

CONTENTS

Company Information

Directors' Report

Condensed Interim Balance Sheet

Condensed Interim Profit and Loss Account

Condensed Interim Cash Flow Statement

Condensed Interim Statement of Changes in Equity

Condensed Interim Notes to the Financial Information

COMPANY INFORMATION

Chairman / Chief Executive Officer	• Mujtaba Rahim	
Directors	• Dr S Mubarik Ali • Hans Lourens (Alternate: Zafir Hussain) • Khawaja Mustafa Zulfarnain Majid • M Veqar Arif • Roland Waibel • Thomas Winkler	
Company Secretary	• M Veqar Arif	
Management Committee	• Mujtaba Rahim • Ali Gul Haji • Zafir Hussain	• M Veqar Arif • Naveed Kamil
Audit Committee	• Dr S Mubarik Ali • Hans Lourens • Khawaja Mustafa Zulfarnain Majid • M Irfan Lakhani	- Chairman (Alternate: Zafir Hussain) - Secretary
Human Resources and Remuneration Committee	• Dr S Mubarik Ali • Mujtaba Rahim • M Veqar Arif • Naveed Kamil	- Chairman - Secretary
Bankers	• Faysal Bank 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	• RIAALAW	
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	
Factory	• Petaro Road, Jamshoro	
Sales & Marketing Offices	• Katar Bund Road, Off. Multan Road, Thokar Niaz Baig, Lahore • Canal Road, Abdullah Pur, Faisalabad • 20-T, Block Masoom Shah Road, Near Multan.	
Website	• www.archroma.com.pk	

Report of the Board of Directors for the first quarter ended 31 March 2014

The Directors of your Company are pleased to present the Financial Statements and Report for the first quarter ended 31 March 2014.

Business Overview

As now we have surpassed first quarter of the year 2014, we can clearly state that Archroma Pakistan Ltd has taken a flying start in the first quarter of the year 2014 in terms of growth and profitability. All three businesses Textile, Paper & Emulsion remain on fast growth trajectory. Company posted a growth of 55% in gross sales as compared to first quarter ended 31 March 2013. Favorable gross sales growth in Textiles has been recorded at 59 %, Paper at 78% and Emulsions at 33 %.

Our work culture based on four pillars i.e ACTS Accountability for performance,

Customer and market focus, Team work and collaboration, Speed and simplicity played a key role in making our successes sustainable and by helping us to accelerate a change towards a high performing organization with a culture of continuous improvement. Your company has also taken several measures to control costs to remain competitive in market

Future Outlook

Looking forward, your Company will also endeavor to explore new markets and take advantage of new opportunities, wherever possible. We view the operations of the year with cautious optimism. Archroma will continue with same passion for maintaining sustainable market leadership position and will focus on minimizing business risks, reducing costs leading to positive impact on the operating result.

On behalf of the Board



Mujtaba Rahim
Chairman & Chief Executive Officer

Karachi: 29 April 2014

**CONDENSED INTERIM BALANCE SHEET
AS AT 31 MARCH 2014**

	Note	Unaudited 31 March 2014	Audited 31 December 2013
----- (Rupees in '000) -----			
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	936,003	907,724
Long-term loans and advances		28,730	31,140
Long-term deposits		2,694	2,744
		<u>967,427</u>	<u>941,608</u>
Current Assets			
Stores and spares		21,615	24,424
Stock-in-trade		1,718,967	1,442,649
Trade debts		2,408,286	1,859,659
Loans and advances		18,396	17,501
Trade deposits and short-term prepayments		37,461	24,944
Taxation - net		-	9,230
Other receivables		1,519,976	1,438,801
Investments		-	200,000
Cash and bank balances		748,470	528,322
		<u>6,473,171</u>	<u>5,545,530</u>
Total Assets		<u><u>7,440,598</u></u>	<u><u>6,487,138</u></u>
EQUITY AND LIABILITIES			
Share Capital and reserves			
Authorised share capital 50,000,000 ordinary shares of Rs. 10 each		<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid-up capital		341,179	341,179
Revenue reserves		2,803,000	2,605,000
Unappropriated profit		312,606	1,904,214
Shareholders' Equity		<u>3,456,785</u>	<u>4,850,393</u>
LIABILITIES			
Non-Current Liabilities			
Deferred tax liability - net		87,527	87,527
		<u>87,527</u>	<u>87,527</u>
Current Liabilities			
Taxation Payable		42,936	-
Trade and other payables		3,853,350	1,549,218
		<u>3,896,286</u>	<u>1,549,218</u>
Total Liabilities		<u>3,983,813</u>	<u>1,636,745</u>
Contingencies and Commitments	5		
Total Equity and Liabilities		<u><u>7,440,598</u></u>	<u><u>6,487,138</u></u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.



