

3RD QUARTER REPORT 2018 (Ended June 2018)



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COMPANY INFORMATION

Chairman	• Dr S Mubarik Ali	
Directors	• Mujtaba Rahim • Hans Lourens • M Veqar Arif • Roland Waibel • Marcos Furrer • Shahid Ghaffar • Yasmin PeerMohammad	(Alternate: Naveed Kamil)
Company Secretary	• M Veqar Arif	
Management Committee	• Mujtaba Rahim • Qazi Naeemuddin • Muhammad Altaf	• M Veqar Arif • Naveed Kamil • Muhammad Haroon
Audit Committee	• Yasmin PeerMohammad • Hans Lourens • Shahid Ghaffar • M Irfan Lakhani	- Chairman (Alternate: Naveed Kamil) - Secretary
Human Resources and Remuneration Committee	• Dr S Mubarik Ali • Mujtaba Rahim • Marcos Furrer • Naveed Kamil	- Chairman - Secretary
Bankers	• Bank Al Habib Limited • Habib Bank Limited • Meezan Bank Limited • National Bank of Pakistan • Standard Chartered Bank (Pakistan) Limited	
Auditors	• KPMG Taseer Hadi & Co. Chartered Accountants	
Legal Advisors	• RIAA Barker Gillette	
Share Registrars	• FAMCO Associates (Pvt) Limited 8-F, Next to Hotel Faran, Nursery Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi	
Registered Office	• 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi	
Factories	• Petaro Road, Jamshoro • LX-10, LX-11 Landhi Industrial Area, Karachi.	
Sales & Marketing Offices	• Katar Bund Road, Off. Multan Road, Thokar Niaz Baig, Lahore • Canal Road, Abdullah Pur, Faisalabad • House # 78, Block S, Masoom Shah Road, Gulistan Chowk, Near Multan.	
Website	• www.archroma.com.pk	
E-mail	• archroma.pakistan@archroma.com	

REPORT OF BOARD OF DIRECTORS

The Directors' are pleased to present their report for the third quarter ended 30 June 2018, together with condensed interim financial information of the Company for the nine months ended 30 June 2018.

BOARD CHANGES

Consequent to resignation of Ms. Rahat Kaunain Hassan nominee of Archroma Textiles S.a.r.l from the Board, Ms. Yasmin Peer Mohammad has been appointed as director of the Company w.e.f. 30 July 2018 to fill in the casual vacancy for the remainder of the term.

Composition of Board

Total numbers of directors:

a) Male	07
b) Female	01

Composition:

i) Independent Directors	02
ii) Other Nonexecutive Directors	04
iii) Executive Directors	02

BUSINESS OVERVIEW

The economic and business situation remained thought-provoking during the 3rd quarter. The Management is continue to focus on strengthening of its commercial efforts on "owning and winning share of the customer" and acting as business people by value price our proposition and ensure that the company serve the customer well through good forecasting and collect cash in time!, optimizing operational excellence and kept eyes on uncertain economic conditions

specialy fluctuation in rupee dollar parity, to have nurturing sales and profitability. Your companystriving hard to manage challenging situation created by currency fluctuation during this fiscal year coupled with unstable raw material prices and increasing interest rates, which are clearly reflecting in our fretted gross profit and net profit, respectively. We have seen slow but steady progress on pricing mechanism to combat the adverse effects on businesses.

Besides challenging business situation during this period the company managed the increased sales of Rs. 10,445 million as compared to Rs. 9,036 million for the same period last year. Sales growth has been contributed by business line Paper & Packaging by 43.0%, Brand & Performance Textile Specialty by 15.6% and Coating Adhesives & Sealants by 3.3%. As compared to last year the profitability for the year has been impaired by increase in royalty by Rs. 306 million and exchange loss of Rs. 216 million.

