی ناموافق طور پر متاثر کیا۔

کمپنی کو اس مدت میں ٹیکس کی ادائیگی سے قبل 24 ملین کا خصارہ ہوا جبکہ گزشتہ سال اس دوران یہ خصارہ 43 ملین تھا جو کہ 45% کے تناسب سے کم رہا۔ ٹیکس کی ادائیگی کے بعد خصارہ کی رقم 28 ملین روپے رہی جبکہ گزشتہ سال اس مدت کے دوران یہ خصارہ 45 ملین روپے تھا جس کا تناسب 38% سے کم رہا۔

### امکانات مستقبل

فروختگی میں اضافہ کے باعث اس مدت میں گزشتہ سال کی نسبت کمپنی کی کارکردگی بہتر رہی۔ تاہم تیل کی مصنوعات بنانے والے شعبہ سے ہماری مصنوعات کی مانگ میں کمی اور گوار کے بیجوں کی غیر مستحکم قیمتوں کے باعث یہ امید کی جاسکتی ہے کہ یہ رجحان آئندہ آنے والے دنوں میں بھی برقرار رہے گا۔

### اعتراف

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

بورڈ کے حکم کے مطابق



محمد مونس

چیرمین



ساجد اقبال حسین

چیف ایگزیکٹو

کراچی: مورخہ 24 اگست، 2017



PAKISTAN GUM & CHEMICALS LIMITED



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
Beaumont Road  
Karachi, 75530 Pakistan

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### Report on Review of Condensed Interim Financial Information to the Members

#### *Introduction*

We have reviewed the accompanying condensed interim balance sheet of **Pakistan Gum and Chemicals Limited** ("the Company") as at 30 June 2017 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 condensed interim financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 condensed interim financial information based on our review.

#### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

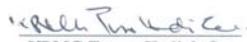
#### *Other matters*

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 30 June 2017 and 30 June 2016, have not been reviewed and we do not express a conclusion on them.

The financial statements of the Company for the six months period ended 30 June 2016 and for the year ended 31 December 2016 were reviewed and audited by another firm of Chartered Accountants who through their reports dated 23 August 2016 and 16 March 2017, expressed an unqualified conclusion and opinion thereon.

Date: 24 August 2017

Karachi

  
KPMG Taseer Hadi & Co.  
Chartered Accountants  
Muhammed Nadeem

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

**Condensed Interim Balance Sheet**  
*As at 30 June 2017*

	Note	Unaudited 30 June 2017	Audited 31 December 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	107,481	111,975
Long term deposits		878	878
		<u>108,359</u>	<u>112,853</u>
<b>Current assets</b>			
Stores and spares		3,122	5,007
Stock-in-trade	6	108,073	111,899
Trade debts	7	79,027	33,763
Loans and advances	8	1,984	1,753
Short-term prepayments		802	665
Other receivables	9	6,082	5,154
Short-term investments	10	5,874	90,118
Taxation - net		35,569	33,664
Cash and bank balances	11	153,947	43,861
		<u>394,480</u>	<u>325,884</u>
<b>Total assets</b>		<u>502,839</u>	<u>438,737</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised capital			
10,000,000 Ordinary shares of Rs.10 each		100,000	100,000
		<u>42,486</u>	<u>42,486</u>
Issued, subscribed and paid-up capital		17,553	17,553
Capital reserves		260,881	288,695
Revenue reserves		320,920	348,734
		<u>2,280</u>	<u>2,123</u>
<b>Non-current liabilities</b>			
Deferred taxation		2,280	2,123
<b>Current liabilities</b>			
Trade and other payables	12	104,226	87,880
Short term borrowings - secured	13	75,000	-
Mark-up accrued		413	-
		179,639	87,880
Contingencies and commitments	14		
<b>Total equity and liabilities</b>		<u>502,839</u>	<u>438,737</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information.

