

HALF YEAR REPORT 2019 **(Ended March 2019)**



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COMPANY INFORMATION

Chairman	• Dr S Mubarik Ali	
Board of Directors	• Marcos Furrer • Michel Zumstein (Alternate: Naveed Kamil) • Mujtaba Rahim • M Z Moin Mohajir • Roland Waibel (Alternate: M Veqar Arif) • Shahid Ghaffar • Yasmin Peermohammad	
Company Secretary	• M Veqar Arif	
Management Committee	• Mujtaba Rahim • Qazi Naeemuddin • Muhammad Altaf	• M Veqar Arif • Naveed Kamil • Muhammad Haroon
Audit Committee	• M Z Moin Mohajir • Michel Zumstein • Shahid Ghaffar • M Irfan Lakhani	- Chairman (Alternate: Naveed Kamil) - Secretary
Human Resources and Remuneration Committee	• Yasmin Peermohammad • Mujtaba Rahim • Michel Zumstein	- Chairman (Alternate: Naveed Kamil)
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, Sindh • 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 New Multan	
Website	• www.archroma.com.pk	
E-mail	• archroma.pakistan@archroma.com	

REPORT OF BOARD OF DIRECTOR'S

The Directors' are pleased to present their report for the second quarter ended 31 March 2019, together with the reviewed condensed interim financial information of the Company for the period ended 31 March 2019.

BUSINESS OVERVIEW

Overall business and economic activities remained challenging during the period under review having faced rupee devaluation, rising inflation, increase in raw material prices and higher energy cost. The management strongly focused on improvement of plant operations, working capital and pricing mechanism to ensure sustainable sales growth and profitability.

The business units are endeavoring hard to increase the market share by overcoming the challenges through Archroma commercial strategy and customer centric approach.

Despite the challenges, your company has managed to achieve sales of Rs. 8,163 million as compared to Rs. 6,463 million with growth of 26 % for the same period last year. Sales growth has been contributed by business line Brand & Performance Textile Specialty by 33.8% and Paper & Packaging by 27.20%.

FUTURE OUTLOOK

We expect the economy to remain under pressure for the second half of the year also. However the Company will leverage the potential to explore Brand & Performance Textile Specialties, Paper Specialties and Coating Adhesives & sealants businesses.

COMPOSITION OF BOARD

The composition of the Board is as follows:

- | | |
|------------------|---|
| a) Male members: | 7 |
| b) Lady member: | 1 |

Out of the above:

- | | |
|-----------------------------|---|
| a) Independent Directors: | 3 |
| b) Non-Executive Directors: | 4 |
| c) Executive Director: | 1 |

On behalf of the Board



Mujtaba Rahim
Chief Executive Officer



M Veqar Arif
Director

مستقبل کا منظر نامہ:

ہم امید کرتے ہیں کہ موجودہ سال کے اگلے نصف حصے میں بھی معیشت دباؤ کا شکار رہے گی۔ تاہم کمپنی برائنڈ اینڈ پرفارمنس ٹیکسٹائل اسپیشلیٹیز، پیپیر اسپیشلیٹیز اور کونگ اڈیسیو اینڈ سیلینٹ کاروبار کی استعداد کار کو بڑھانے میں اہم کردار ادا کرے گی۔

کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ آپ کی خدمت میں کمپنی کے دوسرے ششماہی کے گوشوارے بمعہ جامع محاسبی عبوری مالیاتی معلومات برائے دورانیہ 31 مارچ 2019ء پیش کر رہے ہیں۔

عمومی جائزہ کاروبار:

بورڈ کی ترتیب

ڈائریکٹرز کی کل تعداد:

07	(الف) حضرات
01	(ب) خواتین

ترتیب


03	(i) انڈیپنڈنٹ ڈائریکٹرز
04	(ii) نان ایگزیکٹو ڈائریکٹرز
01	(iii) ایگزیکٹو ڈائریکٹر


زیر جائزہ مدت کے دوران مجموعی طور پر کاروباری و معاشی سرگرمیاں کٹھن رہیں جس میں روپے کی قدر میں کمی، افراط زر میں اضافہ، خام مال اور توانائی کی قیمتوں میں اضافے جیسے عوامل کا سامنا رہا۔ کمپنی کی بھرپور توجہ سیلز میں مستحکم اضافے اور منافع کے حصول کو یقینی بنانے کے پیش نظر اپنے کلیدی امور، قابل عمل سرمائے اور پرائسنگ میکینزم کو بہتر بنانے پر مرکوز ہے۔