FUTURE OUTLOOK

The Management is continuously focusing on customer intimacy and system selling to overcome prevailing uncertainties in economy and businesses, to minimize adverse effect on the company's profitability. Despite the highest ever effects of devaluation of rupee and increasing cost of doing business the main challenges for the business in coming months, your company continue to remain optimistic about the business growth and confident enough to achieve the desired results with our conjunctive efforts and will strive hard to have a decent finish of the Financial Year 2018.

On behalf of the Board



Mujtaba Rahim
Chief Executive Officer



M Veqar Arif
Director

Karachi: 30 July 2018

ڈالر کے درمیان اتار چڑھاؤ پر اور آپریشنل صلاحیت میں اضافہ کر رہی ہے تاکہ سیلز اور منافع بڑھایا جاسکے۔ آپ کی کمپنی ان سخت حالات میں خود کو برقرار رکھنے کی جدوجہد کر رہی ہے جو رواں مالی سال کے دوران کرنسی کے اتار چڑھاؤ اور خام مال کی غیر مستحکم قیمتوں اور شرح سود میں اضافے کی وجہ سے پیدا ہوئے ہیں، یہ جدوجہد ہمارے گراس پرافٹ اور نیٹ پرافٹ میں واضح طور پر دکھائی دیتی ہے۔ ہم نے کاروبار پر مرتب ہونے والے برے اثرات سے لڑنے کے لیے قیمتوں کے طریقہ کار پر سست لیکن تسلسل کے ساتھ پیش رفت کی ہے۔

رواں مدت کے دوران مشکل کاروباری حالات کے باوجود کمپنی کی انتظامیہ سیلز میں اضافہ کرنے میں کامیاب رہی جو 10,445 ملین روپے رہی ہیں، جبکہ گزشتہ سال اسی مدت کے دوران سیلز 9,036 ملین روپے تھے۔ سیلز میں اضافہ پیپر اینڈ ٹیکنیکل میں 43.0 فیصد، برانڈ اینڈ پرفارمنس ٹیکنیکل اسٹریٹجی میں 15.6 فیصد اور کوئٹک اڈھیسو ز اینڈ پیلٹس میں 3.3 فیصد رہا۔

گزشتہ سال کے مقابلے میں رواں سال کا منافع رانٹھٹی میں 306 ملین روپے اضافے اور مبادلے میں 216 ملین روپے کے نقصان کی وجہ سے کم رہا۔

مستقبل کا منظر نامہ۔

انتظامیہ نے کسٹمر کے فائدے اور فروخت کے سسٹم پر مسلسل توجہ مرکوز رکھی ہوئی ہے تاکہ کاروباروں اور معیشت میں پھیلنے والی غیر یقینیوں پر قابو پایا جاسکے، کمپنی کے منافع کے حصول پر برے اثرات کو کم سے کم کیا جاسکے۔

روپے کی قیمت گرنے اور کاروباری لاگت میں اضافے سے پڑنے والے انتہائی اثرات جو آئندہ مہینوں میں کاروبار کے لیے بڑے چیلنجز ہوں گے، کے باوجود آپ کی کمپنی کاروباری ترقی کے لیے پر امید ہے اور پر اعتماد ہے کہ اپنی مربوط کوششوں کے ساتھ مطلوبہ نتائج حاصل کر لیے جائیں گے، اور یہ کمپنی مالی سال 2018 ایک شاندار اختتام کے لیے سخت محنت کرے گی۔

ڈائریکٹرز اپنی رپورٹ 30 جون 2018 کو ختم ہونے والی تیسری سہ ماہی کے لیے بد خوشی پیش کر رہے ہیں جس کے ساتھ 30 جون 2018 کو ختم ہونے والے نو ماہ کے لیے کمپنی کی جامع عارضی مالیاتی تفصیل بھی منسلک ہے۔

