



WINNER OF FPCCI
MERIT AND SPECIAL MERIT EXPORT AWARDS

ANNUAL REPORT 2014



GUAR SEED



GUAR SPLITS



GUAR GUM



GUAR MEAL



CONTENTS:

Corporate Objectives	02
Company Information	03
Six Years Financial Highlights	04
Graphical Presentation	05
Notice of Meeting	07
Directors' Report	09
Statement of Compliance with the Code of Corporate Governance	12
Review Report to the Members	14
Auditors' Report	15
Financial Statements	16
Notes to the Financial Statements	21
Pattern of Shareholdings	44
Proxy Form	



**H. E. Nawaz Sharif, Prime Minister of Pakistan presenting a trophy of
“PM’s EXPORT & INNOVATIONS AWARD - 2015” to Mr. Ozair A. Hanafi, Managing Director,
PakChem at Karachi Expo Centre on February 26, 2015.**

Quality Control Laboratory



CORPORATE OBJECTIVES

- Develop a strong organization centered at Karachi, to run the existing business and exploit new opportunities.
- Develop relationships with agents and end-users for a world-wide reach for our products and thus improve profitability.
- Develop a strategy on procurement of raw material to secure long-term business and development opportunities.
- Identify, establish and exploit new markets and technologies through Research and Development and marketing skills.
- Identify suitable acquisitions for real synergies to improve our corporate position and profit potential.
- In recognition of its responsibilities as a Corporate Body the Company aims to:
 - Pursue personnel policies, which recognize the aspirations and performance of individuals and which are suited to the diverse levels of skills required and the many career paths available in the company.
 - Have full regard to the attitudes and expectations of its client base at large and contribute as appropriate, to the formulation of positive attitudes and opinions.
 - Act as a reputable, efficient and responsible organization.

COMPANY INFORMATION

AS ON DECEMBER 31, 2014

Board of Directors

Mohammad Moonis	Chairman	Non-Executive
Shuaib Ahmed	Vice-Chairman	Non-Executive
Ozair Ahmed Hanafi	Director	Executive
Mohammed Aslam Hanafi	Director	Executive
Tariq Mohamed Amin	Director	Non-Executive
Mohammad Ali Hanafi	Director	Non-Executive
Zaeem Ahmad Hanafi	Director	Non-Executive
Zahid Zaheer	Director	Non-Executive
Zubyr Soomro	Director	Independent

Managing Director/CEO

Ozair Ahmed Hanafi

Audit Committee

Tariq Mohamed Amin	Chairman
Zahid Zaheer	Member
Zaeem Ahmad Hanafi	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

Khadim Hussain

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisor

Tahir Ali Tayebi & Co.

Bankers

Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Summit Bank Limited

Registrar and Share Transfer Office

Evolution Factor (Private) Limited
407-408, Al-Ameera Centre
Shahrah-e-Iraq, Saddar
Karachi

Phone: (92-21) 35662023-24

Registered Office

B-19/A, Irshad Qadri Road
S.I.T.E., Karachi-75700
P. O. Box 3639

Phone: (92-21) 32561124-26
Fax: (92-21) 32561320
E-mail: info@pakchem.com.pk
URL: www.pakchem.com.pk

SIX YEARS FINANCIAL HIGHLIGHTS

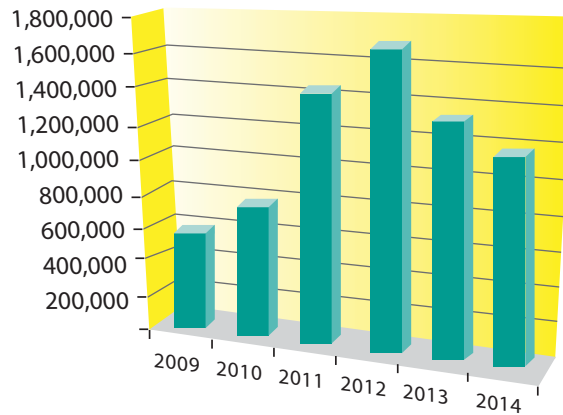
(Rupees in Thousands)

	2014	2013	2012	2011	2010	2009
Operating assets	134,801	59,524	57,557	49,110	49,185	44,955
Capital work-in-progress	6,637	81,400	30,815	317	710	4,425
Long-term Loans, Deposits & Retirement Benefits	878	862	862	778	776	776
Net current and other assets	405,411	349,925	370,360	198,929	70,534	125,133
Total assets employed	547,727	491,711	459,594	249,134	121,205	175,289
Ordinary capital	42,486	42,486	42,486	42,486	42,486	42,486
Reserves	501,635	448,581	413,931	206,648	78,719	132,803
Long term and deferred liabilities	3,606	644	3,177	-	-	-
Total funds employed	547,727	491,711	459,594	249,134	121,205	175,289
Net turnover	1,187,576	1,317,205	1,726,433	1,450,778	734,117	566,982
Profit/(Loss) before taxation	91,359	92,549	269,311	156,393	(42,426)	10,728
% of net sales	7.69	7.03	15.60	10.78	(5.78)	1.89
% of average assets employed	17.58	19.46	76.00	84.46	(28.62)	5.92
Profit / (Loss) after taxation	77,521	76,441	246,177	127,929	(49,835)	5,373
Cash dividend - amount	21,243	21,243	42,486	33,989	-	4,249
Bonus Shares - %	-	-	-	-	-	-
Right Shares - %	-	-	-	-	-	-
Cash dividend - %	50	50	100	80	-	10
Earnings/(Loss) per share Rs.	18.25	17.99	57.94	30.11	(11.73)	1.26
Break-up value	128.07	115.73	108.18	58.64	28.53	41.26
No. of shares	4,249	4,249	4,249	4,249	4,249	4,249

GRAPHICAL PRESENTATION

Sales -Net

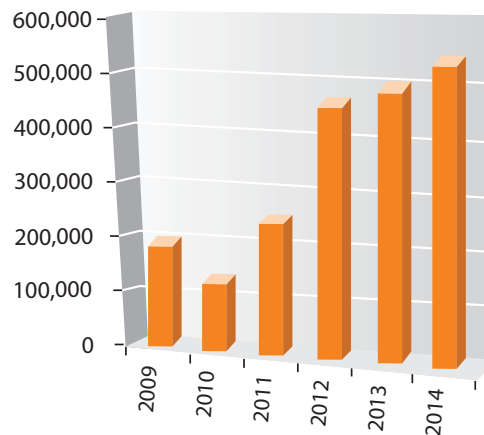
Rupees in '000



	2009	2010	2011	2012	2013	2014
■ Sales - Net	566,982	734,117	1,450,778	1,726,433	1,317,205	1,187,576

Shareholders Equity

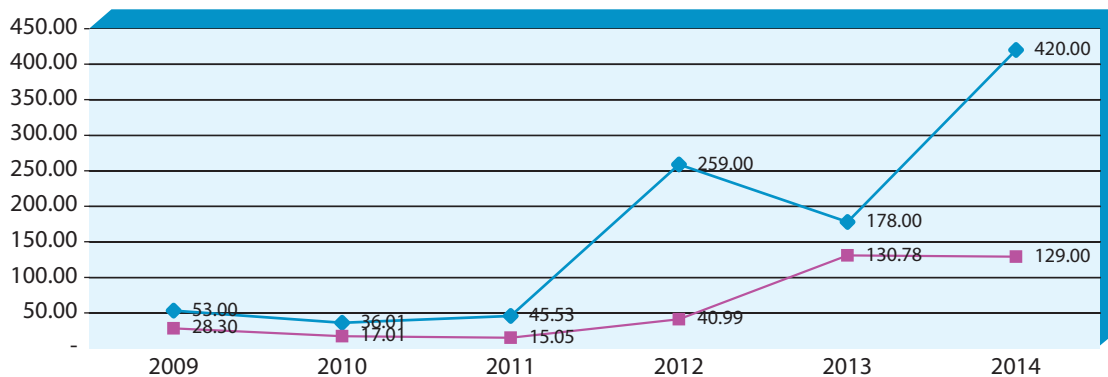
Rupees in '000



	2009	2010	2011	2012	2013	2014
■ Shareholders Equity	175,289	121,205	249,134	456,417	491,067	544,121