کمپنی کے تمام کاروباری شعبہ جات تجارتی حکمت عملی اور صارفین کی مرکزی شمولیت کے ذریعے مارکیٹ شیرز میں اضافے کے لئے سخت جدوجہد کر رہے ہیں تاکہ کٹھن حالات پر قابو پا سکیں۔

تاہم متواتر کٹھن صورت حال کے باوجود آپ کی کمپنی نے %26 نمو کے ساتھ اسی مدت کے گزشتہ مالی سال کی سیلز Rs.6,463 ملین کے مقابلے میں Rs.8,163 ملین سیلز حاصل کرنے میں کامیاب رہی۔ برٹس لائنز 'پیپیر اینڈ ٹیکسٹائل' نے 27.20 فیصد اور 'برائنڈ اینڈ پرفارمنس ٹیکسٹائل اسپیشلیٹیز' نے 33.8 فیصد کے خاطر خواہ اضافے کے ساتھ سیلز کی نمو میں اہم کردار ادا کیا۔

بورڈ کی جانب سے:


محمد وقار عارف
ڈائریکٹر


مجتبیٰ رحیم
چیف ایگزیکٹو آفیسر

کراچی ۲۹ اپریل ۲۰۱۹ء



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Archroma Pakistan Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Archroma Pakistan Limited** as at 31 March 2019 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on those interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures of the condensed interim statement of profit or loss and other comprehensive income for the three months period ended 31 March 2019, have not been reviewed and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.

The engagement partner on the review resulting in this independent auditor's review report is **Mohammad Mahmood Hussain**.

Date: 29 April 2019

Karachi

A handwritten signature in black ink, appearing to read 'KPMG f - Hussain', written over a horizontal line.

KPMG Taseer Hadi & Co.
Chartered Accountants

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	Unaudited 31 March 2019	Audited 30 September 2018
(Rupees in '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,933,554	1,952,688
Long-term loans		219	573
Long-term deposits		6,155	6,155
Long-term prepayments		1,466	1,858
		1,941,394	1,961,274
Current assets			
Stores and spares		47,200	45,436
Stock-in-trade		3,077,062	2,694,526
Trade debts		3,926,636	3,733,326
Loans and advances		2,000	3,416
Trade deposits and short-term prepayments		47,668	48,425
Other receivables		1,844,236	1,770,487
Taxation - net		215,020	172,033
Cash and bank balances		498,822	532,105
		9,658,644	8,999,754
TOTAL ASSETS		11,600,038	10,961,028
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
50,000,000 ordinary shares of Rs. 10 each		500,000	500,000
Share capital			
Issued, subscribed and paid-up capital		341,179	341,179
General reserves			
Revenue reserves		3,096,000	2,968,000
Unappropriated profit		805,558	1,496,033
		3,901,558	4,464,033
Total equity		4,242,737	4,805,212
LIABILITIES			
Non-current liabilities			
Deferred taxation - net		76,257	127,456
Deferred liabilities		26,819	14,164
Liabilities against assets subject to finance lease		14,282	22,886
Liabilities against diminishing musharaka finance		80,067	69,184
		197,425	233,690
Current liabilities			
Trade and other payables		3,448,828	3,293,095
Unclaimed dividend		67,364	65,465
Mark-up accrued		52,283	40,444
Short-term borrowings	6	3,555,192	2,489,701
Current portion of liabilities against assets subject to finance lease		13,434	17,368
Current portion of liabilities against diminishing musharaka finance		22,775	16,053
		7,159,876	5,922,126
Total liabilities		7,357,301	6,155,816
TOTAL EQUITY AND LIABILITIES		11,600,038	10,961,028

Contingencies and commitments

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The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Mujtaba Rahim
Chief Executive Officer



M Veqar Arif
Director & Chief Financial Officer

Karachi: 29 April 2019

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the six months period ended 31 March 2019