**Sajid Iqbal Hussain**  
Chief Executive

**Mohammad Moonis**  
Chairman

**Manzoor Ahmed**  
Chief Financial Officer

**Condensed Interim Profit and Loss Account (Unaudited)**  
*For the six months period and quarter ended 30 June 2017*

	Note	Six months period ended		Quarter ended	
		30 June 2017	30 June 2016	30 June 2017	30 June 2016
----- (Rupees in '000) -----					
Sales - net	15	339,179	211,026	190,985	116,062
Cost of sales	16	(325,875)	(227,203)	(188,901)	(128,391)
Gross profit / (loss)		13,304	(16,177)	2,084	(12,329)
Shipping expenses	17	(12,268)	(5,496)	(6,873)	(3,022)
Administrative expenses		(27,719)	(24,888)	(13,430)	(11,601)
Other operating expenses		(123)	(87)	-	(194)
		(40,110)	(30,471)	(20,303)	(14,817)
		(26,806)	(46,648)	(18,219)	(27,146)
Other income	18	4,106	4,032	2,555	2,082
Operating (loss) before finance costs		(22,700)	(42,616)	(15,664)	(25,064)
Finance costs	19	(1,321)	(680)	(947)	(374)
Loss before taxation		(24,021)	(43,296)	(16,611)	(25,438)
Taxation	20	(3,793)	(1,844)	(1,897)	(1,020)
Loss for the period		(27,814)	(45,140)	(18,508)	(26,458)
----- (Rupees) -----					
Loss per share - basic and diluted	21	(6.55)	(10.62)	(4.36)	(6.23)

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information.

  
**Sajid Iqbal Hussain**  
Chief Executive

  
**Mohammad Moonis**  
Chairman

  
**Manzoor Ahmed**  
Chief Financial Officer



PAKISTAN GUM & CHEMICALS LIMITED

## Condensed Interim Statement of Comprehensive Income (Unaudited)

For the six months period and quarter ended 30 June 2017

	Six months period ended		Quarter ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	----- (Rupees in '000) -----			
(Loss) for the period	(27,814)	(45,140)	(18,508)	(26,458)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the period	<u>(27,814)</u>	<u>(45,140)</u>	<u>(18,508)</u>	<u>(26,458)</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information.

**Sajid Iqbal Hussain**  
Chief Executive

**Mohammad Moonis**  
Chairman

**Manzoor Ahmed**  
Chief Financial Officer

**Condensed Interim Cash Flow Statement (Unaudited)**  
*For the six months period ended 30 June 2017*

	Note	30 June 2017	30 June 2016
<b>(Rupees in '000)</b>			
<b>Cash flows from operating activities</b>			
Loss before taxation for the period		(24,021)	(43,296)
Adjustments for non cash charges and other items			
Depreciation		6,049	7,525
Impairment		388	-
Finance costs		417	680
Provision against compensated absences		1,032	1,200
Profit on financial assets		(3,404)	(4,010)
Loss / (gain) on disposal of fixed assets		56	(22)
Net cash flows before working capital changes		(19,483)	(37,923)
Working capital changes			
<i>(Increase) / decrease in current assets</i>			
Stores and spares		1,885	774
Stock-in-trade		3,826	12,505
Trade debts		(45,264)	8,643
Loans and advances		(231)	(371)
Short-term prepayments		(137)	12
Other receivables		(813)	772
		(40,734)	22,335
<i>Increase in current liabilities</i>			
Trade and other payables		15,314	7,552
Mark-up accrued		413	-
		15,727	7,552
Cash (used in) operations		(44,490)	(8,036)
Income tax (paid) / received			
Income tax (paid) / received		(5,541)	1,100
Payment in respect of compensated absences		-	(168)
Finance costs paid		(417)	(680)
		(5,958)	252
Net cash (used in) operating activities		(50,448)	(7,784)
<b>Cash flows from investing activities</b>			
Capital expenditure		(2,338)	-
Investments in TDRs		(756)	-
Proceeds from disposal of operating fixed assets		339	2,025
Interest income received		3,289	4,146
Net cash generated from investing activities		534	6,171
<b>Cash flows from financing activities</b>			
Net cash generated from financing activities - Export refinance loan		75,000	-
Net increase / (decrease) in cash and cash equivalents		25,086	(1,613)
Cash and cash equivalents at beginning of the period		128,861	127,822
Cash and cash equivalents at end of the period	22	153,947	126,209

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information.