Share Price Movement

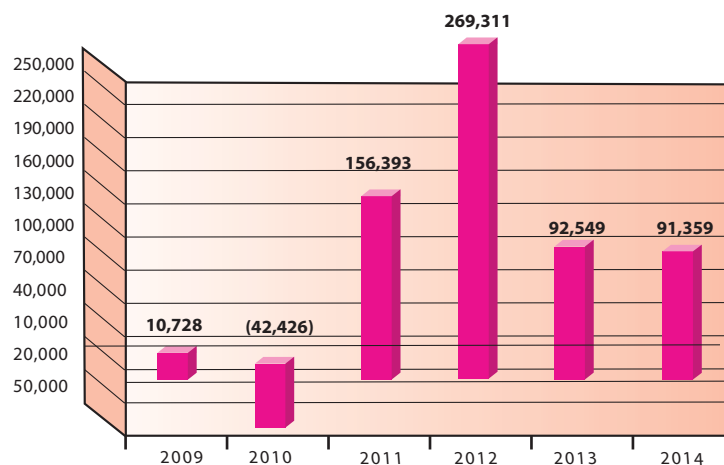
Rupees



	2009	2010	2011	2012	2013	2014
◆ High	53.00	36.01	45.53	259.00	178.00	420.00
■ Low	28.30	17.01	15.05	40.99	130.78	129.00

Profit/(loss) Before Taxation

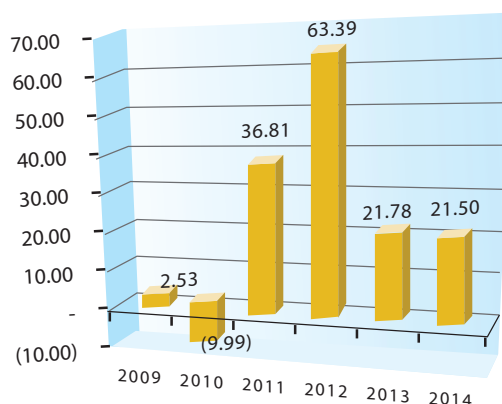
Rupees in '000



	2009	2010	2011	2012	2013	2014
Profit/(Loss) before taxation	10,728	(42,426)	156,393	269,311	92,549	91,359

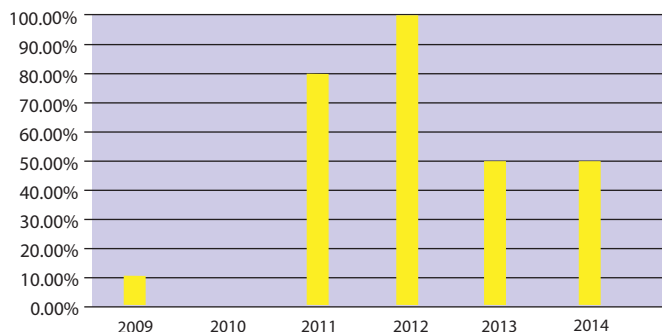
Earning/(loss) per share based on before taxation

Rupees



	2009	2010	2011	2012	2013	2014
Earning per share	2.53	(9.99)	36.81	63.39	21.78	21.50

Dividend Payout



	2009	2010	2011	2012	2013	2014
Right	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bonus Shares	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash Dividend	10.0%	0.0%	80.0%	100.0%	50.0%	50.0%

NOTICE OF MEETING

NOTICE IS HEREBY given that the 52nd Annual General Meeting of Pakistan Gum & Chemicals Limited, will be held on Thursday, 23 April, 2015 at 12:00 noon at Company's registered office, B-19/A, Irshad Qadri Road, SITE, Karachi to transact the following:

Ordinary Business

1. To receive, consider and adopt the Annual Audited Accounts for the year ended 31 December, 2014 together with the Directors' and Auditors' reports thereon.
2. To consider and approve payment of dividend at Rs.5/- per share (50%) to the shareholders for the year ended 31 December, 2014 as recommended by the Board of Directors.
3. To appoint auditors and fix their remuneration.

By Order of the Board



Khadim Hussain
Company Secretary
Karachi: 19 March, 2015

Notes:

1. The Share Transfer Books of the Company will remain closed from 16 April, 2015 to 23 April, 2015 (both days inclusive). Transfers received in order at the office of the Registrar of the Company M/s. Evolution Factor (Pvt.) Limited, 407-408, Al-Ameera Centre, Shahrah-e-Iraq, Saddar, Karachi by the close of business on 15 April, 2015 will be treated in time for the purpose of payment of dividend to the transferees, and to attend the meeting.
2. CDC shareholders are requested to bring their original CNIC, Account, Sub-Account number and participant's number in Central Depository System for identification purpose for attending the meeting. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
3. A member entitled to attend and vote at the meeting may appoint another person on his/her behalf as his/her proxy to attend, speak and vote and a proxy so appointed shall have such right with respect to attending, speaking and voting at the meeting as are available to a Member. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. A proxy need not be a member of the Company.
4. Shareholders are requested to notify any change in their addresses immediately. Moreover, the shareholders claiming exemption from Zakat are required to file their Declaration with our Share Registrar.

Submission of copies of CNIC (Mandatory):

The Securities & Exchange Commission of Pakistan (SECP) vide its SRO 779 (I)/2011 dated August 18, 2011, SRO 831(I)/2012 dated July 5, 2012 and SRO 19 (I)/2014 dated January 10, 2014 has made it mandatory that the dividend warrants should bear the Computerized Identity Card Number (CNIC) of the registered member or authorized person, except in the case of minor(s) and corporate members. Therefore, individual members or their authorized representatives who have not yet provided an attested copy of their valid CNICs to the Share Registrar are requested to provide the same at their earliest to avoid any inconvenience. The corporate entities are requested to provide their National Tax Number (NTN).

Payment of Cash Dividend Electronically:

The Company wishes to inform its shareholders that under the law they are also entitled to receive their cash dividend directly in their bank accounts instead of receiving it through dividend warrants. Shareholders wishing to exercise this option may submit their application to the Company's Share Registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank. CDC account holders should submit their request directly to their broker (participant)/CDC.

Deduction of Withholding tax on the amount of dividend:

In pursuant to the provisions of Finance Act, 2014 effective July 1, 2014, the rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 has prescribed following tax rates for payment of dividend for filer & non-filers of income tax returns:

- | | | |
|-----|--|-----|
| i. | Rate of Tax deduction for filer of income tax return | 10% |
| ii. | Rate of Tax deduction for non-filer of income tax return | 15% |

The status of deduction of withholding tax will be determined as per 'Active Taxpayer List (ATL)' available on FBR website.

In the meantime, shareholders are requested to forward their National Tax Number (NTN) and CNIC Number to our Share Registrar.

Transmission of Audited Financial Statements & Notices to members through email:

In terms of S.R.O. 787(I)/2014, SECP has allowed the circulation of Audited Financial Statements along with Notice of Annual General Meeting to the members through e-mail. Therefore, all members of the Company who wish to receive soft copy of Annual Report are requested to send their e-mail addresses. The consent form for electronic transmission could be downloaded from the Company's website www.pakchem.com.pk. Audited financial statements and reports are being placed on the aforesaid website.

CDC Account Holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

DIRECTORS' REPORT

On behalf of the Board of Directors, it gives us great pleasure to welcome you to the 52nd Annual General Meeting of the Company.

Operating Results

Net sales during the year were Rs.1,188 million as compared to Rs.1,317 million for the previous year. It may be worthwhile to mention that while sales volume increased by 62%, sales value declined by 10% due to lower price of guar products in the international market. The decrease in selling price was more than offset by lower seed price resulting in improvement in gross profit margin. Operating profit for the year decreased to Rs.96 million from Rs.102 million primarily due to exchange loss – Rs.7 million and lower interest income.

Manufacturing

Commercial production of Line-5 project commenced in February, 2014 which has increased our production capacity and is expected to decrease the production cost.

