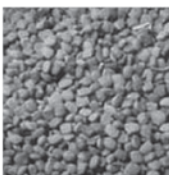




Spreading goodness of Guar

**Condensed Interim Financial Information
(Un-audited) for the
Nine Months Period Ended September 30, 2018**



GUAR SEED



GUAR SPLITS



GUAR GUM



GUAR MEAL

CONTENTS:

Company Information	01
Directors' Report	02
Condensed Interim Statement of Financial Position	04
Condensed Interim Statement of Profit or Loss and Other Comprehensive Income	05
Condensed Interim Statement of Changes in Equity	06
Condensed Interim Cash Flow Statement	07
Notes to the Condensed Interim Financial Information	08

COMPANY INFORMATION

AS ON SEPTEMBER 30, 2018

Board of Directors

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

Chief Executive

Sajid Iqbal Hussain

Audit Committee

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

Human Resource & Remuneration (HR&R) Committee

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

Chief Financial Officer & Company Secretary

Manzoor Ahmed

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor

Azizuddin & Co.

Bankers

Askari Bank Limited
Habib Bank Limited
MCB Bank Limited

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
URL: www.pakchem.com.pk

DIRECTORS' REPORT

On behalf of the Board of Directors, we are pleased to present the unaudited condensed interim financial information of the company for the nine months period ended September 30, 2018.

Business Review

- Net sales during the period are Rs.581.2 million compared to Rs. 483.7 million last year corresponding period showing a growth of 20%.
- Gross profit is Rs. 52.6 million compared to Rs. 30.6 million last year corresponding period showing an increase of 72% mainly due to substantial improvement in Q3 2018.
- Pre-tax profit during the period is Rs. 6.1 million compared to a loss of Rs. 21.8 million in the corresponding period 2017.
- After tax profit is Rs. 0.1 million compared with a loss of Rs. 26.8 million in the corresponding period of 2017.

Future Outlook

Due to drought in Sindh, the size of the crop is expected to be smaller than last year. Consequently, the seed price is on rising trend and the supply of seed remains uncertain. Furthermore, increase in utility cost and tough price competition from India is adversely impacting the pace of improvement in financial performance of the Company.

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 Officer

Karachi: October 25, 2018



Muhammad Moonis
Chairman

ڈائریکٹرز کا جائزہ

ہم بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2018 کو ختم ہونے والے تیسرے سہ ماہی غیر آڈیٹڈ مالیاتی گوشوارے پیش کر رہے ہیں۔

کاروباری جائزہ

- اس سہ ماہی کی حتمی فروخت 581.2 ملین روپے رہی جو گزشتہ سال اس دوران 483.7 ملین روپے تھی جو کہ 30 ستمبر 2017 کی نسبت 20% اضافی رہی۔
- خام منافع 52.6 ملین روپے رہا جو پچھلے سال اس دوران 30.6 ملین تھا جو کہ 72% اضافہ کی عکاسی کرتا ہے جس کی بنیادی وجہ تیسری سہ ماہی میں بہتری رہی۔
- منافع قبل ٹیکس 6.1 ملین روپے رہا جبکہ گزشتہ سال اس دوران 21.8 ملین روپے کا خسارہ تھا۔
- ٹیکس کے بعد منافع 0.1 ملین روپے رہا جبکہ گزشتہ سال اس دوران 26.8 ملین روپے کا خسارہ تھا۔

امکانات مستقبل

سندھ میں خشک سالی کے وجہ سے گوار کی پیداوار میں کمی متوقع ہے جس کے نتیجہ میں گوار کے بیجوں کی قیمتیں بڑھنے کا رجحان ہے اور اس کی روانی کے ساتھ فراہمی بھی متاثر ہونے کا امکان ہے۔ مزید یہ کہ گیس، بجلی، پانی کی قیمتوں میں اضافہ اور ہندوستانی مارکٹ سے سخت مقابلہ کمپنی کے منافع کی شرح اور مالی کارکردگی کو متاثر کر رہا ہے۔

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 جنکے مفید مشوروں 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 25 اکتوبر، 2018