**Sajid Iqbal Hussain**  
Chief Executive

**Mohammad Moonis**  
Chairman

**Manzoor Ahmed**  
Chief Financial Officer



PAKISTAN GUM &amp; CHEMICALS LIMITED

**Condensed Interim Statement of Changes in Equity (Unaudited)**  
*For the six months period ended 30 June 2017*

	Issued, subscribed and paid-up capital	Capital reserve Share premium	Revenue reserves			Sub Total	Total
			General	Un-appropriated profit/(loss)			
----- (Rupees in '000) -----							
<b>Balance as at 31 December 2015</b>	42,486	17,553	462,839	(80,090)	382,749	442,788	
Loss for the period	-	-	-	(45,140)	(45,140)	(45,140)	
Other comprehensive income	-	-	-	-	-	-	
<b>Total comprehensive loss for the period</b>	-	-	-	(45,140)	(45,140)	(45,140)	
<b>Balance as at 30 June 2016</b>	<u>42,486</u>	<u>17,553</u>	<u>462,839</u>	<u>(125,230)</u>	<u>337,609</u>	<u>397,648</u>	
<b>Balance as at 31 December 2016</b>	42,486	17,553	462,839	(174,144)	288,695	348,734	
Loss for the period	-	-	-	(27,814)	(27,814)	(27,814)	
Other comprehensive income	-	-	-	-	-	-	
<b>Total comprehensive loss for the period</b>	-	-	-	(27,814)	(27,814)	(27,814)	
<b>Balance as at 30 June 2017</b>	<u>42,486</u>	<u>17,553</u>	<u>462,839</u>	<u>(201,958)</u>	<u>260,881</u>	<u>320,920</u>	

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information.

**Sajid Iqbal Hussain**  
Chief Executive

**Mohammad Moonis**  
Chairman

**Manzoor Ahmed**  
Chief Financial Officer



**Notes to the Condensed Interim Financial Information (Unaudited)**  
*For the six months period ended 30 June 2017*

**1. THE COMPANY AND ITS OPERATIONS**

Pakistan Gum and Chemicals Limited ("the Company") was incorporated in Pakistan as a public limited company in 1982 under the repealed Companies Act, 1913 (now the Companies Act, 2017) and is quoted on the Pakistan Stock Exchange. The registered office of the Company is located at B-19/A, Irshad Qadri Road, S.I.T.E. Karachi. East West Group Holding Inc., British Virgin Island - the Parent Company, held 2,549,131 (sixty percent) [2016: 2,549,131 (sixty percent)] Ordinary shares of Rs. 10 each as at the reporting date.

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

**2. BASIC OF PREPARATION**

2.1 This condensed interim financial information of the Company for the six months period ended 30 June 2017 has been prepared in accordance with the requirements of the International Accounting Standards 34 "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the repealed Companies Ordinance, 1984 have been followed.

2.2 The Companies Ordinance, 1984 was repealed by the enactment of the Companies Act, 2017 on 30 May 2017. SECP vide its Circular 17 of 2017 and its press release dated 20 July 2017 has clarified that all those companies whose financial year, including quarterly and other interim period, closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures and has also enhanced the definition of related parties.

2.3 This condensed interim financial information of the Company does not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended 31 December 2016. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

2.4 This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand, except otherwise stated.

2.5 This condensed interim financial information is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017 or section 245 of the repealed Companies Ordinance, 1984.

**3. ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of annual audited financial statements of the Company as at and for the year ended 31 December 2016.