Code of Corporate Governance

As required by the Code of Corporate Governance, we are pleased to report the following:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and changes in accounting policies, if any, have been adequately disclosed. Accounting estimates are based on reasonable and prudent judgement.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure, if any, has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulation.
- There has been no significant deviation from last year in operating results of the Company.
- Key operating and financial data of last six years is annexed.
- The Company operates funded gratuity, pension and provident fund schemes. The fair value of assets based on last audited accounts of the respective funds amounted to Rs.43.9 million.
- Two directors attended and qualified Directors' Certification Training Programme during the year.
- The number of board and Committees' meetings held during the year and attendance of these meetings is as follows:

Name	Committee Members		Attendance		
	Board Audit Committee	HR & Remuneration Committee	Board Meeting	Board Audit Committee	HR & Remuneration Committee
Mr. Mohammad Moonis			5/5		
Mr. Shuaib Ahmed		√	5/5		1/1
Mr. Ozair Ahmed Hanafi			5/5		
Mr. Mohammed Aslam Hanafi			5/5		
Mr. Mohammad Ali Hanafi			5/5		
Mr. Tariq Mohamed Amin	√	√	5/5	4/4	1/1
Mr. Zaeem Ahmad Hanafi	√		4/5	3/4	
Mr. Zahid Zaheer	√	√	4/5	4/4	1/1
Mr. Zubyr Soomro *	√	√	3/4	1/2 **	

* Elected in the Extra Ordinary General meeting dated 27 March, 2014

** Mr. Zubyr Soomro appointed as member of the HR & Remuneration Committee and Audit Committee on 24 April 2014

- Trades in shares of the Company, carried out by its directors, CEO, CFO, Company Secretary and their spouses and minor children are as follows:

Description	Purchase of Shares (No.)	Sales of Shares (No.)
Directors		
- Mr. Ozair Ahmed Hanafi	1,000	500
- Mr. Mohammad Aslam Hanafi	-	5,200
- Mr. Zaeem Ahmad Hanafi	500	-
Chief Financial Officer	-	-
Company Secretary	-	-
Spouses and minor children of Directors, CFO and Company Secretary	-	-

Dividend

The Board of Directors is pleased to recommend a final cash dividend of Rs. 5/- per share.

Future Outlook

The Management is endeavoring to increase its market share and further modernize the plant to reduce production cost.

We are pleased to report that your Company has been awarded Prime Minister's Export & Innovation Trophy by Trade Development Authority of Pakistan. Your Company is the only Company in guar sector and amongst the twelve companies in Pakistan who was awarded this honour.

Appropriations

	Rupees in '000
Net Profit for the year before taxation	91,359
Provision for taxation	13,838
Net Profit for the year after taxation	77,521
Accumulated Profit/(loss) brought forward	-
	77,521
Appropriations	
Proposed Cash Dividend	(21,243)
Proposed Bonus Shares	-
Transfer to General Reserve	(56,278)
	(77,521)
Unappropriated profit carried forward	-
Basic earning per share (Rupees)	18.25

Pattern of shareholdings

The pattern of shareholdings of the Company as at December 31, 2014 is given on page 44 of this report.

Holding Company

East West Group Holdings Inc., a company incorporated in British Virgin Islands, U.K. is the primary shareholder of the Company.

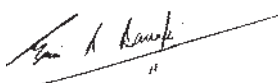
Auditors

The present auditors Messrs. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, Karachi, retire and being eligible, offer themselves for re-appointment. The Board of Directors recommends the appointment of Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, as auditors of the Company for the year ending 31 December, 2015 as suggested by the Audit Committee.

Acknowledgement

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

By order of the Board



Ozair Ahmed Hanafi
Managing Director/CEO



Mohammad Moonis
Chairman

Karachi: 19 March, 2015

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of company: PAKISTAN GUM & CHEMICALS LIMITED
Year ending: DECEMBER 31, 2014

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

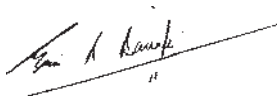
1. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors. At present the Board includes:

Category	Names
Independent Director	Mr. Zubyr Soomro
Executive Directors	Mr. Ozair Ahmed Hanafi Mr. Mohammad Asalm Hanafi
Non-Executive Directors	Mr. Mohammad Moonis Mr. Shuaib Ahmed Mr. Mohammd Ali Hanafi Mr. Tariq Mohamed Amin Mr. Zahid Zaheer Mr. Zaeem Ahmad Hanafi

The independent director meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancies arose on the Board during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. During the year two directors have completed Directors Training Course.
10. No new appointment of the Chief Financial Officer (CFO)/Company Secretary or Head of Internal Audit were made during the year.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises four members, all of whom are non-executive directors.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board had formed an HR and Remuneration Committee since before the CCG requirement, called Personnel & Compensation Committee. It comprises of four members, all of whom are non-executive directors.
18. The Board has set up effective internal audit function comprising of an auditor who is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. During the year there was no material/price sensitive information which should have been disseminated among the market participants through stock exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied.



Ozair Ahmed Hanafi
Managing Director/CEO



Mohammad Moonis
Chairman

Karachi: 19 March, 2015

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 31 December 2014 prepared by the Board of Directors of Pakistan Gum And Chemicals Limited (the Company) to comply with the Listing Regulations of the respective stock exchanges, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not to highlight any non-compliance with the requirement of code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, the Listing Regulations require the Company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, effective for the year ended 31 December 2014.

Karachi: 19 March, 2015

Ernst & Young Ford Rhodes Sidat Hyder
Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Pakistan Gum and Chemicals Limited (the Company) as at 31 December 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the change as stated in note 4.2 to the financial statements, with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Ernst & Young Ford Rhodes Sidat Hyder

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Audit Engagement Partner's Name: Omar Mustafa Ansari


Date: 19 March, 2015

Place: Karachi

BALANCE SHEET AS AT DECEMBER 31, 2014

	Note	December 31, 2014	December 31, 2013
Rupees in '000			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	141,438	140,924
Long-term deposits	6	878	862
		142,316	141,786
CURRENT ASSETS			
Stores and spares	7	8,972	8,695
Stock-in-trade	8	380,721	209,761
Trade debts	9	37,061	39,773
Loans and advances	10	1,754	838
Short-term prepayments	11	738	409
Other receivables	12	10,795	6,642
Short-term investments	13	66,073	258,062
Taxation – net		19,314	10,506
Cash and bank balances	14	13,189	3,266
		538,617	537,952
TOTAL ASSETS		680,933	679,738
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
10,000,000 (2013: 10,000,000) Ordinary shares of Rs. 10 each			
		100,000	100,000
Issued, subscribed and paid-up capital			
	15	42,486	42,486
Reserves			
	16	501,635	448,581
		544,121	491,067
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	17	-	644
Deferred taxation	18	3,606	-
CURRENT LIABILITIES			
Trade and other payables	19	132,575	186,220
Current maturity of liabilities against assets subject to finance lease	17	631	1,807
		133,206	188,027
CONTINGENCIES AND COMMITMENTS			
	20		
TOTAL EQUITY AND LIABILITIES		680,933	679,738

The annexed notes 1 to 37 form an integral part of these financial statements.



Mohammad Moonis
CHAIRMAN



Ozair Ahmed Hanafi
MANAGING DIRECTOR / CEO



Khadim Hussain
CHIEF FINANCIAL OFFICER

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	December 31, 2014	December 31, 2013
Rupees in '000			
NET SALES	21	1,187,576	1,317,205
Cost of sales	22	(1,004,685)	(1,158,199)
GROSS PROFIT		182,891	159,006
Distribution and shipping costs	23	(23,548)	(18,007)
Administrative expenses	24	(52,954)	(47,861)
Other operating expenses	25	(14,162)	(6,859)
Other operating income	26	4,372	15,403
		(86,292)	(57,324)
OPERATING PROFIT		96,599	101,682
Finance costs	27	(5,240)	(9,133)
PROFIT BEFORE TAXATION		91,359	92,549
Taxation	28	(13,838)	(16,108)
NET PROFIT FOR THE YEAR		77,521	76,441
EARNINGS PER SHARE – BASIC AND DILUTED	29	18.25	17.99

The annexed notes 1 to 37 form an integral part of these financial statements.