Karachi: 29 April 2014
Mujtaba Rahim
Chairman & Chief Executive Officer




M Veqar Arif
Director & Chief Financial Officer

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE THREE MONTHS ENDED 31 MARCH 2014**

	Note	31 March 2014	31 March 2013
		(Rupees '000)	
Sales	7	2,675,523	1,723,291
Discount & Commission	7	158,636	111,418
Sales tax	7	105,978	25,618
		<u>264,614</u>	<u>137,036</u>
Net Sales	7	2,410,909	1,586,255
Cost of goods sold		<u>1,798,265</u>	<u>1,119,349</u>
Gross profit		612,644	466,906
Distribution and marketing expenses		152,089	145,194
Administrative expenses		89,310	39,328
		<u>241,399</u>	<u>184,522</u>
		371,245	282,384
Other income		3,481	3,897
		<u>374,726</u>	<u>286,281</u>
Other expenses		<u>30,918</u>	<u>21,349</u>
Operating profit		343,808	264,932
Finance cost		(56,526)	32,770
Profit before taxation		<u>400,334</u>	<u>232,162</u>
Taxation - net		88,048	59,678
Profit after taxation		<u>312,286</u>	<u>172,484</u>
Profit after taxation from Discontinued Operations		-	99,682
Other comprehensive Income		-	-
Total Comprehensive Income for the Period		<u>312,286</u>	<u>272,166</u>
		(Rupees '000)	
Earnings per share	8.1	<u>9.15</u>	<u>7.98</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Karachi: 29 April 2014

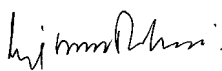

Mujtaba Rahim
Chairman & Chief Executive Officer


M Veqar Arif
Director & Chief Financial Officer

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE THREE MONTHS ENDED 31 MARCH 2014**

	Note	31 March	
		2014	2013
		----- (Rupees in '000) -----	
Cash flows from operating activities			
Cash generated from operations	9	138,392	(107,863)
Staff gratuity paid		(23,252)	(16,200)
Mark-up paid		-	(35,089)
Income taxes paid		(35,882)	(56,895)
Movement in long-term loans and advances		2,410	(1,219)
Movement in long-term deposits and prepayments		50	222
Net cash used in operating activities		81,718	(217,044)
Cash flows from investing activities			
Fixed capital expenditure		(61,477)	(3,449)
Net cash used in investing activities		(61,477)	(3,449)
Cash flows from financing activities			
Short-term loans - proceeds		-	1,000,000
- repayments		-	(1,007,765)
Dividend paid		(93)	(1)
Net cash used in financing activities		(93)	(7,766)
Net (decrease) / increase in cash and cash equivalents		20,148	(228,259)
Cash and cash equivalents at beginning of the period		728,322	56,128
Cash and cash equivalents at end of the period	10	748,470	(172,131)

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.



Mujtaba Rahim
Chairman & Chief Executive Officer

Karachi: 29 April 2014



M Veqar Arif
Director & Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE MONTHS ENDED 31 MARCH 2014**

	Issued, subscribed and paid-up capital	Revenue reserves	Unappropri- ated profit	Total shareholders' equity
	(Rupees in '000)			
Balance as at 31 December 2012	341,179	2,110,000	1,179,163	3,630,342
Transfer to revenue reserves appropriated subsequent to year end	-	495,000	(495,000)	-
Final cash dividend for the year ended 31 December 2012 declared subsequent to year end	-	-	(682,358)	(682,358)
Total comprehensive income for the first quarter ended 31 March 2013	-	-	272,166	272,166
Balance as at 31 March 2013	<u>341,179</u>	<u>2,605,000</u>	<u>273,971</u>	<u>3,220,150</u>
Balance as at 31 December 2013	341,179	2,605,000	1,904,214	4,850,393
Transfer to revenue reserves appropriated subsequent to year end	-	198,000	(198,000)	-
Final cash dividend for the year ended 31 December 2013 declared subsequent to year end	-	-	(1,705,894)	(1,705,894)
Total comprehensive income for the first quarter ended 31 March 2014	-	-	312,286	312,286
Balance as at 31 March 2014	<u>341,179</u>	<u>2,803,000</u>	<u>312,606</u>	<u>3,456,785</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.