Condensed Interim Statement of Financial Position (Un-audited) As at September 30, 2018

	Note	Unaudited September 30, 2018	Audited December 31, 2017
Rupees in '000			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	97,780	104,415
Long term deposits		878	878
		98,658	105,293
CURRENT ASSETS			
Stores and spares		5,067	2,240
Stock-in-trade	7	206,948	89,782
Trade debts	8	52,300	48,841
Loans and advances	9	1,547	1,619
Short-term prepayments		381	247
Other receivables	10	6,816	7,036
Short-term investments	11	124,772	211,126
Taxation - net		25,262	26,322
Cash and bank balances	12	6,057	33,456
		429,150	420,669
TOTAL ASSETS		527,808	525,962
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
10,000,000 Ordinary shares of Rs.10 each		100,000	100,000
Issued, subscribed and paid-up capital		42,486	42,486
Capital reserves		17,553	17,553
Revenue reserves		259,200	259,093
		319,239	319,132
NON-CURRENT LIABILITIES			
Deferred taxation		1,605	1,792
CURRENT LIABILITIES			
Trade and other payables	13	55,236	52,891
Short term borrowings - secured	14	150,000	150,000
Unclaimed dividend		1,321	1,506
Mark-up accrued		407	641
		206,964	205,038
TOTAL EQUITY AND LIABILITIES		527,808	525,962
CONTINGENCIES AND COMMITMENTS			
	15		

The annexed notes from 1 to 30 form an integral part of this condensed interim financial information.



Muhammad Aslam Hanafi
Deputy Managing Director



Muhammad Moonis
Chairman



Manzoor Ahmed
Chief Financial Officer

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (Unaudited) For the Nine Months Period and Quarter Ended September 30, 2018

Note	Nine months period ended		Quarter Ended		
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	
Rupees in '000					
Sales - net	16	581,162	483,715	185,399	144,536
Cost of sales	17	(528,607)	(453,131)	(140,700)	(127,256)
Gross profit / (loss)		52,555	30,584	44,699	17,280
Shipping expenses	18	(19,428)	(17,162)	(7,133)	(4,182)
Administrative expenses	19	(39,523)	(40,428)	(12,500)	(12,642)
Other operating expenses		1,972	(56)	1,972	-
		(56,979)	(57,646)	(17,661)	(16,824)
		(4,424)	(27,062)	27,038	456
Other income	20	14,264	6,433	4,645	2,327
Operating profit before finance costs		9,840	(20,629)	31,683	2,783
Finance costs	21	(3,709)	(1,207)	(1,231)	(598)
Profit / (Loss) before taxation		6,131	(21,836)	30,452	2,185
Taxation	22	(6,024)	(5,000)	(1,694)	(1,208)
Profit / (Loss) for the period		107	(26,836)	28,758	977
Other comprehensive income		-	-	-	-
Total comprehensive Income / (loss) for the period		107	(26,836)	28,758	977
Rupees					
Earning / (Loss) per share - basic and diluted	23	0.03	(6.32)	6.77	0.23

The annexed notes from 1 to 30 form an integral part of this condensed interim financial information.


Muhammad Aslam Hanafi
Deputy Managing Director


Muhammad Moonis
Chairman


Manzoor Ahmed
Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Unaudited) For the Nine Months Period Ended September 30, 2018

	Issued, subscribed and paid-up capital	Capital reserve Share premium	Revenue Reserves			Total
			General	Unapp- ropriated profit	Sub total	
	-----Rupees'000-----					
Balance as at 31 December 2016	42,486	17,553	462,839	(174,144)	288,695	348,734
Total comprehensive income for the period						
Loss for the period	-	-	-	(26,836)	(26,836)	(26,836)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(26,836)	(26,836)	(26,836)
Balance as at 30 September 2017	<u>42,486</u>	<u>17,553</u>	<u>462,839</u>	<u>(200,980)</u>	<u>261,859</u>	<u>321,898</u>
Balance as at 31 December 2017	42,486	17,553	462,839	(203,746)	259,093	319,132
Total comprehensive income for the period						
Profit / (Loss) for the period	-	-	-	107	107	107
Other comprehensive income	-	-	-	-	-	-
Total comprehensive Income						
/ (loss) for the period	-	-	-	107	107	107
Balance as at 30 September 2018	<u>42,486</u>	<u>17,553</u>	<u>462,839</u>	<u>(203,639)</u>	<u>259,200</u>	<u>319,239</u>

The annexed notes from 1 to 30 form an integral part of this condensed interim financial information.