#### 4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2016.

	Unaudited 30 June 2017	Audited 31 December 2016
Note	(Rupees in '000)	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets	5.1 <b>104,682</b>	105,950
Capital work-in-progress	5.2 <b>2,799</b>	6,025
	<b>107,481</b>	111,975
<b>5.1 Operating fixed assets</b>		
Opening net book value	<b>105,950</b>	122,331
Additions during the period / year	5.1.1 <b>5,176</b>	-
	<b>111,126</b>	122,331
Disposals during the period / year	5.1.2 <b>(395)</b>	(2,939)
Depreciation charged during the period / year	<b>(6,049)</b>	(13,442)
	<b>(6,444)</b>	(16,381)
	<b>104,682</b>	105,950
<b>5.1.1 Additions during the period / year</b>		
Plant & machinery	<b>5,004</b>	-
Equipment	<b>172</b>	-
	<b>5,176</b>	-
<b>5.1.2 Disposals during the period / year</b>		
Vehicle	<b>(339)</b>	(822)
Plant & machinery	<b>-</b>	(2,003)
Equipment	<b>(56)</b>	(114)
	<b>(395)</b>	(2,939)
<b>5.2 Capital work-in-progress</b>		
Balance at beginning of the period / year	<b>6,025</b>	6,025
Additions during the period / year	<b>311</b>	-
Impairment	<b>(388)</b>	-
Transferred to operating fixed assets	5.1 <b>(3,149)</b>	-
	<b>2,799</b>	6,025
<b>6. STOCK-IN-TRADE</b>		
Raw material	6.1 <b>34,930</b>	52,020
Packing material	<b>1,925</b>	2,368
Finished goods	6.2 <b>71,218</b>	57,511
	<b>108,073</b>	111,899
6.1 These include raw materials costing Rs. 14.972 million (2016: Rs. 20.808 million), which are carried at their net realisable value (NRV) of Rs. 12.472 million (2016: Rs. 20.808 million)		
6.2 These include finished goods costing Rs. 47.094 million (2016: Rs. 32.025 million), which are carried at their net realisable value (NRV) of Rs. 30.804 million (2016: Rs. 32.025 million).		
<b>7. TRADE DEBTS</b>		
Considered good		
Secured-against letters of credit	<b>74,861</b>	33,085
Unsecured	<b>4,166</b>	678
	<b>79,027</b>	33,763
Considered doubtful		
Unsecured	<b>156</b>	172
Provision against doubtful debts	<b>(156)</b>	(172)
	<b>-</b>	-
	<b>79,027</b>	33,763



## PAKISTAN GUM &amp; CHEMICALS LIMITED

		Unaudited 30 June 2017	Audited 31 December 2016
	Note	(Rupees in '000)	
<b>8. LOANS AND ADVANCES</b>			
Loans-seured, considered good			
Loans to employees	8.1	1,445	1,656
Advances - unsecured, considered good			
- Suppliers		176	-
- Employees		363	97
		539	97
		<u>1,984</u>	<u>1,753</u>
8.1 These loans are recoverable in monthly installments over a period not exceeding one year and carrying an interest charge of 8% per annum (2016: 8% per annum).			
<b>9. OTHER RECEIVABLES</b>			
Interest receivable		115	258
Sales tax - net		5,967	4,256
Receivable against employees provident fund		-	640
		<u>6,082</u>	<u>5,154</u>
<b>10. SHORT-TERM INVESTMENTS - held to maturity</b>			
10.1 These represent term deposit receipts of a commercial bank which carry return rate of 4.75% (31 December 2016: 4.75% to 6.5%) per annum, maturing latest by 19 April 2018 (2016: 27 May 2017). These term deposit receipts amounting to Rs. 5.874 million (2016: Rs. 5.118 million) under lien against letter of guarantee issued by a commercial bank to Sui Southern Gas Company (refer note 14.2). Accrued mark-up thereon is Rs. 0.115 million (2016: Rs. 0.258 million) (refer note 9).			
	Note	Unaudited 30 June 2017	Audited 31 December 2016
		(Rupees in '000)	
<b>11. CASH AND BANK BALANCES</b>			
<b>Cash in hand</b>			
Local currency		169	195
Foreign currency		10	-
		<u>179</u>	<u>195</u>
<b>Cash at bank in:</b>			
Current accounts			
Local currency		140,625	18,781
Foreign currency		143	143
		<u>140,768</u>	<u>18,924</u>
<b>Saving accounts</b>			
local currency		13,000	24,742
		<u>153,947</u>	<u>43,861</u>
<b>12. TRADE AND OTHER PAYABLES</b>			
Creditors		66,165	39,086
Accrued liabilities	12.1	11,888	11,960
Compensated absences		5,232	4,200
Employees' pension fund		-	2,319
Employees' gratuity fund		-	6,085
Accrual for contractual workers benefit		3,324	4,000
Bonus to employees		2,400	4,800
Advances from customers		574	532
Workers welfare fund		12,098	12,098
Tax deducted at source		404	383
Unclaimed dividends		1,508	1,506
Employees' car and motorcycle loan scheme		633	911
		<u>104,226</u>	<u>87,880</u>

12.1 Included herein an aggregate sum of Rs. 2.554 million (2016: Rs. 1.425 million) due to related parties.

**13. SHORT TERM BORROWINGS - secured**

The Company has borrowed short term running finance under Export Refinance Scheme of the State Bank of Pakistan from a commercial bank having a limit of Rs. 185.00 million. The rate of mark-up on this facility is SBP rate plus 1% per annum payable quarterly. This facility matures within six months. The facility is secured by way of first parri passu charge of Rs. 200.00 million over book debts and receivables (outstanding, money, receivables, claims, bills, contracts, engagements, securities, investments rights and assets excluding property) and 1st Parri Passu charge of Rs. 207.70 million over fixed assets (All piece and parcel of land, all present & future plant & machinery, equipment).