Mohammad Moonis
CHAIRMAN



Ozair Ahmed Hanafi
MANAGING DIRECTOR / CEO



Khadim Hussain
CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2014

	December 31, 2014	December 31, 2013
	Rupees in '000	
Net profit for the year	77,521	76,441
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial (loss) / gain on defined benefit obligation	(3,224)	695
Total comprehensive income for the year	74,297	77,136

The annexed notes 1 to 37 form an integral part of these financial statements.



Mohammad Moonis
CHAIRMAN



Ozair Ahmed Hanafi
MANAGING DIRECTOR / CEO



Khadim Hussain
CHIEF FINANCIAL OFFICER

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	December 31, 2014	December 31, 2013
Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	30	(101,229)	76,021
Income tax paid		(21,785)	(24,745)
Bonus paid		(13,737)	(24,815)
Compensated absences paid		(1,462)	(3,988)
Net cash generated (used in) / from operating activities		(138,213)	22,473
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(16,094)	(69,659)
Sale proceeds from disposal of operating fixed assets		2,573	5,696
Interest income received		3,215	11,035
Net cash used in investing activities		(10,306)	(52,928)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease obligations		(1,820)	(2,668)
Finance costs paid		(5,227)	(9,133)
Dividend paid		(21,243)	(42,486)
Net cash used in financing activities		(28,290)	(54,287)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(176,809)	(84,742)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		256,071	340,813
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	31	79,262	256,071

The annexed notes 1 to 37 form an integral part of these financial statements.



Mohammad Moonis
CHAIRMAN



Ozair Ahmed Hanafi
MANAGING DIRECTOR / CEO



Khadim Hussain
CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2014

	Share capital	Capital reserve	Revenue Reserves		Total
			General reserve	Unappropriated profit	
	-----Rupees'000-----				
Balance as at January 01, 2013	42,486	17,553	155,107	241,271	456,417
Cash dividend @ Rs. 10 per share	-	-	-	(42,486)	(42,486)
Transferred to general reserve	-	-	201,452	(201,452)	-
Net profit for the year	-	-	-	76,441	76,441
Other comprehensive income	-	-	-	695	695
Total comprehensive income for the year	-	-	-	77,136	77,136
Balance as at December 31, 2013	42,486	17,553	356,559	74,469	491,067
Cash dividend @ Rs. 5 per share	-	-	-	(21,243)	(21,243)
Transferred to general reserve	-	-	53,226	(53,226)	-
Net profit for the year	-	-	-	77,521	77,521
Other comprehensive (loss)	-	-	-	(3,224)	(3,224)
Total comprehensive income for the year	-	-	-	74,297	74,297
Balance as at December 31, 2014	42,486	17,553	409,785	74,297	544,121

The annexed notes 1 to 37 form an integral part of these financial statements.



Mohammad Moonis
CHAIRMAN



Ozair Ahmed Hanafi
MANAGING DIRECTOR / CEO



Khadim Hussain
CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a public company limited by shares in 1982 under the Companies Act, 1913 (now the Companies Ordinance, 1984). The shares of the Company are quoted on the Karachi and Lahore Stock Exchanges. Its main business activity is 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

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except for obligation under staff retirement benefits measured at present value as stated in note 19.2 to these financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Significant accounting judgments estimates and assumptions

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

(i) Staff Retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 19.2 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect gain and losses in those years.

(ii) Determining the residual values, useful life and impairment of property, plant and equipment

The Company reviews the appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. During the year the Company has changed its estimates for useful lives and residual values of plant and machinery as disclosed in note 5.2 based on an exercise. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effect on the depreciation charge and impairment.

(iii) Stock-in-trade

The Company reviews the net realisable values of stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale. Further, the stock in SILOS is estimated based on the measurements of the inventory level therein.

(iv) Taxation and deferred tax

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decisions by appellate authorities. Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Significant management judgment is required to determine the amount of deferred tax asset that can be recognized. During the year, a portion of income of the Company has fallen under normal tax regime as the proportion of local sales exceeded 20% resulting in applicability of normal tax regime for local sales and other income. Accordingly, the Company has also accounted for proportionate deferred tax as disclosed in note 18 to these financial statements. Any changes in the proportion of income falling outside final tax regime in future would materially impact the amounts recognized in this respect.

Estimates, judgments and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future event that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

4.2 Standards, amendments and interpretations adopted during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year as describe below:

Improvements to Accounting Standards Issued by the IASB

- IAS 1 - Presentation of Financial Statements – Clarification of the Requirements for Comparative Information
- IAS 16 - Property, Plant and Equipment – Clarification of Servicing Equipment
- IAS 32 - Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments
- IAS 34 - Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the financial statements.

4.3 Standards, amendments and interpretations that are not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	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
IFAS 3 - Profit and Loss Sharing on Deposits	June 12, 2013

The Company expects that the adoption of the above amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard

IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 10 - Consolidated Financial Statements	January 01, 2013
IFRS 11 - Joint Arrangements	January 01, 2013
IFRS 12 - Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 - Fair Value Measurement	January 01, 2013

The adoption of the above amendments did not have any effect on the financial statements.

4.4 Property, plant and equipment

4.4.1 Operating fixed assets

Owned

These are stated at cost less accumulated depreciation and accumulated impairment, if any.

Leasehold land is depreciated over the period of the lease. Depreciation on all other assets is charged to profit and loss account applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. The rates used are stated in note 5.1 to the financial statements.

In respect of additions and deletions of assets during the year, depreciation is charged from the month of acquisition and up to the month preceding the deletion respectively.

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are charged to profit and loss account.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognised.

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Maintenance and normal repairs are charged to income as and when incurred, whereas major renewals are capitalized to the respective item of fixed assets.

Gains and losses on disposal of fixed assets, if any, are taken to profit and loss account.

Leased

Assets subject to finance lease are stated at lower of the present value of minimum lease payments under the lease agreement and fair value of the asset. The related obligations of the lease are accounted for as liabilities. Assets acquired under finance lease are depreciated over the useful life of the assets on the same basis as of owned assets.

4.4.2 Capital work-in-progress

Capital work-in progress is stated at cost less impairment in value, if any. It consists of expenditure incurred and advances made in respect of fixed assets in the course of their erection, acquisition and installation.

4.5 Employee benefits

(a) Defined contribution plan

The Company operates an approved contributory provident fund for all permanent employees.

(b) Defined benefit plans

The Company operates the following approved funded schemes:

- (i) pension scheme for its Executives and Executive Director. Provision is made, annually, to cover obligations under the scheme, by way of a charge to profit and loss account, calculated in accordance with the actuarial valuation; and
- (ii) gratuity scheme for all permanent employees of the Company. Provision is made, annually, to cover obligations under the scheme, by way of a charge to profit and loss account, calculated in accordance with the actuarial valuation.

Actuarial gains and losses are recognized in the period in which they occur in other comprehensive income.

(c) Compensated absences

The Company provides for compensated absences of its employees on unavailed leave balances in the period in which the leave is earned on the basis of accumulated leaves and the last drawn pay.

4.6 Stores and spares

These are valued at weighted (moving) average cost less provision for slow moving and obsolete items wherever necessary.

4.7 Stock-in-trade

These are valued at the lower of cost and net realisable value, except for the by-products, which are valued at net realisable value. Cost is determined as follows:

Raw material	-	First in First Out basis
Packing material	-	Weighted average basis
Finished goods	-	Cost of direct materials and labour plus attributable overheads on First-In-First-Out basis

Provision is made for obsolete inventory based on management's judgment.

4.8 Cash and cash equivalents

There are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, bank balances and highly liquid short-term investments having a maturity of three months or less from the date of acquisition.

4.9 Trade debts and other receivables

These are recognised and carried at original invoice value less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off when identified.

4.10 Loans and advances

These are recognised at cost, which is the fair value of the consideration given. However, an assessment is made at each balance sheet date to determine whether there is an indication that a financial asset or group of assets may

be impaired. If such indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

4.11 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.12 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of the financial assets and financial liabilities are taken to profit and loss account currently.

4.13 Investments – Held-to-maturity

Held-to-maturity investment are non-derivative financial assets. Investment having fixed maturity are classified as held-to-maturity where the Company has positive intension and ability to hold the investment till maturity.

These investments are initially measured at fair value plus transactions costs. Subsequently, these are carried at amortised cost less impairment losses, if any. The amount of any discount or premium relating to these investments is amortised over a period of investment.