Muhammad Aslam Hanafi
Deputy Managing Director



Muhammad Moonis
Chairman



Manzoor Ahmed
Chief Financial Officer


Condensed Interim Statement of Cash Flows (Unaudited) For the Nine Months Period Ended September 30, 2018

Note	Nine months period ended	
	September 30, 2018	September 30, 2017
Rupees in '000		
Cash flows from operating activities		
Profit / (Loss) before taxation for the period	6,131	(21,835)
Adjustments for non cash charges and other items:		
Depreciation	7,505	8,591
Impairment	-	388
Finance costs	3,709	2,346
Provision / (reversal) against doubtful debts	252	-
Provision against sales tax refundable	1,708	-
Provision against slow moving stores and spares	339	-
Provision against compensated absences	1,350	1,469
Profit on financial assets	(4,794)	(4,616)
Loss on disposal of fixed assets	-	56
Net cash flows before working capital changes	16,200	(13,601)
Changes in:		
Stores and spares	(2,488)	1,656
Stock-in-trade	(117,166)	29,848
Trade debts	(3,459)	(4,794)
Loans and advances	72	(282)
Short-term prepayments	(135)	262
Other receivables	220	(369)
Trade and other payables	2,345	(46,513)
Unclaimed dividend	(185)	-
Mark-up accrued	(234)	123
Cash (used in) operations	(121,030)	(20,069)
Income tax paid	(6,173)	(6,217)
Payment in respect of compensated absences	(1,741)	(397)
Finance costs paid	(3,943)	(2,346)
	(11,857)	(8,960)
Net cash (used in) operating activities	(116,687)	(42,630)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(1,221)	(2,893)
Investments	-	(756)
Proceeds from disposal of operating fixed assets	438	339
Interest income received	3,717	4,614
Net cash generated from investing activities	2,934	1,304
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash generated from financing activities - export refinance loan	14.2	-
Net (decrease) / increase in cash and cash equivalents	(113,753)	33,674
Cash and cash equivalents at beginning of the year	237,708	128,861
Cash and cash equivalents at end of the period	24	123,955

The annexed notes from 1 to 30 form an integral part of this condensed interim financial information.



Muhammad Aslam Hanafi
Deputy Managing Director



Muhammad Moonis
Chairman



Manzoor Ahmed
Chief Financial Officer

Notes to the Condensed Interim Financial Information (Unaudited) For the Nine Months Period Ended September 30, 2018

1. THE COMPANY AND ITS OPERATIONS

Pakistan Gum and Chemicals Limited ("the Company") was incorporated in Pakistan as a public limited company in 1982 under the repealed Companies Act, 1913 (now the Companies Act, 2017) and is quoted on the Pakistan Stock Exchange. The registered office of the Company is located at B-19/A, Irshad Qadri Road, SITE, Karachi. East West Group Holdings Inc., British Virgin Island - the Holding Company, held 2,549,131 (sixty percent) [2017: 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. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company for the nine months period ended 30 September 2018 has been prepared in accordance with the accounting and reporting standard as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 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 2017. 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.

2.3 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used 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 for the year ended 31 December 2017 except for the following:

- the first time application of financial reporting requirements, including disclosure and presentation requirements of the Companies Act, 2017 effective from 30 June 2018, some of the amounts reported for the previous period have been reclassified. However, there was no change in the reported amounts of statement of profit or loss and other comprehensive income or the amounts presented in the statement of financial position except for presentation.
- new or amendments / interpretations to existing standards and interpretation as stated in note no. 4.1.

4. NEW OR AMENDMENTS / INTERPRETATIONS TO EXISTING STANDARDS, INTERPRETATION AND FORTHCOMING REQUIREMENTS

4.1 There are new and amended standards and interpretations as notified under the Companies Act, 2017 that are mandatory for accounting periods beginning 1 July 2017 but are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial information.