بورڈ میں تبدیلیاں۔

آکر و مائیکسٹرا لٹس۔ اے۔ آر۔ ایل کی نامزدہ محترمہ راحت کوئین حسن کے بورڈ سے استعفی کے نتیجے میں محترمہ یاسمین پیر محمد کو 30 جولائی 2018 سے بطور ڈائریکٹر باقی ماندہ مدت کے لیے فوری طور پر مؤثر خالی عہدے کو پُر کرنے کے لیے مقرر کر دیا گیا ہے۔

بورڈ کی ساخت

ڈائریکٹرز کی کل تعداد:

الف) مرد	07
ب) خواتین	01

ترتیب :

(i) آزاد ڈائریکٹرز	02
(ii) دیگر نان ایگزیکٹو ڈائریکٹرز	04
(iii) ایگزیکٹو ڈائریکٹرز	02

کاروباری جائزہ۔

معاشی اور کاروباری صورتحال تیسری سہ ماہی میں بھی فکر انگیز رہی۔ انتظامیہ کی توجہ ”کسٹمر کے ملکیتی اور جیتے گئے شیئر“ پر اپنی تجارتی کوششوں کو مستحکم کرنے کے لیے بدستور مرکوز ہے اور اپنے کاروباری قیمت بڑھاتے ہوئے کاروباری لوگوں کی طرح عمل کر رہی ہے اور اس بات کو یقینی بنارہی ہے کہ کمپنی بہترین پیش بینی اور وقت پر کیش وصول کرتے ہوئے کسٹمر کی اچھی طرح سے خدمت کرتی رہے۔ کمپنی نے غیر یقینی اقتصادی حالات پر نگاہ رکھی ہوئی ہے بالخصوص روپے اور

منجانب بورڈ

ایم وقار عارف

ڈائریکٹر

منجانب راجی

چیف ایگزیکٹو آفیسر

CONDENSED INTERIM BALANCE SHEET (UNAUDITED)

As at 30 June 2018

	Note	Unaudited 30 June 2018	Audited 30 September 2017
----- (Rupees in '000) -----			
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,892,918	1,744,273
Long-term loans		772	1,791
Long term deposits		6,469	5,387
Long-term prepayments		2,054	4,067
		<u>1,902,213</u>	<u>1,755,518</u>
Current assets			
Stores and spares		46,091	40,243
Stock-in-trade		2,472,640	2,107,644
Trade debts		3,908,169	3,165,832
Loans and advances		8,258	8,661
Trade deposits and short-term prepayments		95,208	59,073
Other receivables		1,655,454	1,954,007
Taxation - net		163,117	72,031
Cash and bank balances		628,113	587,885
		<u>8,977,050</u>	<u>7,995,376</u>
Total assets		<u>10,879,263</u>	<u>9,750,894</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
50,000,000 ordinary shares of Rs. 10 each		500,000	500,000
Issued, subscribed and paid-up capital		341,179	341,179
Revenue reserves		2,968,000	2,808,000
Unappropriated profit		1,040,047	1,868,467
		<u>4,349,226</u>	<u>5,017,646</u>
Shareholders' equity			
LIABILITIES			
Non-current liabilities			
Deferred tax - net		112,446	152,903
Deferred liabilities		13,075	13,956
Liabilities against assets subject to finance lease		15,011	44,447
Liabilities against diminishing musharaka finance		73,709	37,826
		<u>214,241</u>	<u>249,132</u>
Current liabilities			
Trade and other payables		3,802,696	2,711,450
Mark-up accrued		40,462	11,262
Short-term borrowings	5	2,440,391	1,732,030
Current portion of liabilities against assets subject to finance lease		7,523	21,933
Current portion of liabilities against diminishing musharaka finance		24,724	7,441
		<u>6,315,796</u>	<u>4,484,116</u>
Total liabilities		<u>6,530,037</u>	<u>4,733,248</u>
Contingencies and commitments	6		
Total equity and liabilities		<u>10,879,263</u>	<u>9,750,894</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.