4.14 Taxation

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is provided using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets / liabilities are recognised for all deductible / temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit (under normal tax regime) will be available against which the deductible / taxable temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. An estimates is made for income expected to fall under normal tax regime for computation of deferred tax.

4.16 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4.17 Foreign currency transactions

The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.18 Revenue recognition

Sales are recognised on transfer of title to the customers which generally coincides with dispatch of goods to the customers.

Return on bank deposits and term deposit receipts are recognised on accrual basis.

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work-in-progress

Note	December 31, 2014	December 31, 2013
	Rupees in '000	
5.1	134,801	59,524
5.3	6,637	81,400
	<u>141,438</u>	<u>140,924</u>

5.1 Operating fixed assets

	COST			ACCUMULATED DEPRECIATION			WRITTEN DOWN
	As at January 01, 2014	Additions/ transfers from CWIP	As at December 31, 2014 (Disposals)	Rate %	Charge for the year (disposals)	As at December 31, 2014 (disposals)	As at December 31, 2014
	Rupees in '000				Rupees in '000		
DECEMBER 31, 2014							
Owned							
Leasehold land	225	-	-	1.01	2	-	111
Building on leasehold land	29,129	33,645	62,774	3 to 10	3,207	-	41,216
Plant and machinery (note 5.2)	96,253	54,456	(385)	7 & 10	6,823	(385)	79,540
Furniture and fixtures	4,462	-	4,462	10 & 15	504	-	2,557
Vehicles	9,292	1,653	(2,685)	20	1,532	(1,221)	4,922
Office equipment	12,205	1,103	13,308	10 to 33	783	-	3,344
Electrical installations	756	-	756	7 & 10	13	-	-
	152,322	90,857	(3,070)		12,864	(1,606)	131,690
Leased							
Vehicles	6,262	-	6,262	20	1,252	-	3,111
	158,584	90,857	(3,070)		14,116	(1,606)	134,801

	COST			ACCUMULATED DEPRECIATION			WRITTEN DOWN
	As at January 01, 2013	Additions/ transfers from CWIP	As at December 31, 2013 (Disposals)	Rate %	Charge for the year (disposals)	As at December 31, 2013 (disposals)	As at December 31, 2013
	Rupees in '000				Rupees in '000		
DECEMBER 31, 2013							
Owned							
Leasehold land	225	-	-	1.01	2	-	112
Building on leasehold land	23,017	-	29,129	3 to 10	1,298	-	18,351
Plant and machinery	93,411	6,112	96,253	7 & 10	5,912	-	64,346
Furniture and fixtures	1,247	96	(1)	10 & 15	291	(1)	1,401
Vehicles	8,230	3,120	(5,440)	20	1,997	(1,303)	3,027
Office equipment	11,803	6,502	-	10 to 33	642	-	9,181
Electrical installations	756	-	756	7 & 10	49	-	743
	138,689	3,300	(5,441)		10,191	(1,304)	97,161
Leased							
Vehicles	7,891	15,774	(1,629)	20	1,415	(265)	1,899
	146,580	3,300	(7,070)		11,606	(1,569)	99,060
		15,774					59,524

5.1.1 The cost of fully depreciated assets on December 31, 2014 is Rs. 48.604 (2013: Rs. 48.604) million.

5.1.2 Depreciation for the year has been allocated as follows:

	Note	December 31, 2014	December 31, 2013
Rupees in '000			
Cost of sales - manufacturing overheads	22	10,695	8,589
Administrative expenses	24	3,421	3,017
		<u>14,116</u>	<u>11,606</u>

5.1.3 The details of operating fixed assets disposed off during the year are as follows:

Description	Cost	Accumulated depreciation	Net Book Value	Sale Proceeds	Mode of Disposal	Particulars of buyers
Rupees in '000						
Plant & Machinery						
Cooker No.4 And 5	385	385	-	940	Negotiation	Mr. Ali Ahmed, Karachi
Vehicles						
Suzuki Cultus	940	364	576	652	Negotiation	Mr. Arshad (Employee)
Suzuki Alto	732	356	376	446	Negotiation	Mr. Mohammad Bashir (Employee)
Suzuki Cultus	967	499	467	496	Negotiation	Mr. Asghar Hussain (Employee)
Unique Motorcycle	46	2	44	39	Negotiation	Insurance claim Jubilee General Insurance
December 31, 2014	<u>3,070</u>	<u>1,606</u>	<u>1,463</u>	<u>2,573</u>		
December 31, 2013	<u>7,070</u>	<u>1,569</u>	<u>5,501</u>	<u>5,696</u>		

5.2 During the year, the Company has revised its accounting estimate regarding the useful lives and residual values of plant and machinery. Based on a comprehensive exercise, individual residual values have been assigned. The said assets would now be depreciated at the rate of 7 to 10 percent representing the remaining expected useful economic life.

The revision in useful life and residual value of plant and machinery would result in more accurate reflection of depreciation charge over the useful lives of the related assets. The above change has been accounted for as change in accounting estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Had there been no change in the aforesaid accounting estimate, profit for the year would have decreased by Rs. 1.72 million whereas carrying value of property, plant and equipment of the Company would have been lower by the same amount.

5.3 Capital work-in-progress

	December 31, 2014	Additions	(Transfers)	December 31, 2013
Rupees in '000				
Building on leasehold land	13	3,684	(33,645)	29,974
Plant and machinery (note 5.2)	6,624	9,654	(54,456)	51,426
Vehicles	-	1,653	(1,653)	-
Office equipment	-	1,103	(1,103)	-
	<u>6,637</u>	<u>16,094</u>	<u>(90,857)</u>	<u>81,400</u>

	December 31, 2014	December 31, 2013
Note	Rupees in '000	
6. LONG-TERM DEPOSITS		
Utilities	757	757
Others	121	105
	<u>878</u>	<u>862</u>
7. STORES AND SPARES		
Stores and spares	13,732	12,416
Provision against slow moving stores and spares	7.1 (4,760)	(3,721)
	<u>8,972</u>	<u>8,695</u>
7.1 Provision against slow moving stores and spares		
Balance at the beginning of the year	3,721	2,618
Provision made during the year	22 1,039	1,103
	<u>4,760</u>	<u>3,721</u>
8. STOCK-IN-TRADE		
Raw material	129,291	139,340
Packing material	4,382	2,632
Finished goods	8.1 247,048	67,789
	<u>380,721</u>	<u>209,761</u>
8.1	Includes stock-in-trade carried at net realizable value amounting to Rs. 54.281 million (2013: Rs.8.138 million).	
9. TRADE DEBTS		
Considered good		
Secured – against letter of credit	32,515	33,233
Unsecured	4,546	6,540
	<u>37,061</u>	<u>39,773</u>
Considered doubtful		
Unsecured	208	287
Provision against doubtful debts	9.1 (208)	(287)
	-	-
	9.2 & 9.3 <u>37,061</u>	<u>39,773</u>
9.1 Reconciliation of provision for impairment of trade debts is as follows		
Balance at the beginning at the year	287	287
Reversal during the year	24 (79)	-
Balance at the end of the year	<u>208</u>	<u>287</u>

9.2 As at December 31, 2014, the ageing analysis of unimpaired trade debts is as follows:

	Total	Neither Past due nor impaired	Past due but not impaired		
			1-60 days	61-120 days	Above 120 days
	Rupees in '000				
	(Note 9.2)				
2014	37,061	33,611	3,450	-	-
2013	39,773	37,588	2,172	-	13

9.3 Included herein an amount of Rs. 0.335 (2013: Rs. 0.351 million) due to a related party, which is neither past due nor impaired.