Mujtaba Rahim
Chairman & Chief Executive Officer

Karachi: 29 April 2014



M Veqar Arif
Director & Chief Financial Officer

CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2014

1 THE COMPANY AND ITS OPERATIONS

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 Karachi Stock Exchange. The Company is a subsidiary of Archroma Textiles S.a.r.l incorporated in Luxembourg, head quartered in Reinach, Switzerland.

The Company is engaged in the manufactures and sells chemicals, dyestuffs and emulsions, mainly for textile, paper, paint and construction industries. It also acts as an indenting agent.

2 STATEMENT OF COMPLIANCE

These condensed interim financial information have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of IAS 34: Interim Financial Reporting , issued by the International Accounting Standards Board. The requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where the requirements of the Companies Ordinance, 1984 and the directives issued by the SECP differ with the requirements of IAS 34, the requirements of the Companies Ordinance, 1984 and the directives issued by SECP prevail.

These condensed financial information should be read in conjunction with the financial statements of the company for the year ended 31 December 2013.

3 ACCOUNTING POLICIES

- 3.1** The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those applied in preparation of the published annual financial information of the Company for the year ended 31 December 2013.

4 PROPERTY, PLANT AND EQUIPMENT

- 4.1** The following operating assets have been added during the first quarter ended 31 March 2014:

	Building	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Total March 2014	Total March 2013
	----- (Rupees in '000) -----					
Additions upto 31 March 2014	-	-	1,632	-	1,632	2,249
Total	-	-	1,632	-	1,632	2,249

- 4.2** No disposal of property, plant and equipment has been made during the first quarter ended 31 March 2014.

5 CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

- 5.1.1** There have been no changes in the contingencies as disclosed in the annual financial statements of the Company for the year ended 31 December 2013.

CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2014

5.1.2 The Company has provided bank guarantees amounting to Rs.27.615 million (31 December 2013: Rs 25.725 million) in favour of third parties.

5.2 Commitments

5.2.1 Commitments for rentals under operating lease agreements in respect of vehicles and equipment amounted to Rs 22.100 million (31 December 2013: Rs 13.137 million) payable as following:

	Unaudited March 31, 2014	Audited December 31, 2013
	----(Rupees in '000)----	
Payable within one year	7,168	3,355
Payable over one to five years	<u>14,932</u>	<u>9,782</u>
	<u>22,100</u>	<u>13,137</u>

5.2.2 Commitments for rentals under operating lease agreement in respect of rented property amounted to Rs.20.651 million (31 December 2013:Rs.3.271 million)

	Unaudited March 31, 2014	Audited December 31, 2013
	----(Rupees in '000)----	
Payable within one year	5,351	3,271
Payable over one to five years	<u>15,300</u>	<u>-</u>
	<u>20,651</u>	<u>3,271</u>

5.2.3 Commitments for ijarah rentals in respected of ijarah transactions amount to Rs 79.383 million (31 December 2013:Rs. 87.037 million)

	Unaudited March 31, 2014	Audited December 31, 2013
	----(Rupees in '000)----	
Payable within one year	27,995	31,312
Payable over one to five years	<u>51,388</u>	<u>55,725</u>
	<u>79,383</u>	<u>87,037</u>

5.2.4 Commitments for capital expenditure as at 31 March 2014 aggregated Rs 105.840 million (31 December 2013: Rs 135.302 million).

6. 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 to manage these risks.

This condensed interm financial information 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 31 December 2013. There have been no changes in the risk management policies since the year end.

**CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL
STATEMENTS (UNAUDITED)FOR THE THREE MONTHS ENDED 31 MARCH 2014**