**14. CONTINGENCIES AND COMMITMENT**

14.1 The status of contingencies as at 30 June 2017 is the same as reported in the annual financial statements for the year ended 31 December 2016.

14.2 Commitment includes commitments for capital expenditure Rs. Nil (31 December 2016: Rs. 0.634 million) and letter of guarantee Rs. 5.874 million (31 December 2016: Rs.5.118 million).

Unaudited		audited	
six months period ended		Quarter ended	
30 June	30 June	30 June	30 June
2017	2016	2017	2016

----- (Rupees in '000) -----

**15. NET SALES****Gross sales**

Local	81,773	58,799	38,264	40,076
Export	268,022	158,130	157,621	79,770
	<u>349,795</u>	<u>216,929</u>	<u>195,885</u>	<u>119,846</u>

Sales commission	(1,594)	(1,335)	(712)	(865)
sales tax	(8,733)	(4,568)	(4,120)	(2,919)
Discount	(289)	-	(68)	-
	<u>339,179</u>	<u>211,026</u>	<u>190,985</u>	<u>116,062</u>



## PAKISTAN GUM &amp; CHEMICALS LIMITED

	Unaudited		Unaudited	
	Six months period ended		Quarter ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
<b>16. COST OF SALES</b>				
<b>Raw material consumed</b>				
Opening stock	52,020	-	61,129	4,312
Purchases	235,674	144,800	110,433	70,110
	287,694	144,800	171,562	74,422
Closing stock	(34,930)	(12,753)	(34,930)	(12,753)
	252,764	132,047	136,632	61,669
<b>Packing material consumed</b>				
Opening stock	2,368	2,320	2,148	2,102
Purchases	7,061	6,104	2,984	2,916
	9,429	8,424	5,132	5,018
Closing stock	(1,925)	(2,127)	(1,925)	(2,127)
	7,504	6,297	3,207	2,891
<b>Manufacturing overheads</b>				
Stores and spares consumed	4,403	1,900	1,486	985
Salaries, wages and benefits	21,288	19,923	10,124	9,767
Utilities	40,727	30,461	19,114	16,130
Depreciation	4,760	5,967	2,391	2,984
Repairs and maintenance	1,071	843	535	395
Handling charges	4,346	2,161	2,781	1,157
Rent, rates and taxes	434	144	327	117
Insurance	501	456	250	228
Travelling and conveyance	785	954	392	477
Laboratory expenses	657	254	462	87
Communication	84	92	46	49
Entertainment	138	125	138	114
Provision / (reversal) against slow moving stores and spares	-	495	(22)	219
Others	120	20	55	10
	79,314	63,795	38,079	32,719
<b>Cost of goods manufactured</b>	<b>339,582</b>	<b>202,139</b>	<b>177,918</b>	<b>97,279</b>
Opening stock of finished goods	57,511	140,027	82,201	146,075
	397,093	342,166	260,119	243,354
Closing stock	(71,218)	(114,963)	(71,218)	(114,963)
	325,875	227,203	188,901	128,391
<b>Cost of good sold</b>	<b>325,875</b>	<b>227,203</b>	<b>188,901</b>	<b>128,391</b>
<b>17. SHIPPING EXPENSES</b>				
Freight expenses	7,801	3,233	4,372	1,715
Port expenses	3,707	2,130	2,017	1,216
Marine insurance	270	133	196	91
Courier charges	490	-	288	-
	12,268	5,496	6,873	3,022