	Note	Quarter ended		Six months period ended	
		31 March 2019 (Rupees in '000)	31 March 2018	31 March 2019 (Rupees in '000)	31 March 2018
Sales	9	4,357,351	3,698,768	8,655,051	6,927,066
Discount and commission	9	189,589	146,526	347,626	298,337
Sales tax	9	73,044	87,666	144,098	165,952
		262,633	234,192	491,724	464,289
Net sales	9	4,094,718	3,464,576	8,163,327	6,462,777
Cost of goods sold		3,078,159	2,596,878	5,997,962	4,720,376
Gross profit		1,016,559	867,698	2,165,365	1,742,401
Distribution and marketing expenses		204,980	216,581	458,872	437,098
Administrative expenses		126,470	116,780	254,501	239,432
Other expenses		120,159	38,638	210,651	83,153
		451,609	371,999	924,024	759,683
		564,950	495,699	1,241,341	982,718
Other income		4,993	1,486	7,907	6,186
		569,943	497,185	1,249,248	988,904
Finance costs		88,203	107,047	323,901	204,496
Profit before taxation		481,740	390,138	925,347	784,408
Taxation - net		12,174	86,221	123,107	199,780
Profit after taxation		469,566	303,917	802,240	584,628
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		469,566	303,917	802,240	584,628
(Rupees)					
Earnings per share	10	13.76	8.91	23.51	17.14

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Mujtaba Rahim
Chief Executive Officer



M Veqar Arif
Director & Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months period ended 31 March 2019

	Note	31 MARCH	
		2019	2018
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	677,348	1,037,139
Staff gratuity and long-term service awards paid		(3,012)	(3,881)
Mark-up paid		(90,975)	(186,597)
Income taxes paid		(217,293)	(356,431)
Movement in long-term loans		354	512
Movement in long-term deposits and prepayments		392	1,080
Net cash generated from operating activities		366,814	491,822
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(113,471)	(157,478)
Proceeds from disposal of property, plant and equipment		5,632	4,898
Net cash used in investing activities		(107,839)	(152,580)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment against finance lease obligations - net		(12,538)	(41,440)
Financing against diminishing musharika finance - net		17,605	17,071
Short-term borrowings - proceeds		1,485,000	400,000
Short-term borrowings - repayments		(1,070,000)	(526,992)
Dividend paid		(1,362,816)	(1,673,648)
Net cash used in financing activities		(942,749)	(1,825,009)
Net decrease in cash and cash equivalents		(683,774)	(1,485,767)
Cash and cash equivalents at beginning of the period		(1,057,596)	(117,153)
Cash and cash equivalents at end of the period	12	(1,741,370)	(1,602,920)

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Mujtaba Rahim
Chief Executive Officer



M Veqar Arif
Director & Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months period ended 31 March 2019

		General reserves		
	Issued, subscribed and paid- up capital	Revenue reserves	Unappropri- ated profit	Total
	----- (Rupees in '000) -----			
Balance as at 30 September 2017 (audited)	341,179	2,808,000	1,868,467	5,017,646
Transfer to revenue reserve 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 six months period ended 31 March 2018	-	-	584,628	584,628
Balance as at 31 March 2018 (unaudited)	<u>341,179</u>	<u>2,968,000</u>	<u>587,201</u>	<u>3,896,380</u>
Balance as at 30 September 2018 (audited)	341,179	2,968,000	1,496,033	4,805,212
Transfer to revenue reserve appropriated subsequent to year end	-	128,000	(128,000)	-
Transactions with owners of the Company Distribution				
Final cash dividend at 400% (i.e. Rs. 40 per share) for the year ended 30 September 2018	-	-	(1,364,715)	(1,364,715)
Total comprehensive income for the period				
Total comprehensive income for the six months period ended 31 March 2019	-	-	802,240	802,240
Balance as at 31 March 2019 (unaudited)	<u>341,179</u>	<u>3,096,000</u>	<u>805,558</u>	<u>4,242,737</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



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 six months period ended 31 March 2019

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 primarily engaged in the manufacture and sale of chemicals, dyestuffs and coating, adhesive and sealants. It also acts as an indenting agent.

The manufacturing facilities and sales offices of the Company are situated at the following locations:

Factories

- Petro Road, Jamshoro, Sindh
- LX-10 & LX-11 Landhi Industrial Area Karachi, Sindh

Sales 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 New Multan

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements 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 comprise of:

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

- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except as stated otherwise and should be read in conjunction with the annual audited financial statements of the Company for year ended 30 September 2018.

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees which is also the Company's functional currency.

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

For the six months period ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and method of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in preparation of the published annual audited financial statements of the Company for the year ended 30 September 2018 except for the changes in accounting policies as stated in note 3.2.1 below.

3.2 Changes in accounting policies

3.2.1 IFRS-15 Revenue from contracts with customers

IFRS 15 - Revenue from contracts with customers (IFRS 15) became applicable to the Company for the period beginning from October 1, 2018. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of goods or services.