Mujtaba Rahim
Chief Executive Officer



M Veqar Arif
Director & Chief Financial Officer

Karachi: 30 July 2018

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

For the quarter and nine months period ended 30 June 2018

	Note	Quarter ended		Nine months period ended	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017
----- (Rupees '000) -----					
Sales	7	4,226,492	3,569,107	11,153,558	9,778,713
Discount and commission	7	162,560	202,598	460,897	516,673
Sales tax	7	81,555	77,705	247,507	225,772
		244,115	280,303	708,404	742,445
Net sales	7	3,982,377	3,288,804	10,445,154	9,036,268
Cost of goods sold		2,928,595	2,261,964	7,630,997	6,158,217
Gross profit		1,053,782	1,026,840	2,814,157	2,878,051
Distribution and marketing expenses		207,144	211,260	662,216	630,360
Administrative expenses		119,537	118,796	358,969	342,810
Other operating expenses		20,026	50,631	103,179	146,042
		346,707	380,687	1,124,364	1,119,212
		707,075	646,153	1,689,793	1,758,839
Other income		6,053	3,637	12,239	14,607
Operating profit		713,128	649,790	1,702,032	1,773,446
Finance costs		135,976	37,226	340,472	80,369
Profit before taxation		577,152	612,564	1,361,560	1,693,077
Taxation - net		124,306	186,077	324,086	424,832
Profit after taxation		452,846	426,487	1,037,474	1,268,245
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		452,846	426,487	1,037,474	1,268,245
----- (Rupees) -----					
Earnings per share	8	13.27	12.50	30.41	37.17

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.



Mujtaba Rahim
Chief Executive Officer



M Veqar Arif
Director & Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

For the nine months period ended 30 June 2018

	Note	30 June 2018	30 June 2017
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	9	2,184,780	1,868,312
Staff gratuity paid		(5,403)	(216,702)
Mark-up paid		(377,486)	(29,671)
Income taxes paid		(455,629)	(488,514)
Movement in long-term loans and advances		1,019	3,882
Movement in long-term deposits and prepayments		931	(2,252)
Net cash generated from operating activities		1,348,212	1,135,055
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(303,771)	(41,216)
Proceeds from disposal of property, plant and equipment		5,402	66
Net cash used in investing activities		(298,369)	(41,150)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment against finance lease obligations		(43,846)	(13,501)
Payment against diminishing musharaka		11,438	-
Short-term loans - proceeds		400,000	1,429,100
Short-term borrowings - repayments		(747,900)	(400,000)
Dividend paid		(1,685,568)	(2,036,139)
Net cash used in financing activities		(2,065,876)	(1,020,540)
Net decrease in cash and cash equivalents		(1,016,033)	73,365
Cash and cash equivalents at beginning of the period		(117,153)	(267,250)
Cash and cash equivalents at end of the period	10	(1,133,186)	(193,885)

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.



Mujtaba Rahim
Chief Executive Officer



M Veqar Arif
Director & Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months period ended 30 June 2018

	Issued, subscribed and paid- up capital	Revenue reserves	Unappropri- ated profit	Total shareholders' equity
	----- (Rupees in '000) -----			
Balance as at 30 September 2016 (audited)	341,179	3,248,000	1,798,233	5,387,412
Transfer from revenue reserves appropriated subsequent to year end	-	(440,000)	440,000	-
Transactions with owners of the Company - Distribution				
Final cash dividend at 600% (i.e. Rs. 60 per share) for the year ended 30 September 2016	-	-	(2,047,073)	(2,047,073)
Total comprehensive income for the period				
Total comprehensive income for the nine months period ended 30 June 2017	-	-	1,268,245	1,268,245
Balance as at 30 June 2017 (unaudited)	<u>341,179</u>	<u>2,808,000</u>	<u>1,459,405</u>	<u>4,608,584</u>
Balance as at 30 September 2017 (audited)	341,179	2,808,000	1,868,467	5,017,646
Transfer to revenue reserves appropriated subsequent to year end	-	160,000	(160,000)	-
Transactions with owners of the Company - Distribution				
Final cash dividend at 500% (i.e. Rs. 50 per share) for the year ended 30 September 2017	-	-	(1,705,894)	(1,705,894)
Total comprehensive income for the period				
Total comprehensive income for the nine months period ended 30 June 2018	-	-	1,037,474	1,037,474
Balance as at 30 June 2018 (unaudited)	<u>341,179</u>	<u>2,968,000</u>	<u>1,040,047</u>	<u>4,349,226</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.