	Note	December 31, 2014	December 31, 2013
10. LOANS AND ADVANCES			
Rupees in '000			
Loans - secured			
Employees	10.1	364	481
Advances - unsecured, considered good			
Employees		1,271	52
Suppliers		119	305
		1,754	838
10.1 These loans are granted in accordance with the terms of their employment and are secured against their retirement benefit balances and personal guarantees of employees. These loans are recoverable in monthly installments over a period not exceeding one year and carrying an interest charge ranging up to 16% per annum.			
11. SHORT-TERM PREPAYMENTS			
Fees and subscription		725	403
Others		13	6
		738	409
12. OTHER RECEIVABLES			
Sales tax		10,098	6,022
Receivable from employees' gratuity fund		697	697
Receivable from employees' pension fund		-	767
Others		-	508
		10,795	7,994
Provision against doubtful receivables		-	(1,352)
		10,795	6,642
13. SHORT-TERM INVESTMENTS – held to maturity			
Term Deposit Receipts	13.1	66,073	258,062

13.1 These carry return at rates ranging between 9.0% and 9.5% (2013: 8.5% and 9.5%) per annum, maturing latest by November 27, 2014. Accrued return of Rs. 0.95 Million (2013: Rs. 2.944 million) is included herein.

14. CASH AND BANK BALANCES

	December 31, 2014	December 31, 2013
	Rupees in '000	
In hand		
Local currency	181	93
At banks in		
Current accounts		
Local currency	4,368	1,032
Foreign currency	129	784
	4,497	1,816
Savings accounts – local currency	8,511	1,357
	13,189	3,266

14.1 These carry interest rates, ranging between 5% and 7% (2013: 4.5% and 5.5%) per annum.

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Number of Shares			December 31, 2014	December 31, 2013
2014	2013		Rupees in '000	
3,634,092	3,634,092	Ordinary shares of Rs. 10 each, fully paid in cash	36,341	36,341
614,460	614,460	Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	6,145	6,145
<u>4,248,552</u>	<u>4,248,552</u>		<u>42,486</u>	<u>42,486</u>

15.1 East West Group Holding Inc., British Virgin Island - the Parent Company, held 2,549,131 (60%) [2013: 2,549,131 (60%)] Ordinary shares of Rs. 10 each as at December 31, 2014.

16. RESERVES

	December 31, 2014	December 31, 2013
	Rupees in '000	
Capital reserve		
Share premium on issue of ordinary shares	17,553	17,553
Revenue reserves		
General	409,785	356,559
Unappropriated profit	74,297	74,469
	484,082	431,028
	<u>501,635</u>	<u>448,581</u>

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The Company has entered into a finance lease agreement with a bank in respect of vehicles. The rate of returns used as the discounting factor is one year's KIBOR plus 2% per annum. The amount of future lease payments together with the present value of the minimum lease payments and the periods during which they fall due are as follows:

	2014		2013	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	Rupees in '000			
Within one year	653	631	2,044	1,807
After one year but not more than five years	-	-	666	644
Total minimum lease payments	653	631	2,710	2,451
Finance charges allocated to future periods	(22)	-	(259)	-
Present value of minimum lease payments	631	631	2,451	2,451
Current maturity shown under current liabilities	(631)	(631)	(1,807)	(1,807)
	-	-	644	644

18. DEFERRED TAXATION

Deferred tax liability on taxable temporary difference

- Accelerated tax depreciation allowance

Deferred tax asset on deductible temporary differences

- Provision for stores and spares
- Provision for doubtful debts and receivables

Temporary differences not expected to reverse in view of applicability of final tax regime

Note	December 31, 2014	December 31, 2013
	Rupees in '000	
	14,795	-
	(1,571)	-
	(69)	-
	(1,640)	-
	13,155	-
	(9,549)	-
	3,606	-

18.1 In previous years, deferred tax was not accounted for as total income of the company fell under final tax regime.

19. TRADE AND OTHER PAYABLES

Creditors		68,708	132,591
Accrued liabilities	19.1	11,893	10,099
Employees' Pension Fund	19.2	25	-
Employees' Gratuity Fund	19.2	9,763	6,429
Compensated absences		3,146	2,109
Bonus to employees		16,800	14,000
Advances from customers		68	93
Workers' Profits Participation Fund	19.4	4,912	4,970
Workers' Welfare Fund		12,542	10,576
Tax deducted at source		315	246
Unclaimed dividends		1,220	813
Employees' car and motorcycle loan schemes		3,183	4,294
		132,575	186,220

19.1 Included herein an aggregate sum of Rs. 0.333 million (2013: Rs. 1.012 million) due to related parties.

19.2 The status of the funds as of December 31, 2014 were as follows:

	Pension Fund		Gratuity Fund	
	2014	2013	2014	2013
	Rs. in '000		Rs. in '000	
Balance sheet reconciliation as at December 31, 2014				
Present value of defined benefit obligation	17,835	14,731	17,233	14,179
Fair value of plan assets	(17,810)	(15,498)	(7,470)	(7,750)
Net liability / (asset) in balance sheet	25	(767)	9,763	6,429
Movement in (asset) / liability				
(Receivable) / payable balance as at January 01, 2014	(767)	1,123	6,429	4,678
Charge for the year	432	819	2,603	1,677
Other comprehensive (income) / loss	(1,172)	(1,310)	1,692	615
Contribution during the year	1,532	(1,399)	(961)	(541)
Payable / (Receivable) as at December 31, 2014	25	(767)	9,763	6,429
Expense recognized				
Service cost	608	770	1,830	1,170
Interest cost	(176)	49	773	507
	432	819	2,603	1,677
Movement in the defined benefit obligation				
Obligation as at January 01, 2014	14,731	15,800	14,179	11,986
Service cost	608	770	1,830	1,170
Interest cost	1,839	1,736	1,722	1,342
Benefits paid	(1,172)	(1,399)	(1,873)	(633)
Actuarial loss / (gain) recognized	1,829	(2,176)	1,375	314
Obligation as at December 31, 2014	17,835	14,731	17,233	14,179
Movement in fair value of plan assets				
Fair value as at January 01, 2014	15,498	14,677	7,750	7,308
Expected return on plan assets	2,014	1,688	948	835
Employer contributions	1,172	1,399	962	541
Benefits paid	(1,172)	(1,399)	(1,873)	(633)
Actuarial gain / (loss) recognized	298	(867)	(317)	(301)
Fair value as at December 31, 2014	17,810	15,498	7,470	7,750
Key actuarial assumptions used are as follows:				
Discount factor used		11.50%		13.00%
Expected rate of returns per annum on plan assets		11.50%		13.00%
Expected rate of increase in future salaries per annum		11.50%		13.00%
Plan assets comprise of:				
funded pension plan				
Special Savings Certificates	587	3.3	12,388	79.93
Equity securities	17,124	96.1	2,185	14.1
Cash and net current assets	99	0.6	925	5.97
	17,810	100	15,498	100
funded gratuity plan				
Special Savings Certificates	7,427	99.4	7,448	96.1
Cash and net current assets	43	0.6	302	3.9
	7,470	100	7,750	100

Comparison for five years:

	2014	2013	2012	2011	2010
Rupees in '000					
Funded pension plan					
Present value of defined benefit Obligation	17,835	14,731	15,800	15,577	13,376
Fair value of plan assets	(17,810)	(15,498)	(14,677)	(11,407)	(10,504)
Deficit / (surplus)	25	(767)	1,123	4,170	2,872
Experience adjustment					
Actuarial loss / (gain) on obligation	1,829	(2,176)	(665)	1,312	820
Actuarial gain / (loss) on plan assets	298	(867)	1,844	(568)	(217)
Funded gratuity plan					
Present value of defined benefit Obligation	17,233	14,179	11,986	9,629	8,295
Fair value of plan assets	(7,470)	(7,750)	(7,308)	(7,615)	(7,506)
Deficit	9,763	6,429	4,678	2,014	789
Experience adjustment					
Actuarial loss / (gain) on obligation	1,375	(314)	2,595	1,010	(282)
Actuarial loss on plan assets	(317)	(301)	(60)	(23)	(1,160)

19.3 The latest actuarial valuation of the Funds was carried out as of December 31, 2014 on the basis of the "Projected Unit Credit Method".

	Note	December 31, 2014	December 31, 2013
Rupees in '000			
194 Workers' Profits Participation Fund			
Balance at the beginning of the year		4,970	14,345
Allocation for the year	25	4,912	4,970
		9,882	19,315
Interest on Workers' Profits Participation Fund	27	185	284
Payment made during the year		(5,155)	(14,629)
		4,912	4,970

20. CONTINGENCIES AND COMMITMENTS
20.1 Contingencies

20.1.1 The former employees of the Company have filed law suits against the Company, claiming an aggregate sum of Rs.9.031 million on various accounts. The management is confident, based on the advice of its legal counsel that the same is not likely to result in any financial loss to the Company. Therefore, no provision has been made in these financial statements in this regard.