Management has concluded that revenue from sale of goods be recognized at point in time when control of the asset is transferred to the customer, which is when the goods are delivered and invoiced to the customer.

The above is generally consistent with the timing and amounts of revenue that the Company recognised in accordance with the previous standard, IAS 18. Accordingly, management has concluded that the adoption of IFRS 15 does not have any material impact on timings and amounts of revenue recognition of the Company.

3.3 Standards, Interpretations and Amendments to Published Approved Accounting and Reporting Standards that are not yet effective

There are certain other standards and amendments to the approved accounting and reporting standards that will be applicable for annual accounting periods beginning on and after October 1, 2019. However, currently management considers that these pronouncements will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited financial statements of the Company for the year ended 30 September, 2018 except for the changes as stated in note 3.2.1 above.

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

For the six months period ended 31 March 2019

5. PROPERTY, PLANT AND EQUIPMENT

5.1 The following operating assets have been added during the six months period ended 31 March:

	Plant and machinery	Furniture, fixtures and equipment		Vehicles	Total March 2019	Total March 2018
	Owned	Owned	Leased	Leased		
	(Rupees in '000)					
Additions for the quarter 31 December 2018	1,769	7,560	3,400	11,584	24,313	38,143
Additions for the quarter 31 March 2019	22,804	14,294	-	10,956	48,054	43,342
Total	24,573	21,854	3,400	22,540	72,367	81,485

5.2 Additions to leased vehicles includes direct additions of Rs. 5.1 million and transfers of Rs. 17.4 million from capital work in progress.

5.3 Additions to owned and leased furniture, fixtures and equipments includes direct additions of Rs. 8.71 million and transfers of Rs.16.53 million from capital work in progress, respectively.

5.4 Property, plant and equipment disposed off during the six months period ended 31 March are as follows:

	Furniture, fixtures and equipment	Vehicles		Total March 2019	Total March 2018
	Owned	Owned	Leased		
	(Rupees in '000)				
Cost	1,298	2,054	12,948	16,300	11,751
Accumulated depreciation	(1,271)	(2,054)	(7,904)	(11,229)	(4,456)
Net book value	27	-	5,044	5,071	7,295

5.5 Additions to capital work in progress during the six months period ended 31 March 2019 amounts to Rs. 61.956 million.

6. SHORT-TERM BORROWING - secured

6.1 Short-term Islamic finance facilities are available under Islamic financing from various banks under profit arrangements, amounting to Rs. 3,780 million (30 September 2018: Rs.3,500 million).These facilities have various maturity dates up to 30 June 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 reporting date amounts to Rs. 224.77 million (30 September 2018: Rs. 1,059.57 million).

6.2 The Company has availed Islamic Export Refinance facility under the Islamic Export financing Scheme of the State Bank of Pakistan (SBP) amounting to Rs. 915 million (30 September 2018: Rs 900 million).The profit rate of the facility ranges from 2.5% to 2.75% per annum (30 September 2018: 2.5% per annum).

6.3 The Company has obtained Istisna loan during the six months period ended 31 March 2019, amounting to Rs. 400 million (30 September 2018: Rs. Nil) under short term Islamic finance facilities available to the Company.

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

For the six months period ended 31 March 2019

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

7.1.1 There have been no change in the contingencies as disclosed in the annual audited financial statements of the Company for the year ended 30 September 2018.

7.2 Commitments

7.2.1 The Company has provided bank guarantees amounting to Rs. 101.22 million (30 September 2018: Rs. 101.22 million) in favour of third parties.

7.2.2 The Company has provided post dated cheques amounting to Rs. 2,082.67 million (30 September 2018: Rs. 600.99 million) in favour of the collector of customs which are, in the normal course of business, to be returned to the Company after fulfillment of certain conditions.

7.2.3 Commitments for rentals under operating lease agreements in respect of vehicles and equipment amounted to Rs. 0.158 million (30 September 2018: Rs. 0.475 million) payable as following:

	Unaudited March 31, 2019	Audited September 30, 2018
	----(Rupees in '000)----	
Not later than one year	158	475
Later than one year but not later than five years	-	-
	158	475

7.2.4 Commitments for rentals under operating lease agreement in respect of rented property amounted to Rs. 38.122 million (30 September 2018: Rs. 43.249 million).

	Unaudited March 31, 2019	Audited September 30, 2018
	----(Rupees in '000)----	
Not later than one year	10,747	10,417
Later than one year but not later than five years	26,045	23,672
Later than five years	1,330	9,160
	38,122	43,249

7.2.5 Commitments for ijarah rentals in respect of ijarah transactions amount to Rs. Nil (30 September 2018: Rs. 0.377 million).