4.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Company's financial information.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Company's financial information.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit and loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company's financial information.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on the Company's financial information.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial information.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The management has completed an initial assessment of the potential impact on revenue and considered that the impact would not be significant.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The amendments are not likely to have an impact on the Company's financial information.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The amendments are not likely to have an impact on the Company's financial information.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial information.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial information.
- Annual Improvements to IFRS Standards 2015 - 2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial information.

5. CRITICAL ACCOUNTING 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 applied in the preparation of the annual financial statements of the Company for the year ended 31 December 2017.

	Note	Unaudited September 30, 2018	Audited December 31, 2017
Rupees in '000			
6. PROPERTY PLANT & EQUIPMENT			
Operating fixed assets	6.1	93,772	99,357
Capital work-in-progress	6.2	4,008	5,058
		<u>97,780</u>	<u>104,415</u>
6.1 Operating fixed assets			
Opening net book value		99,357	105,950
Additions during the period / year	6.1.1	2,358	5,176
		<u>101,715</u>	<u>111,126</u>
Disposals during the period / year	6.1.2	(438)	(681)
Depreciation charged during the period / year		(7,505)	(11,088)
		<u>(7,943)</u>	<u>(11,769)</u>
		<u>93,772</u>	<u>99,357</u>
6.1.1 Additions during the period / year			
Plant and machinery		-	5,004
Vehicle		2,271	-
Equipment		87	172
		<u>2,358</u>	<u>5,176</u>
6.1.2 Disposals during the period / year			
Vehicle		(438)	(625)
Equipment		-	(56)
		<u>(438)</u>	<u>(681)</u>

6.1.3 The Company holds leasehold land for Rs. 0.100 million, measuring 3 acre and situated at B-19/A, Irshad Qadri Road, SITE, Karachi.

6.1.4 The building on leasehold land held for Rs. 23.970 million and situated at B-19/A, Irshad Qadri Road, SITE, Karachi.

Note	Unaudited	Audited
	September 30, 2018	December 31, 2017
Rupees in '000		
6.2 Capital work-in-progress		
Balance at beginning of the period / year	5,058	6,025
Additions during the period / year	1,221	2,570
Impairment	-	(388)
Transferred to operating fixed assets	6.1.1 (2,271)	(3,149)
	<u>4,008</u>	<u>5,058</u>
7. STOCK-IN-TRADE		
Raw materials	40,575	16,280
Packing materials	2,629	2,232
Finished goods	7.1 163,744	71,270
	<u>206,948</u>	<u>89,782</u>

7.1 Stock in trade of Rs. 23.216 million (2017: Rs. 23.964 million) are carried at their net realisable value (NRV) of Rs. 23.216 million (2017: Rs. 19.872 million).

Note	Unaudited	Audited
	September 30, 2018	December 31, 2017
Rupees in '000		
8. TRADE DEBTS		
Related parties - considered good:		
- Orkila Pakistan (Private) Limited	26 1,089	720
Considered good:		
- Secured - against letters of credit	47,321	45,957
- Unsecured	3,890	2,164
	<u>52,300</u>	<u>48,841</u>
Considered doubtful:		
- Unsecured	1,552	1,300
- Provision against doubtful debts	(1,552)	(1,300)
	<u>-</u>	<u>-</u>
	<u>52,300</u>	<u>48,841</u>
9. LOANS AND ADVANCES		
Loans - secured, considered good		
Loans to employees	9.1 833	1,006
Advances - unsecured, considered good		
- suppliers	125	402
- employees	589	211
	<u>714</u>	<u>613</u>
	<u>1,547</u>	<u>1,619</u>

9.1 These loans are recoverable in monthly installments over a period not exceeding one year and carrying an interest at 3 months KIBOR + 1.5% at the date of loan rendered. These loans are secured against the outstanding balances of staff retirement benefits of the respective employee.