20.1.2 During the tax assessment year 2002-2003, the Taxation Officer did not allow commission expenses, amounting to Rs.1.815 million, in the calculation of taxable income. The Company has filed a rectification application in this regard. Based on the legal advice from the Tax Consultant, the management is of the view that the final outcome of the above referred matter will be in favour of the Company and, hence, no provision has been made for any liability that may arise as a result of this matter in these financial statements.

	Note	December 31, 2014	December 31, 2013
Rupees in '000			
20.2 Commitments			
20.2.1 Commitment for capital expenditure		2,251	2,251
21. NET SALES			
Gross sales			
Local		329,257	214,352
Export		865,073	1,109,052
		1,194,330	1,323,404
Sales commission		(6,292)	(4,816)
Discounts		(462)	(1,383)
		(6,754)	(6,199)
		1,187,576	1,317,205
22. COST OF SALES			
Raw material consumed			
Opening stock		139,340	-
Purchases		958,688	1,205,581
		1,098,028	1,205,581
Closing stock		(129,291)	(139,340)
		968,737	1,066,241
Packing material consumed			
Opening stock		2,632	2,764
Purchases		18,227	6,798
		20,859	9,562
Closing stock		(4,382)	(2,632)
		16,477	6,930
		985,214	1,073,171
Manufacturing overheads			
Stores and spares consumed		10,263	5,436
Salaries, wages and benefits	22.1	48,942	38,087
Provision against slow moving stores and spares	7.1	1,039	1,103
Utilities		101,772	52,375
Depreciation	5.1.2	10,695	8,589
Repairs and maintenance		3,708	4,203
Handling charges		9,996	2,741
Rent, rates and taxes		5,693	2,306
Insurance		1,030	1,030
Traveling and conveyance		2,291	1,907
Laboratory expenses		659	139
Research and development		2,099	1,424
Communication		163	113
Others		380	299
		198,730	119,752
Cost of goods manufactured		1,183,944	1,192,923
Opening stock of finished goods		67,789	33,065
		1,251,733	1,225,988
Closing stock of finished goods		(247,048)	(67,789)
		1,004,685	1,158,199

22.1 Included herein is a sum of Rs. 1.510 million and Rs. 0.073 million (2013: Rs. 1.219 million and Rs. 0.062 million) in respect of employees' gratuity fund and employees' pension fund respectively.

	Note	December 31, 2014	December 31, 2013
Rupees in '000			
23. DISTRIBUTION AND SHIPPING COSTS			
Sales promotion expenses		1,044	2,203
Freight expenses		13,910	9,553
Port expenses		7,514	4,988
Marine insurance		1,080	1,263
		23,548	18,007

24. ADMINISTRATIVE EXPENSES

Salaries and benefits	24.1	35,688	32,527
Travelling and conveyance		3,273	3,493
Depreciation	5.1.2	3,421	3,017
Communication		2,058	2,104
Security service charges		979	1,021
Repairs and maintenance		435	287
Insurance		352	419
Printing and stationery		1,138	1,065
Auditors' remuneration	24.2	665	526
Subscriptions		1,451	844
Legal and professional charges		2,024	1,401
Entertainment		1,037	726
(Reversal) / provision against debts considered doubtful	9	(79)	-
Rent, rates and taxes		170	114
Advertisement		153	77
Others		189	240
		52,954	47,861

24.1 Included herein is a sum of Rs. 1.093 million and Rs. 0.358 million (2013: Rs. 0.449 million and Rs. 0.148 million) in respect of employees' gratuity fund and employees' pension fund respectively.

24.2 Auditors' remuneration

Audit fee	360	360
Fee for half yearly review	63	60
Fee for Code of Corporate Governance and other certificates	88	15
Out of pocket expenses	154	91
	665	526

25. OTHER OPERATING EXPENSES

Workers' Profits Participation Fund	19.4	4,912	4,970
Workers' Welfare Fund		1,965	1,889
Exchange Loss		7,285	-
		14,162	6,859

	Note	December 31, 2014	December 31, 2013
Rupees in '000			
26. OTHER OPERATING INCOME			
Interest / return on:			
Term deposit receipts		2,284	9,537
Bank deposits		932	1,815
Loans to employees		46	85
		3,262	11,437
Gain on sale of fixed assets		1,110	194
Exchange gain		-	3,772
		4,372	15,403
27. FINANCE COSTS			
Interest / mark-up on:			
Short-term borrowings		1,738	5,746
Lease financing		236	588
Workers' Profits Participation Fund	19.4	185	217
Car loan		-	67
		2,159	6,618
Bank charges		3,081	2,515
		5,240	9,133
28. TAXATION			
Current - net		10,232	16,108
Deferred		3,606	-
		13,838	16,108
December 31, 2014			
Rupees in '000			
Reconciliation between tax expense and accounting profit			
Accounting profit for the year before taxation	28.2		91,359
Tax at applicable rate of 33%			30,148
Tax effects of:			
Income under final tax regime			(12,751)
Deferred tax not recognized earlier			678
Tax credit under section 65B			(5,446)
Apportionment of expenses			1,209
Tax charge for the year			13,838
28.1 In previous year, the relationship between tax expenses and accounting profit had not been presented, as the total income of the Company fell under the final tax regime.			
28.2 The income tax assessments of the Company have been finalized up to and including the tax year 2014, corresponding to the income year ended December 31, 2013.			

29. EARNINGS PER SHARE – BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	December 31, 2014	December 31, 2013
	Rupees in '000	
Net profit for the year	77,521	76,441
	Number of shares	
Ordinary shares in issue during the year	4,248,552	4,248,552
	Rupees in '000	
Earnings per share – basic and diluted	18.25	17.99

30. CASH GENERATED FROM OPERATIONS

	December 31, 2014	December 31, 2013
	Rupees in '000	
Profit before taxation	91,359	92,549
Adjustments for non-cash items		
Depreciation	14,116	11,606
Finance costs	5,240	9,133
Provision for compensated absences	2,536	2,821
Provision for bonus	16,500	13,815
Provision for slow moving stores and spares	1,039	1,103
Provision against doubtful receivable	(79)	-
Provision against debt considered doubtful	-	-
Gain on disposal of fixed assets	(1,110)	(194)
Interest income	(3,262)	(11,437)
	34,980	26,847
Operating profit before working capital changes	126,339	119,396
Working capital changes	(227,568)	(43,375)
	(101,229)	76,021

30.1 Working capital changes

(Increase) / decrease in current assets		
Stores and spares	(277)	3,071
Stock-in-trade	(170,960)	(173,933)
Trade debts	2,712	(2,988)
Loans and advances	(916)	4,029
Short-term prepayments	(329)	6
Other receivables	(4,153)	(6,060)
	(173,923)	(175,875)
(decrease) / Increase in current liabilities		
Trade and other payables	(53,645)	132,500
	(227,568)	(43,375)

	Note	December 31, 2014	December 31, 2013
Rupees in '000			
31. CASH AND CASH EQUIVALENTS			
Cash and bank balances	14	13,189	3,266
Term deposit receipts – maturity of three months or less		66,073	252,805
		79,262	256,071

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

32.1 The aggregate amounts charged in the financial statements for the year are as follows:

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2014	2013	2014	2013	2014	2013
Rupees in '000						
Managerial remuneration	2,129	1,935	4,408	4,967	4,484	3,194
Housing	958	871	904	1,155	1,630	1,092
Retirement benefits	-	-	167	149	157	101
Bonus	1,161	2,903	1,825	3,619	1,677	2,402
Medical expenses	164	101	311	271	561	82
Utilities	213	194	201	257	362	243
	4,625	6,004	7,816	10,418	8,871	7,114
Number	1	1	2	3	6	5

32.2 The Chief Executive and a Director are also provided with the Company maintained cars in accordance with their terms of employment.

32.3 Seven Non-Executive Directors (2013: Six) were paid fees to attend the meetings, aggregating Rs. 0.820 (2013: Rs. 0.480 million).