Mujtaba Rahim
Chief Executive Officer



M Veqar Arif
Director & Chief Financial Officer

CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UNAUDITED)

For the quarter and nine months period ended 30 June 2018

1. THE COMPANY AND ITS OPERATIONS

Archroma Pakistan Limited ("the Company") is a limited liability company and is incorporated and domiciled in Pakistan. The address of its registered office is 1-A/1, Sector 20 Korangi Industrial Area, Korangi, Karachi, Pakistan. The Company is listed on the Pakistan Stock Exchange. The Company is a subsidiary of Archroma Textiles S.a.r.l incorporated in Luxembourg, head quartered in Reinach, Switzerland which holds 75% of the share capital of the Company.

The Company is engaged in the manufacture and sale of chemicals, dyestuffs and coatings, adhesive & sealants. It also acts as an indenting agent.

2. BASIS OF PREPARATION

2.1 Statement Of Compliance

These condensed interim financial information have been prepared in accordance with the accounting and reporting standards 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.

These condensed interim financial information do not include all the information and disclosure required for the annual audited financial statements and should be read in conjunction with the annual audited financial statements of the Company for year ended 30 September 2017.

The comparative Balance Sheet presented in this condensed interim financial information has been extracted from the audited annual financial statements of the Company for the year ended 30 September 2017, whereas the comparative condensed interim Profit and Loss Account, condensed interim Cash Flow Statement and condensed interim Statement of Changes in Equity are extracted from the unaudited condensed interim financial information for the period ended 30 June 2017.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for the Company's liability under post retirement obligations which is reported on the basis of present value of obligations as determined by an independent actuary.

2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is also the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and method of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the audited annual financial statements of the Company as at and for the year ended 30 September 2017.

3.2 However, these do not have significant impact other than increased disclosures, if any at year end financial statements for the year ending 30 September 2018.

3.3 There are certain other standards and amendments to the approved accounting standards that will be applicable for annual period beginning on or after 1 July 2018. Further, the Securities and Exchange Commission of Pakistan has notified IFRS 9 "Financial Instruments" replaced IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 15 "Revenue from Contracts with Customers" replacing IAS 18 "Revenue" and IAS 11 "Construction Contracts". These standards are applicable to the Company for annual accounting period beginning on or after 1 October 2018 and management is currently assessing its impact.

3.4 In addition, the Companies Act, 2017 applicable for financial year beginning on 1 January 2018 requires certain additional disclosures which will be provided in financial statements for the year ending 30 September 2018.

CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UNAUDITED)

For the quarter and nine months period ended 30 June 2018

4. PROPERTY, PLANT AND EQUIPMENT

4.1 The following operating assets have been added during the nine months period ended 30 June 2018:

	Building	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Total 30 June 2018	Total 30 June 2017
	(Rupees in '000)					
Additions for the Period 31 March 2018	3,092	23,583	22,182	32,628	81,485	21,897
Additions for the quarter 30 June 2018	-	1,977	11,783	6,487	20,247	9,499
Total	3,092	25,560	33,965	39,115	101,732	31,396

4.1.1 Additions to plant and machinery represents transfers of Rs. 21.99 million from capital work in progress.

4.1.2 Additions to furniture, fixtures and equipment includes Rs. 5.54 million and transfers of Rs. 28.43 million from capital work in progress.