	Note	Unaudited September 30, 2018	Audited December 31, 2017
Rupees in '000			
10. OTHER RECEIVABLES			
Interest receivable		1,736	657
Sales tax - gross		8,140	7,388
Receivable from staff gratuity fund		-	338
Receivable against employees provident fund		-	5
Gross other receivables		9,876	8,388
Less allowance for doubtful receivables		(3,060)	(1,352)
Net other receivables		6,816	7,036
11. SHORT-TERM INVESTMENTS - held to maturity			
Treasury bills	11.1	117,898	54,252
Term deposit receipts	11.2	6,874	156,874
		124,772	211,126

11.1 Treasury bills carry yield of 7.75%, maturing latest by 25 October 2018. Accrued mark up stands at Rs. 1.501 million thereon.

11.2 These represent term deposit receipts of Askari Bank which carry return rate of 4.75% to 5% (31 December 2017: 4.75% to 6.5%) per annum, maturing latest by 27 May 2019 (2017: 27 May 2017). The term deposit receipts amounting to Rs. 6.874 million (2017: Rs. 6.874 million) under lien against letter of guarantee issued by Askari Bank Limited to Sui Southern Gas Company (refer note 15.2). Accrued mark-up thereon is Rs. 0.235 million (2017: Rs. 0.186 million) (refer note 10).

	Note	Unaudited September 30, 2018	Audited December 31, 2017
Rupees in '000			
12. CASH AND BANK BALANCES			
Cash in hand		165	109
With banks:			
- Current accounts			
Local currency		3,684	28,448
Foreign currency		279	194
		3,963	28,642
- Saving accounts			
local currency	12.1	1,929	4,705
		6,057	33,456

12.1 Interest rates on saving account, ranging between 3.75% and 4.5% (2017: 3.5% and 4.0%) per annum.

	Note	Unaudited	Audited
		September 30, 2018	December 31, 2017
Rupees in '000			
13. TRADE AND OTHER PAYABLES			
Trade creditors - related parties	26	1,013	2,062
- others		28,893	20,573
		<u>29,906</u>	<u>22,635</u>
Accrued liabilities		17,288	18,957
Compensated absences		4,410	4,800
Workers welfare fund		-	1,972
Tax deducted at source		225	496
Other liabilities		3,407	4,031
		<u>55,236</u>	<u>52,891</u>

14. SHORT TERM BORROWINGS - secured

Export Refinance Scheme of SBP	14.1	<u>150,000</u>	<u>150,000</u>
--------------------------------	------	----------------	----------------

14.1 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. 150 million with sub limit of Export Refinance Scheme II of Rs. 65 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 pari passu charge of Rs. 200 million over movables and stock (present and future stock in trade, raw material store spares and accessories), 120 million over book debts and receivables (outstanding, money, receivables, claims, bills, contracts, engagements, securities, investments rights and assets excluding property) and 1st pari passu charge of Rs. 207.70 million over fixed assets (All piece and parcel of land, all present and future plant and machinery, equipment).

14.2 Reconciliation of movements of liabilities to cashflow arising from financing activities:

	Liabilities loans and borrowings
	Rupees in '000
Balance as at 1 January 2018	150,000
Changes from financing cash flows	
Proceeds from loans and short-term borrowings	150,000
Repayments of short-term borrowings	(150,000)
Total changes from financing cash flows	<u>-</u>
Short term borrowing - secured	150,000
Balance at 30 September 2018	<u>150,000</u>

15. CONTINGENCIES AND COMMITMENTS

15.1 The status of contingencies as at 30 September 2018 is the same as reported in the annual financial statements for the year ended 31 December 2017.