PAKISTAN GUM & CHEMICALS LIMITED

	Unaudited Six months period ended		Unaudited Quarter ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
----- (Rupees in '000) -----				
<b>18. OTHER INCOME</b>				
<b>Income from financial assets</b>				
<b>Interest / return on :</b>				
Term deposits receipts	3,181	3,757	1,908	1,996
Bank deposits	171	248	22	84
Loan to employees	52	5	1	2
	<u>3,404</u>	<u>4,010</u>	<u>1,931</u>	<u>2,082</u>
<b>Income from non - financial assets</b>				
Gain on disposal of fixed assets	-	22	-	-
Scrap sales	313	-	313	-
Exchange gain	389	-	311	-
	<u>702</u>	<u>22</u>	<u>624</u>	<u>-</u>
	<u>4,106</u>	<u>4,032</u>	<u>2,555</u>	<u>2,082</u>
<b>19. FINANCE COSTS</b>				
Mark-up on export refinance	417	-	417	-
Bank charges & other	904	680	530	374
	<u>1,321</u>	<u>680</u>	<u>947</u>	<u>374</u>
<b>20. TAXATION</b>				
Current	3,636	2,169	1,818	1,345
Deferred	157	(325)	79	(325)
	<u>3,793</u>	<u>1,844</u>	<u>1,897</u>	<u>1,020</u>
<b>21. LOSS PER SHARE - BASIC AND DILUTED</b>				
Loss for the period	<u>(27,814)</u>	<u>(45,140)</u>	<u>(18,508)</u>	<u>(26,458)</u>
<b>(Number of shares)</b>				
Weighted average number of ordinary shares in issue during the period	<u>4,248,552</u>	<u>4,248,552</u>	<u>4,248,552</u>	<u>4,248,552</u>
----- (Rupees) -----				
Loss per share - basic and diluted	<u>(6.55)</u>	<u>(10.62)</u>	<u>(4.36)</u>	<u>(6.23)</u>
<b>22. CASH AND CASH EQUIVALENTS</b>				
Cash and bank balances		11	153,947	10,756
Term deposit receipts - maturity of three months or less			-	115,453
			<u>153,947</u>	<u>126,209</u>

Unaudited  
Six months period ended  
30 June 30 June  
Note 2017 2016  
----- (Rupees) -----

**23. TRANSACTIONS WITH RELATED PARTIES**

The related party of the Company comprise the holding company, associates, retirement funds, directors and key management personnel of the Company.

Details of the transactions with related parties and balances with them, if not disclosed elsewhere in these condensed interim financial information are as follows:

	Unaudited Six months period ended	
	June 30, 2017	June 30, 2016
	----- (Rupees in '000) -----	
<b>23.1 Transactions during the period:</b>		
<b>Orkila Pakistan (Pvt.) Limited - Associated Undertaking</b>		
- Commission on Sale	<u>822</u>	<u>603</u>
- Sale of goods	<u>1,293</u>	<u>1,204</u>
<b>Shipwell (Pvt.) Limited - Associated Undertaking</b>		
- Commission on Sale	<u>666</u>	<u>627</u>
<b>IAL Pakistan (Pvt.) Limited - Associated Undertaking</b>		
- Freight forwarding and transportation	<u>6,905</u>	<u>3,666</u>
<b>Staff Retirement</b>		
- Contribution and payment to staff retirement funds	<u>10,382</u>	<u>2,124</u>
<b>Chief Executive Officer, Directors and key Management Personnel</b>		
- Remuneration, honorarium and meetings fee	<u>14,166</u>	<u>12,852</u>
<b>23.2 Amounts outstanding as at period / year end:</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2017</b>	<b>2016</b>
	<b>(Rupees in '000)</b>	
<b>Orkila Pakistan (Pvt.) Limited - Associated Undertaking</b>		
- Payable in respect of commission	<u>60</u>	<u>111</u>
- Receivable in respect of sales	<u>720</u>	<u>-</u>
<b>Shipwell (Pvt.) Limited - Associated Undertaking</b>		
- Payable in respect of commission	<u>18</u>	<u>26</u>
<b>IAL Pakistan (Pvt.) Limited - Associated Undertaking</b>		
- Payable in respect of shipping expenses	<u>2,476</u>	<u>1,288</u>

**24. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue in the Board of Directors meeting held on 24 August 2017.

**Sajid Iqbal Hussain**  
Chief Executive

**Mohammad Moonis**  
Chairman

**Manzoor Ahmed**  
Chief Financial Officer