4.2 Disposal of property, plant and equipment has been made during the nine months period ended 30 June 2018:

	Building	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Total 30 June 2018	Total 30 June 2017
	(Rupees in '000)					
Cost	-	5,617	3,203	10,998	19,818	483
Accumulated depreciation	-	(4,946)	(3,168)	(3,739)	(11,853)	(429)
Net book value	-	671	35	7,259	7,965	54

4.3 Addition to capital work- in- progress amounting to Rs. 243.79 million during the nine months period ended 30 June 2018.

5. SHORT TERM BORROWING - secured

5.1 Short term Islamic finance facilities are available under Islamic financing from various banks under profit arrangements, amounting to Rs. 3,500 million (2017: Rs. 2,800 million). These facilities have various maturity dates up to 31 March 2019. These arrangements are secured against pari passu charge of hypothecation on stock-in-trade and trade debts with minimum 16.67% margin. These facilities carry profit ranging from 1 month KIBOR+0.25% to 3 month KIBOR+ 0.4% per annum calculated on daily products basis and payable quarterly. The aggregate amount of these facilities which have not been availed as at the balance sheet date amounting to Rs. 1,060 million (2017: Rs. 1,067.97 million).

5.2 The Company has availed Islamic Export Refinance facility amounting to Rs. 500 million under the Islamic Export Financing Scheme of the State Bank of Pakistan (SBP) (2017: Rs. 500 million). The profit rate of the facility is 2.5% per annum.

CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UNAUDITED)

For the quarter and nine months period ended 30 June 2018

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

6.1.1 There have been no changes in the contingencies as disclosed in the audited annual financial statements of the Company as at and for the year ended 30 September 2017.

6.2 Commitments

6.2.1 Commitments for rentals under operating lease agreements in respect of vehicles and equipment amounted to Rs. 0.652 million (30 September 2017: Rs. 1.77 million) payable as following:

	Unaudited 30 June 2018	Audited 30 September 2017
	----(Rupees in '000)----	
Not later than one year	652	1,313
Later than one year but not later than five years	-	464
	<u>652</u>	<u>1,777</u>

6.2.2 Commitments for rentals under operating lease agreement in respect of rented property amounted to Rs. 40.489 million (30 September 2017: Rs. 60.42 million) are as follows:

	Unaudited 30 June 2018	Audited 30 September 2017
	----(Rupees in '000)----	
Not later than one year	10,252	10,243
Later than one year but not later than five years	20,197	39,738
Later than five years	10,040	10,439
	<u>40,489</u>	<u>60,420</u>

6.2.3 Commitments for ljarah rentals in respect of ljarah transactions amount to Rs. 0.930 million (30 September 2017: Rs. 4.10 million) are as follows:

	Unaudited 30 June 2018	Audited 30 September 2017
	----(Rupees in '000)----	
Not later than one year	930	3,723
Later than one year but not later than five years	-	377
	<u>930</u>	<u>4,100</u>

6.2.4 Commitments for capital expenditure as at 30 June 2018 aggregated Rs. 72.65 million (30 September 2017: Rs. 86.19 million).

6.2.5 The Company has provided bank guarantees amounting to Rs. 101.22 million (30 September 2017: Rs. 101.22 million) in favour of third parties.

6.2.6 The Company has provided post dated cheques amounting to Rs. 590.21 million (30 September 2017: Rs. 298.88 million) in favour of the collector of customs and which are, in the normal course of business, to be returned to the Company after fulfillment of certain conditions.

6.2.7 Commitments under letters of credit for raw material and stores and spares as at 30 June 2018 amounting to Rs. 860 million (30 September 2017: Rs. 686.61 million).

CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UNAUDITED)

For the quarter and nine months period ended 30 June 2018

7. Segment Information

(a) Segment information for the nine months period ended 30 June 2018:

Brand & Performance Textile Specialties		Coating, Adhesives & Sealants		Packaging & Paper Specialties		Others *		Total	
30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017

(Rs '000)

Sales

Domestic	7,879,442	7,189,309	1,048,603	1,023,478	344,139	274,166	238,399	180,006	9,510,583	8,666,959
Export	1,564,499	1,087,600	1,811	-	76,665	24,154	-	-	1,642,975	1,111,754
Total sales	9,443,941	8,276,909	1,050,414	1,023,478	420,804	298,320	238,399	180,006	11,153,558	9,778,713

Discount & commission	452,243	503,771	8,517	12,832	137	70	-	-	460,897	516,673
Sales tax	38,628	29,872	158,694	156,055	50,009	39,845	176	-	247,507	225,772
	490,871	533,643	167,211	168,887	50,146	39,915	176	-	708,404	742,445

Net sales (from external customers)	8,953,070	7,743,266	883,203	854,591	370,658	258,405	238,223	180,006	10,445,154	9,036,268
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Segment results based on 'management approach'	1,577,588	1,634,645	51,358	137,726	109,872	100,676	42,450	20,548	1,781,268	1,893,595
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Other operating expenses - WPPF & WWF									(78,244)	(122,100)
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Assets charged to profit and loss for internal reporting purposes based on group guidelines									(992)	1,951
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Operating profit									1,702,032	1,773,446
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Finance costs									(340,472)	(80,369)
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Profit before taxation									1,361,560	1,693,077
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Fixed Capital Expenditure	287,431	26,795	3,048	2,192	30	67	-	-	290,509	29,054
Unallocated									13,262	12,162
									303,771	41,216

Depreciation	176,834	185,596	734	711	331	12	-	-	177,899	186,319
Unallocated									10,988	8,647
									188,887	194,966

Brand & Performance Textile Specialties		Coating, Adhesives & Sealants		Packaging & Paper Specialties		Others *		Total	
Unaudited 30 June 2018	Audited 30 September 2017	Unaudited 30 June 2018	Audited 30 September 2017	Unaudited 30 June 2018	Audited 30 September 2017	Unaudited 30 June 2018	Audited 30 September 2017	Unaudited 30 June 2018	Audited 30 September 2017

(Rs '000)

Segment Assets	7,910,145	6,237,836	647,010	579,498	107,339	61,200	-	-	8,664,494	6,878,534
Unallocated									2,214,769	2,872,360
Total Assets									10,879,263	9,750,894

Segment Liabilities	2,861,398	2,013,696	284,135	205,850	47,482	22,791	-	-	3,193,015	2,242,337
Unallocated									3,337,022	2,490,911
Total Liabilities									6,530,037	4,733,248

CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UNAUDITED)

For the quarter and nine months period ended 30 June 2018

(b) Segments information for the quarter ended 30 June 2018:

	Brand & Performance Textile Specialties		Coating, Adhesives & Sealants		Packaging & Paper Specialties		Others *		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
----- (Rs '000) -----										
Sales										
Domestic	2,919,256	2,675,752	355,406	352,724	122,311	85,177	42,933	47,398	3,439,906	3,161,051
Export	762,844	388,575	1,811	-	21,931	19,481	-	-	786,586	408,056
Total sales	3,682,100	3,064,327	357,217	352,724	144,242	104,658	42,933	47,398	4,226,492	3,569,107
Discount & commission	160,794	198,864	1,766	3,688	-	46	-	-	162,560	202,598
Sales tax	10,081	11,692	53,534	53,637	17,775	12,376	165	-	81,555	77,705
	170,875	210,556	55,300	57,325	17,775	12,422	165	-	244,115	280,303
Net sales										
(from external customers)	3,511,225	2,853,771	301,917	295,399	126,467	92,236	42,768	47,398	3,982,377	3,288,804
Segment results based on 'management approach'	672,551	596,281	15,818	49,611	34,477	37,332	9,000	5,986	731,846	689,210
Other operating expenses - WPPF / WWF									(19,145)	(42,300)
Assets charged to profit and loss for internal reporting purposes based on group guidelines									427	2,880
Operating profit									713,128	649,790
Finance costs									(135,976)	(37,226)
Profit before taxation									577,152	612,564
Fixed Capital										
Expenditure	142,322	22,508	2,888	2,192	-	67	-	-	145,210	24,767
Unallocated									1,083	11,764
									146,293	36,531
Depreciation	54,206	65,831	381	281	320	5	-	-	54,907	66,117
Unallocated									5,813	7,968
									60,720	74,085

* Others mainly include paper chemicals and dyes, pigments, additives and industrial & consumer specialties. These do not constitute a separately reportable segment.

CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UNAUDITED)

For the quarter and nine months period ended 30 June 2018

8. EARNINGS PER SHARE

Quarter ended		Nine months period ended	
30 June	30 June	30 June	30 June
2018	2017	2018	2017
----- (Rupees 000) -----			

8.1 Basic

Profit after taxation attributable to ordinary shareholders

452,846	426,487	1,037,474	1,268,245
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(Number of shares)

Weighted average number of ordinary shares outstanding during the period

34,117,881	34,117,881	34,117,881	34,117,881
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(Rupees)

Earning per share

13.27	12.50	30.41	37.17
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8.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 30 June 2018 and 2017.

9. CASH GENERATED FROM OPERATIONS

Note	Nine months period ended	
	30 June 2018	30 June 2017
(Rupees in '000)		

Profit before taxation		1,361,560	1,693,077
Adjustment for non-cash charges and other items:			
Depreciation		188,887	194,966
(Gain)/Loss on sale of property, plant and equipment		2,563	(12)
Provision for staff gratuity		14,787	40,635
Mark-up expense		101,630	48,044
Provision for impairment of trade receivables		19,583	20,001
Working capital changes	9.1	495,770	(128,399)
		2,184,780	1,868,312

9.1 Working capital changes

(Increase) / decrease in current assets

Stores and spares	(5,848)	(9,628)
Stock-in-trade	(364,996)	(380,014)
Trade debts	(456,855)	(371,746)
Loans and advances	403	692
Trade deposits and short-term prepayments	(36,135)	(15,273)
Other receivables	288,288	153,796
	(575,143)	(622,173)

Increase in current liabilities

Trade and other payables	1,070,913	493,774
	495,770	(128,399)

CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UNAUDITED)

For the quarter and nine months period ended 30 June 2018

10. CASH AND CASH EQUIVALENT

Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:

	Nine months period ended	
	30 June	30 June
	2018	2017
	(Rupees in '000)	
Cash and bank balances	628,113	457,611
Short-term running finance	(1,761,299)	(651,496)
	<u>(1,133,186)</u>	<u>(193,885)</u>

11. TRANSACTIONS WITH RELATED PARTIES

Details of transactions with related parties are as follows:

	Parent Company		Parent Company	
	Quarter ended		Nine months period ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	----- (Rupees in '000) -----			

Dividend Paid	-	-	1,279,427	1,535,305
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	Other Related Parties		Other Related Parties	
	Quarter ended		Nine months period ended	
	30 June	30 June	30 June	30 June
	2018	2017	2018	2017
	----- (Rupees in '000) -----			

Sales	382,135	175,338	905,033	518,532
Purchases of goods and machinery	162,782	143,545	481,528	390,509
Indenting commission income	1,254	1,540	3,876	3,973
Export commission expense	13,946	1,319	19,092	9,476
Royalty expenses	211,089	23,063	376,957	64,589
Other charges	35,133	31,487	100,400	94,427

Key management personnel:

- Salaries benefits and compensations	36,029	26,972	107,797	81,124
- Post employment benefits	3,980	3,686	11,940	11,014

12. DATE OF AUTHORISATION

These financial statements were authorised for issue on 30 July 2018 by the Board of Directors of the Company.

13. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Mujtaba Rahim
Chief Executive Officer



M Veqar Arif
Director & Chief Financial Officer

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