15.2 Commitment includes letter of guarantee Rs. 6.874 million (31 December 2017: Rs.6.874 million).

16. SALES - NET

	Unaudited Nine Months Period Ended		Unaudited Quarter Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	Rupees in '000			
Gross sale				
Local	130,862	132,468	26,598	50,695
Export	470,888	368,507	164,442	100,485
	601,750	500,975	191,040	151,180
Sales commission	(2,667)	(2,623)	(664)	(1,029)
Sales tax	(14,340)	(14,303)	(2,879)	(5,570)
Discount	(3,581)	(334)	(2,098)	(45)
	581,162	483,715	185,399	144,536

17. COST OF SALES
Raw material consumed

Opening stock	16,280	52,020	30,740	34,930
Purchases	505,668	298,777	136,345	63,103
	521,948	350,797	167,085	98,033
Closing stock	(40,575)	(8,822)	(40,575)	(8,822)
	481,373	341,975	126,510	89,211

Packing material consumed

Opening stock	2,232	2,368	3,160	1,925
Purchases	15,959	10,899	4,044	3,838
	18,191	13,267	7,204	5,763
Closing stock	(2,629)	(2,032)	(2,629)	(2,032)
	15,562	11,235	4,575	3,731

Manufacturing overheads

Stores and spares consumed	5,165	5,315	1,965	912
Salaries, wages and benefits	37,975	32,774	13,456	10,768
Utilities	61,061	58,293	19,395	17,565
Depreciation	6,271	6,862	2,074	2,102
Repairs and maintenance	3,431	1,591	1,066	489
Handling charges	7,131	5,951	1,883	1,605
Rent, rates and taxes	149	591	149	157
Insurance	686	752	229	251
Travelling and conveyance	76	55	41	21
Laboratory expenses	1,528	853	327	196
Communication	109	120	33	36
Entertainment	110	144	7	6
Provision / (reversal) against slow moving stores and spares	339	77	71	77
Others	115	229	-	108
	124,146	113,607	40,696	34,293

Cost of goods manufactured

Opening stock of finished goods	71,270	57,511	132,663	71,218
	692,351	524,328	304,444	198,453
Closing stock	(163,744)	(71,197)	(163,744)	(71,197)
Cost of good sold	528,607	453,131	140,700	127,256

18. SHIPPING EXPENSES

	Unaudited Nine Months Period Ended		Unaudited Quarter Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	Rupees in '000			
Freight expenses	11,446	9,696	4,308	1,896
Port expenses	5,280	5,169	1,836	1,462
Bank documentation charges	1,431	1,139	532	426
Marine insurance	521	414	209	144
Courier charges	750	744	248	254
	19,428	17,162	7,133	4,182

19. ADMINISTRATIVE EXPENSES

Salaries, wages and benefits	24,333	26,784	8,198	9,315
Utilities	3,178	3,109	1,014	906
Depreciation	1,234	1,729	375	440
Sales promotion expenses	235	225	61	85
Security service charges	842	719	280	239
Repairs and maintenance	708	934	183	177
Rent, rates and taxes	171	160	139	106
Insurance	170	189	57	61
Travelling and conveyance	796	2,529	-	31
Communication	514	492	202	172
Entertainment	686	628	123	100
Provision against debts considered doubtful	252	(16)	168	-
Provision against sales tax refunds	1,708	-	-	-
Printing and stationery	557	466	116	105
Auditor's remuneration	610	502	181	155
Subscription	1,606	868	1,028	466
Legal and professional charges	1,840	964	347	273
Advertisement	83	116	28	11
Charity and donation	-	30	-	-
	39,523	40,428	12,500	12,642

20. OTHER INCOME

Income from financial assets				
Interest / return on				
Term deposits receipts	897	4,745	86	1,546
Treasury bill	3,615	-	1,879	-
Bank deposits	276	286	154	133
Loan to employees	6	53	3	1
	4,794	5,084	2,122	1,680
Income from non - financial assets				
Scrap sales	1,358	766	194	454
Exchange gain	8,112	583	2,329	193
	9,470	1,349	2,523	647
	14,264	6,433	4,645	2,327

21. FINANCE COSTS

	Unaudited Nine Months Period Ended		Unaudited Quarter Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	Rupees in '000			
Mark-up on export refinance	3,366	916	1,134	499
Bank charges and other	343	291	97	99
	<u>3,709</u>	<u>1,207</u>	<u>1,231</u>	<u>598</u>

22. TAXATION

Current	6,211	5,000	1,944	1,364
Deferred	(187)	-	(250)	(156)
	<u>6,024</u>	<u>5,000</u>	<u>1,694</u>	<u>1,208</u>