7 Segment Information

Segment information for the three months ended 31 March 2014

	Textile			Emulsions			Paper			Total		
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(Rs '000)											
Sales												
Local	2,003,680	1,236,630	326,070	245,688	59,678	33,621			2,389,428		1,515,939	
Export	286,095	207,352	-	-	-	-			286,095		207,352	
Total sales	2,289,775	1,443,982	326,070	245,688	59,678	33,621			2,675,523		1,723,291	
Discount & commission												
Sales tax	152,493	105,346	6,011	5,593	132	479			158,636		111,418	
	45,183	9,444	48,261	13,569	12,534	2,603			105,978		25,618	
	137,676	114,790	54,272	19,162	12,656	3,084			264,614		137,036	
Net sales (from external customers)	2,092,099	1,329,192	271,798	226,526	47,012	30,537			2,410,909		1,586,255	
Segment results based on management approach												
Other operating expenses - WPPF & WWF	322,261	239,190	41,028	39,648	10,744	7,010			374,033		285,848	
Assets charged to profit and loss for internal reporting purposes based on group guidelines									(30,200)		(20,916)	
									(25)		-	
Operating profit									343,808		264,932	
Finance costs									(56,526)		32,770	
Profit before taxation									400,334		232,162	
Fixed Capital Expenditure												
Unallocated	59,845	2,250	-	-	-	-			59,845		2,250	
									1,632		1,199	
									61,477		3,449	
Depreciation / Amortisation												
Unallocated	31,355	34,126	-	6	-	4			31,355		34,136	
									2,853		2,853	
									33,198		35,155	
Segment Assets												
Unallocated	4,310,446	2,338,283	555,986	507,269	50,910	34,618			4,917,342		2,880,170	
Total Assets									2,523,256		3,606,968	
									7,440,598		6,487,138	
Segment Liabilities												
Unallocated	1,567,257	1,091,732	143,105	58,066	14,493	4,635			1,724,855		1,154,433	
Total Liabilities									2,277,319		1,636,745	

**CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL
STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2014**

		Quarter ended 31 March	
		2014	2013
8 EARNINGS PER SHARE			
		(Rupees in '000)	
8.1 Basic			
Profit after taxation attributable to ordinary shareholders		312,286	272,166
		Number of shares	
Weighted average number of ordinary shares outstanding during the period		34,117,881	34,117,881
		(Rupees)	
Earning per share		9.15	7.98
8.2 Diluted			

There were no convertible dilutive potential ordinary shares in issue as at 31 March 2014 and 2013.

		Note	Three months Ended 31 March	
			2014	2013
			----- (Rupees in '000) -----	
9 CASH GENERATED FROM OPERATIONS				
(Continuing & Discontinued Operations)				
Profit before taxation			400,334	364,769
Adjustment for non-cash charges and other items:				
Depreciation / amortisation			33,198	35,585
Provision for staff gratuity			15,681	16,200
Mark-up expense			-	38,005
Provision for impairment of trade receivables			-	2,470
Working capital changes	9.1		(310,821)	(564,892)
			138,392	(107,863)
9.1 Working capital changes				
(Increase) / decrease in current assets				
Stores and spares			2,809	136
Stock-in-trade			(276,318)	(248,394)
Trade debts			(548,627)	(276,672)
Loans and advances			(895)	(9,157)
Trade deposits and short-term prepayments			(12,517)	3,057
Other receivables			(73,604)	(199,424)
			(909,152)	(730,454)
Increase in current liabilities				
Trade and other payables-net			598,331	165,562
			(310,821)	(564,892)

**CONDENSED INTERIM NOTES TO AND FORMING PART OF THE FINANCIAL
STATEMENTS (UNAUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2014**

		Quarter ended 31 March	
		2014	2013
		----- (Rupees in '000) -----	
10 CASH AND CASH EQUIVALENT			
Cash and bank balances		748,470	497,544
Short-term running finance		-	(669,675)
Cash and Cash Equivalents at end of the period		748,470	(172,131)

11 TRANSACTIONS WITH RELATED PARTIES

	Parent Company Quarter ended 31 March		Other Related Parties Quarter ended 31 March	
	2014	2013	2014	2013
----- (Rupees in '000) -----				
Sales	-	-	204,727	155,583
Purchases of goods and machinery	54,544	191,886	34,406	99,136
Indenting commission income	-	7,108	2,562	7,366
Export commission expense	3,881	3,119	-	564
Royalty expenses	4,356	13,543	-	-
Other charges	46,973	11,660	-	-
Key management personnel:				
- Salaries benefits and compensations	-	-	17,435	16,529
- Post employment benefits	-	-	2,443	2,499

12 CORRESPONDING FIGURES

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


13 DATE OF AUTHORISATION

These financial statements were authorised for issue on 29 April 2014 by the Board of Directors of the Company.

14 GENERAL

Figures have been rounded off to the nearest thousand rupees.

Karachi: 29 April 2014


Mujtaba Rahim
Chairman & Chief Executive Officer


M Veqar Arif
Director & Chief Financial Officer