	Unaudited March 31, 2019	Audited September 30, 2018
	----(Rupees in '000)----	
Not later than one year	-	377
Later than one year but not later than five years	-	-
	-	377

7.2.6 Commitments for capital expenditure as at 31 March 2019 aggregated to Rs 60.449 million (30 September 2018: Rs. 18.47 million).

7.2.7 Commitments under letters of credit for raw material and stores and spares as at 31 March 2019 amounted to Rs. 654.911 million (30 September 2018: Rs. 666.903 million).

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

For the six months period ended 31 March 2019

8. FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to a variety of financial risk namely credit risk, foreign exchange risk, interest rate risk and liquidity risk. The Company is not exposed to any price risk as it does not hold any investment exposed to price risk. The Company has established adequate procedures to manage these risks.

These condensed interim financial statements does not include the financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with Company's annual financial statements as at 30 September 2018. There have been no changes in the risk management policies since the year end.

Fair Value Hierarchy

The table below shows analysis of financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the group can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for asset or liability.

	Carrying amount		Carrying amount	
	Loans and receivables	Other financial liabilities	Loans and receivables	Other financial liabilities
	Unaudited		Audited	
	31 March 2019		30 September 2018	
	Rupees in '000			
Financial assets not measured at fair value				
Loans	2,219	-	2,289	-
Deposits	12,390	-	24,512	-
Trade debts - net	3,926,636	-	3,733,326	-
Other receivables	108,968	-	46,233	-
Cash and bank balances	498,822	-	532,105	-
Financial liabilities not measured at fair value				
Liabilities against assets subject to finance lease	-	27,716	-	40,254
Liabilities against diminishing musharaka finance	-	102,842	-	85,237
Trade and other payable	-	3,276,555	-	3,002,920
Short-term borrowings - secured	-	3,555,192	-	2,489,701
Mark-up accrued	-	52,283	-	40,444

The Company has not disclosed the fair value of financial instruments (i.e. financial assets and financial liabilities) as management considers their carrying amounts as reasonable approximate of fair value.

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

For the six months period ended 31 March 2019

9. SEGMENT INFORMATION

9.1 Segment information for the six months period ended 31 March

	Brand & Performance Textile Specialties		Others *		Total	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	(Rupees in '000)					
Sales						
Domestic	6,048,433	4,960,186	945,960	1,110,491	6,994,393	6,070,677
Export	1,594,076	801,655	66,582	54,734	1,660,658	856,389
Total sales	7,642,509	5,761,841	1,012,542	1,165,225	8,655,051	6,927,066
Discount and commission	340,594	291,449	7,032	6,888	347,626	298,337
Sales tax	21,501	28,547	122,597	137,405	144,098	165,952
	362,095	319,996	129,629	144,293	491,724	464,289
Net sales (from external customers)	7,280,414	5,441,845	882,913	1,020,932	8,163,327	6,462,777
Segment results based on 'management approach'	1,266,769	905,037	48,336	144,385	1,315,105	1,049,422
Other expenses - WPPF and WWF					(69,854)	(59,099)
Assets charged to profit and loss for internal reporting purposes based on group guidelines					3,997	(1,419)
					1,249,248	988,904
Finance costs					323,901	204,496
Profit before taxation					925,347	784,408
Fixed Capital Expenditure	79,133	145,109	2,431	190	81,564	145,299
Unallocated					31,907	12,179
					113,471	157,478
Depreciation	118,248	122,628	704	364	118,952	122,992
Unallocated					8,583	5,175
					127,535	128,167
	Brand & Performance Textile Specialties		Others *		Total	
	Unaudited March 31, 2019	Audited September 30, 2018	Unaudited March 31, 2019	Audited September 30, 2018	Unaudited March 31, 2019	Audited September 30, 2018
	(Rupees in '000)					
Segment Assets	7,818,156	7,395,577	555,527	707,509	8,373,683	8,103,086
Unallocated					3,226,355	2,857,942
Total Assets					11,600,038	10,961,028
Segment Liabilities	2,697,568	2,489,802	307,400	273,863	3,004,968	2,763,665
Unallocated					4,352,333	3,392,151
Total Liabilities					7,357,301	6,155,816