23. LOSS PER SHARE - BASIC AND DILUTED

Profit / (Loss) for the period	107	(26,836)	28,758	977
	(Number of shares)			
Weighted average number of ordinary shares in issue during the period	4,248,552	4,248,552	4,248,552	4,248,552
	(Rupees)			
Loss per share - basic and diluted	0.03	(6.32)	6.77	0.23

24. CASH AND CASH EQUIVALENTS

		Unaudited September 30, 2018	Audited December 31, 2017
		Rupees in '000	
Cash and bank balances	12	6,057	33,456
Treasury bills	11.1	117,898	54,252
Term deposit receipts	11.2	-	150,000
		<u>123,955</u>	<u>237,708</u>

25. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in annual financial statement of the Company as at and the year ended 31 December 2017.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Level 1 : Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The Company has not disclosed the fair values of its financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

26. 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:

Name	Nature of relationship	Basis of relationship	Nature of transaction	2018	2017
				Rupees in '000	
Transactions					
Orkila Pakistan (Private) Limited	Associated Undertaking	Common directorship	Commission on Sale	<u>1,689</u>	<u>1,246</u>
			Sale of goods	<u>1,363</u>	<u>2,012</u>
			Payable in respect of commission	<u>439</u>	<u>1,013</u>
			Receivable in respect of sales	<u>1,089</u>	<u>720</u>
Shipwell (Private) Limited	Associated Undertaking	Common directorship	Commission on Sale	<u>722</u>	<u>1,171</u>
			Payable in respect of commission	<u>28</u>	<u>127</u>
IAL Logistics Pakistan (Private) Limited	Associated Undertaking	Common directorship	Freight forwarding and transportation	<u>15,084</u>	<u>10,345</u>
			Payable in respect of shipping expenses	<u>547</u>	<u>922</u>
Pakistan Gum and Chemicals Limited - Gratuity Fund	Retirement benefit fund	Employees benefit fund	Contribution made	<u>473</u>	<u>7,254</u>
Pakistan Gum and Chemicals Limited - Pension Fund	Retirement benefit fund	Employees benefit fund	Contribution made	<u>1,495</u>	<u>3,038</u>
Pakistan Gum and Chemicals Limited - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	<u>2,516</u>	<u>2,203</u>
Key management personnel	Related parties	Executives	Remuneration and benefits	<u>8,126</u>	<u>8,894</u>
Directors and their spouse	Related parties	Directors	Remuneration and benefits	<u>8,366</u>	<u>7,506</u>

27. ANNUAL PRODUCTION CAPACITY

	Unaudited Nine Months Period Ended			
	September 30, 2018		September 30, 2017	
	Available capacity	Actual production	Available capacity	Actual production
	(Metric Tonnes)			
Guar Splits	6,500	2,584	6,500	2,449
Guar Powder	7,800	1,985	7,800	2,034
Guar Meal	14,625	5,855	14,625	5,474

28. GENERAL

28.1 STAFF STRENGTH

	September 30, 2018	September 30, 2017
	(Number of employees)	
Number of employees as at	19	22
Number of factory employees as at	88	94
Average number of employees	109	120

29. COMPARATIVE FIGURES

The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. The preparation and presentation of these financial information for the period ended 30 September 2018 is in accordance with requirements in Companies Act, 2017. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Major reclassifications include unclaimed dividend of Rs. 1.321 million which have been reclassified from trade and other payables to face of statement of financial position separately.

30. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue in the Board of Directors meeting held on October 25, 2018.



Muhammad Aslam Hanafi
Deputy Managing Director



Muhammad Moonis
Chairman



Manzoor Ahmed
Chief Financial Officer



PAKISTAN GUM & CHEMICALS LIMITED

1963-2018

**B-19/A, IRSHAD QADRI ROAD, SINDH INDUSTRIAL TRADING ESTATE,
KARACHI - 75700, PAKISTAN TEL NO. +92 21 3256 1124-6, FAX NO. +92 21 3256 1320,
EMAIL: INFO@PAKCHEM.COM.PK, MARKETING@PAKCHEM.COM.PK**