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. market risk, credit risk and liquidity risk. The Company's senior management provides policies for overall risk management, as well as policies covering specific areas.

The Board of Directors reviews and agrees policies for managing risks which are summarised below:

33.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency risk, interest rate risk and equity price risk.

33.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. As of the balance sheet date, the Company is not materially exposed to such risk.

33.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company is mainly exposed to such risk in respect of foreign currency trade debts amounting to Rs. 32.515 million (2013: Rs. 33.233 million).

Management of the Company estimates that 1% increase in the exchange rate, with all other factors remaining constant, would increase the Company's profit by Rs. 0.377 million (2013: Rs. 0.377 million) and 1% decrease would result in decrease in the Company's profit by the same amount.

33.1.3 Equity price risk

Equity price risk is the risk of loss arising from movements in prices of equity investments. The Company is not exposed to any equity price risk, as the Company does not have any investment in equity shares.

33.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Out of the total financial assets of Rs. 129.610 (2013: Rs. 309.852) million, the financial assets which are subject to credit risk amounted to Rs. 9.962 (2013: Rs. 42.946) million. The Company's credit risk is primarily attributable to its trade debts and bank balances. The Company manages its credit risk in respect of trade debts by securing through letter of credits. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

	Note	December 31, 2014	December 31, 2013
Rupees in '000			
33.2.1 Trade debts			
Customers with no defaults in the past one year	9.2	37,061	39,773
33.2.2 Bank balances			
A-1+		3,735	1,409
A1+		8,921	1,611
A1		30	110
A-3		-	44
A-2		321	-
		13,007	3,174

33.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Rupees in '000					
Liabilities against assets subject to finance lease	-	228	403	-	631
Trade and other payables	24,340	22,063	68,708	-	115,111
2014	<u>24,340</u>	<u>22,291</u>	<u>69,111</u>	<u>-</u>	<u>115,742</u>

	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Rupees in '000					
Liabilities against assets subject to finance lease	-	517	1,290	644	2,451
Trade and other payables	21,217	16,867	132,591	-	170,675
2013	<u>21,217</u>	<u>17,384</u>	<u>133,881</u>	<u>644</u>	<u>173,126</u>

Effective interest / yield rates for the financial liabilities are mentioned in the respective notes to the financial statements.

33.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

33.5 Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company is currently financing majority of its operations through equity and working capital. The capital structure of the Company is equity based with no financing through long-term borrowings.

34. TRANSACTIONS WITH RELATED PARTIES

The related party of the Company comprise of parent company, associates, retirement funds, directors and key management personnel of the Company. Amounts due from and to related parties, amounts due from executives and remuneration of directors and executives are disclosed in the relevant notes.

Other material transactions with related parties are given below:

	December 31, 2014	December 31, 2013
	Rupees in '000	
Parent Company		
East West Group Holding Inc.		
Dividend paid	12,750	25,492
Associates		
Orkila Pakistan (Private) Limited		
Sale of goods	4,245	3,494
Commission on sales	3,040	2,558
Shipwell (Private) Limited		
Commission on sales	2,778	1,629
IAL Pakistan (Private) Limited		
Freight expenses	1,400	748

35. DIVIDEND AND APPROPRIATION

In the meeting held on 19th March 2015, the Board of Directors of the Company recommended (i) a final cash dividend of Rs. 5 per share for the year ended December 31, 2014 and (ii) the transfer of Rs. 56.28 million from unappropriated profit to general reserve, for approval of the members at the Annual General Meeting to be held on 23rd April 2015.

36. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 19th March 2015, by the Board of Directors of the Company.

37. GENERAL

37.1 Amounts have been rounded off to the nearest thousand rupees.

	Un-audited December 31, 2014	Un-audited December 31, 2013
	Rupees in '000	
37.2 Provident fund		
Size of the trust	20,327	20,042
Cost of investments made	20,000	20,000
Fair value of investments made	20,000	20,000
Percentage of investment made	99.70%	99.79%

	2014		2013	
	Investment Rupees	% of investment as size of the fund	Investment Rupees	% of investment as size of the fund
Break-up of investments (as per section 227 of the Companies Ordinance, 1984)				
Special Saving Certificates	20,000	99.70%	20,000	99.79%

Investments out of provident fund have been made in accordance with the provision of the section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 8.33% of basic salary and cost of living allowance.

- 37.3** The total number of employees at the year-end were 83 (2013: 85) and average number of employees during the year were 84 (2013: 85).
- 37.4** Because of nature of products and variations, it is impracticable to determine the production capacity of the plant.



Mohammad Moonis
CHAIRMAN



Ozair Ahmed Hanafi
MANAGING DIRECTOR / CEO



Khadim Hussain
CHIEF FINANCIAL OFFICER

PATTERN OF SHAREHOLDINGS

AS AT DECEMBER 31, 2014

	SIZE OF HOLDING Rs.10/- EACH	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE OF ISSUED CAPITAL
1	- 100	195	7,366	0.17
101	- 500	185	46,552	1.10
501	- 1,000	40	31,766	0.75
1,001	- 5,000	36	64,878	1.53
5,001	- 10,000	13	93,177	2.19
10,001	- 15,000	1	10,800	0.25
15,001	- 20,000	1	18,101	0.43
30,001	- 35,000	1	30,900	0.73
35,001	- 40,000	2	73,000	1.72
40,001	- 45,000	2	82,926	1.95
65,001	- 70,000	1	68,585	1.61
90,001	- 95,000	1	90,750	2.14
95,001	- 100,000	1	97,057	2.28
200,001	- 205,000	1	200,904	4.73
325,001	- 330,000	1	329,725	7.76
450,001	- 455,000	1	452,934	10.66
2,500,001	- 3,000,000	1	2,549,131	60.00
		<u>483</u>	<u>4,248,552</u>	<u>100.00</u>

ADDITIONAL INFORMATION

CATEGORY NO.	CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARES HELD	PERCENTAGE %
1	Individual	692,508	16.30
2	Joint Stock Companies	139,123	3.27
3	Directors, Chief Executive Officer, their Spouse and Minor Children		
	i. Mr. Mohammad Moonis	200,904	4.73
	ii. Mr. Shuaib Ahmed	452,934	10.66
	iii. Mr. Ozair Ahmed Hanafi	2,559	0.06
	iv. Mr. Mohammad Ali Hanafi	1,600	0.04
	v. Mr. M. Aslam Hanafi	49,976	1.18
	vi. Mr. Zaem A. Hanafi	500	0.01
	vii. Mr. Zahid Zaheer	1,000	0.02
	viii. Mr. Zubyr Soomro	500	0.01
	ix. Mrs. Kehkashan Hanafi	7,260	0.17
4	Associated Company	2,549,131	60.00
5	Banks, DFIs, NBFIs, Insurance Companies, Investment Cos., Modarbas & Mutual Fund	143,297	3.37
6	Charitable Trust	7,260	0.17
	Total	4,248,552	100.00

Shareholders holding 10% or more voting interest

East West Group Holdings Inc.	2,549,131	60.00
Mr. Shuaib Ahmed	452,934	10.66

PROXY FORM

52nd ANNUAL GENERAL MEETING OF THE COMPANY

I, We _____ (Name)

of _____ (Address)

being a member of PAKISTAN GUM & CHEMICALS LIMITED and holder of _____
Ordinary Shares as per Register Folio No./CDC Participant's ID and Account No. _____

hereby appoint _____ (Name)

Of _____ (Address)

as my / our proxy to vote for me / us and on my / our behalf at the 52nd **ANNUAL GENERAL MEETING** of the Company to be held on Thursday, the 23rd of April, 2015 and at any adjournment thereof.

Signed by me / us this _____ Day of _____ 2015

Signature of Proxy

Witness: _____
(Signature)

Name: _____

Address: _____

Note:

1. The proxy in order to be valid must be signed across five rupees revenue stamp and should be deposited with the Company not later than 48 hours before the time of holding the meeting.
2. CDC Shareholders and their proxies must attach either an attested photocopy of their CNIC or Passport with this Proxy Form.

Signature on
Revenue Stamp

Signature of Shareholder must be in
accordance with the Specimen
signature registered with the company



PAKISTAN GUM & CHEMICALS LIMITED

1963 - 2014

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