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

For the six months period ended 31 March 2019

9.2 Segments information for the quarter ended 31 March

	Brand & Performance Textile Specialties		Others *		Total	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Sales	(Rupees in '000)					
Domestic	3,103,080	2,546,950	526,727	641,103	3,629,807	3,188,053
Export	703,811	472,004	23,733	38,711	727,544	510,715
Total sales	3,806,891	3,018,954	550,460	679,814	4,357,351	3,698,768
Discount & commission	186,242	142,725	3,347	3,801	189,589	146,526
Sales tax	13,516	15,243	59,528	72,423	73,044	87,666
	199,758	157,968	62,875	76,224	262,633	234,192
Net sales (from external customers)	3,607,133	2,860,986	487,585	603,590	4,094,718	3,464,576
Segment results based on 'management approach'	575,155	452,165	31,458	74,597	606,613	526,762
Other expenses - WPPF / WWF					(36,854)	(29,400)
Assets charged to profit and loss for internal reporting purposes based on group guidelines					184	(177)
					569,943	497,185
Finance costs					88,203	107,047
Profit before taxation					481,740	390,138
Fixed Capital Expenditure	16,934	97,229	2,277	-	19,211	97,229
Unallocated					27,938	11,833
					47,149	109,062
Depreciation	59,983	61,709	275	98	60,258	61,807
Unallocated					2,860	1,909
					63,118	63,716

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

10 EARNINGS PER SHARE

	Quarter ended		Six months period ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	(Rupees in '000)			
Profit after taxation attributable to ordinary shareholders	469,566	303,917	802,240	584,628
	(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
	(Rupees in '000)			
Earning per share	13.76	8.91	23.51	17.14

10.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 31 March 2019 and 2018.

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

For the six months period ended 31 March 2019

11. CASH GENERATED FROM OPERATIONS	Note	Six months period ended	
		31 March 2019	31 March 2018
		----- (Rupees in '000) -----	
Profit before taxation		925,347	784,408
Adjustment for non-cash charges and other items:			
Depreciation		127,535	128,167
(Gain)/loss on sale of property, plant and equipment		(561)	2,397
Provision for staff gratuity		15,666	9,858
Mark-up expense		102,814	204,496
Provision for impairment of trade debts		138,185	19,583
Working capital changes	11.1	(631,638)	(111,770)
		<u>677,348</u>	<u>1,037,139</u>

11.1 Working capital changes

(Increase) / decrease in current assets

Stores and spares	(1,764)	(9,753)
Stock-in-trade	(382,536)	(200,711)
Trade debts	(331,495)	(456,855)
Loans and advances	1,416	4,267
Trade deposits and short-term prepayments	757	(13,657)
Other receivables	(73,749)	196,435
	<u>(787,371)</u>	<u>(480,274)</u>

Increase in current liabilities

Trade and other payables	155,733	368,504
	<u>(631,638)</u>	<u>(111,770)</u>

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the condensed interim statement of cash flows comprise of the following condensed interim statement of financial position amounts;

Cash and bank balances	498,822	408,488
Short-term running finance	(2,240,192)	(2,011,408)
	<u>(1,741,370)</u>	<u>(1,602,920)</u>

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

For the six months period ended 31 March 2019

13. TRANSACTIONS WITH RELATED PARTIES

The related parties comprises of group companies, directors and their close family members, key management personnel and staff retirement funds. The Company enters into transaction with related parties for the sale of its products, purchase of goods, indenting business and rendering of certain services. Consideration for purchases and sales of goods and for services is determined with mutual agreement considering the nature and level of such goods and services.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers all members of their management team, including the Chief Executive Officer and Directors to be key management personnel. There are no transactions with key management personnel other than those under their terms of employment.

Details of transactions with related parties are as follows:

	Quarter ended		Six months period ended	
	31 March		31 March	
	2019	2018	2019	2018
	(Rupees in '000)			
Parent Company				
Dividend Paid	1,023,541	1,279,427	1,023,541	1,279,427
Other Related Parties				
Sales	392,841	271,249	873,112	522,898
Purchases of goods and machinery	94,014	158,112	246,113	318,745
Indenting commission income	2,189	1,487	3,069	2,622
Export commission expense	10,576	4,400	20,918	5,146
Royalty expenses	125,504	118,595	316,564	140,988
Other charges	41,730	33,210	82,398	65,267
Key management personnel:				
- Salaries benefits and compensations	38,113	38,940	69,166	71,768
- Post employment benefits	4,259	3,980	8,517	7,960

14. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation.

15. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on 29 April 2019 by the Board of Directors of the Company.

16. 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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