



## **/ HALF YEAR REPORT 2016 (Ended March 2016)**



## COMPANY INFORMATION

Chairman / Chief Executive Officer	<ul style="list-style-type: none"> <li>• Mujtaba Rahim</li> </ul>	
Directors	<ul style="list-style-type: none"> <li>• Dr S Mubarik Ali</li> <li>• Hans Lourens (Alternate: Zafir Hussain)</li> <li>• M Veqar Arif</li> <li>• Rahat Kaunain Hassan</li> <li>• Roland Waibel</li> <li>• Thomas Winkler</li> </ul>	
Company Secretary	<ul style="list-style-type: none"> <li>• M Veqar Arif</li> </ul>	
Management Committee	<ul style="list-style-type: none"> <li>• Mujtaba Rahim</li> <li>• Qazi Naeemuddin</li> <li>• Zafir Hussain</li> </ul>	<ul style="list-style-type: none"> <li>• M Veqar Arif</li> <li>• Naveed Kamil</li> </ul>
Audit Committee	<ul style="list-style-type: none"> <li>• Dr S Mubarik Ali</li> <li>• Hans Lourens</li> <li>• Rahat Kaunain Hassan</li> <li>• M Irfan Lakhani</li> </ul>	<ul style="list-style-type: none"> <li>- Chairman (Alternate: Zafir Hussain)</li> <li>- Secretary</li> </ul>
Human Resources and Remuneration Committee	<ul style="list-style-type: none"> <li>• Dr S Mubarik Ali</li> <li>• Mujtaba Rahim</li> <li>• Thomas Winkler</li> <li>• Naveed Kamil</li> </ul>	<ul style="list-style-type: none"> <li>- Chairman</li> <li>- Secretary</li> </ul>
Bankers	<ul style="list-style-type: none"> <li>• Faysal Bank Limited</li> <li>• Habib Bank Limited</li> <li>• Meezan Bank Limited</li> <li>• National Bank of Pakistan</li> <li>• Standard Chartered Bank (Pakistan) Limited</li> </ul>	
Auditors	<ul style="list-style-type: none"> <li>• KPMG Taseer Hadi &amp; Co. Chartered Accountants</li> </ul>	
Legal Advisors	<ul style="list-style-type: none"> <li>• RIAA Barker Gillette</li> </ul>	
Share Registrars	<ul style="list-style-type: none"> <li>• FAMCO Associates (Pvt) Limited 8-F, Next to Hotel Faran, Nursery Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi</li> </ul>	
Registered Office	<ul style="list-style-type: none"> <li>• 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi</li> </ul>	
Factory	<ul style="list-style-type: none"> <li>• Petaro Road, Jamshoro</li> </ul>	
Sales & Marketing Offices	<ul style="list-style-type: none"> <li>• Katar Bund Road, Off. Multan Road, Thokar Niaz Baig, Lahore</li> <li>• Canal Road, Abdullah Pur, Faisalabad</li> <li>• 20-T, Block Masoom Shah Road, Near Multan.</li> </ul>	
Website	<ul style="list-style-type: none"> <li>• <a href="http://www.archroma.com.pk">www.archroma.com.pk</a></li> </ul>	

## REPORT OF BOARD OF DIRECTORS

The Directors' are pleased to present their report for the second quarter ended 31 March 2016 together with the un-audited condensed interim financial information of the Company and the Group for the second quarter ended 31 March 2016. The Group results comprises of Archroma Pakistan Limited (ARPL) and Archroma Textiles Chemicals Pakistan (Pvt) Ltd. (ATCPPL) a wholly owned subsidiary of the Company.

### MATERIAL INFORMATION

The Board has decided to approve a Scheme of Arrangement (the 'Scheme') for the amalgamation of ATCPPL with ARPL. In accordance with the Scheme, the entire business of ATCPPL together with all its properties, assets, rights, liabilities and obligations (the "ATCPPL Undertaking") will be transferred to and will vest in ARPL.

The petition is filed with Honorable High Court of Sindh. The scheme will become operative from 1 Jan 2016 or as directed by the Court. The Scheme will be processed in accordance with Sections 284 to 288 of Companies Ordinance 1984 for the sanction and appropriate facilitating orders of the High Court of Sindh.

### BUSINESS OVERVIEW

It is indeed pleasure for the directors to report that the Company's all the three businesses, Textile Specialties, Paper Solutions and Emulsion Products are coming up strongly in second quarter of the year both in terms of top line and profitability and subsequently improving the year to date performance of the Company. Top line showing a growth of three percent year-on-year in comparison during half of the year 2016. Paper Solutions showing sale growth of 32% Emulsion Products 12% and Textile Specialties 3% over

the same period last year. During the period under review, gross profit to sales ratio also leaped up significantly. It is worth mentioning here that the acquisition of 100% shareholdings of BASF Pakistan (Pvt) Ltd in last financial year together with the platform of Archroma would certainly enhance the strong market position and the brand image of the Company. The increase in top line, better price and cost management help the Company to report stronger bottom line for the period under discussion.

### Archroma Textiles Chemicals Pakistan (Pvt) Ltd.(ATCPPL)

ATCPPL, a wholly owned subsidiary of Archroma Pakistan Ltd, posted gross sales and gross profit of 1,295 mio and 483 mio respectively. However, on consolidated basis, the Group earned a gross profit of 1,763 mio and net profit of 733 mio for the six months ended.

### Future Outlook

Over the years, the Company has successfully developed the market for their products in the country and has been known for its strong fundamentals among its competitors.

Looking forward, local and global economic environment is likely to remain challenging in the months ahead. However the Company on its part is taking suitable measures to face the challenges and will keep strong focus on costs, networking capital and improving the efficiency of our operations in order to maintain competitiveness and profitability of the Company. Every effort will be made to convert risk and challenges into opportunities. Our strategic objective is to grow in a sustainable profitable manner.

On behalf of the Board



Mujtaba Rahim  
Chairman & Chief Executive Officer

Karachi: 27 April 2016



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
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## **Auditors' Report to the Members on Review of Interim Financial Information**

### *Introduction*

We have reviewed the accompanying condensed interim balance sheet of **Archroma Pakistan Limited** ("the Company") as at 31 March 2016, the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-months period then ended (here-in-after referred to as the "condensed interim unconsolidated financial information"). Management is responsible for the preparation and presentation of this condensed interim unconsolidated financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim unconsolidated financial information 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 condensed interim financial information 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*

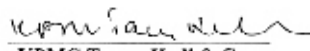
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### *Other matters*

The figures for the quarter ended 31 March 2016 and 31 March 2015 in condensed interim unconsolidated financial information have not been reviewed by us and we do not express a conclusion on them.

**Date: 27 April 2016**

**Karachi**

  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**Moneeza Usman Butt**

KPMG Taseer Hadi & Co. is a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG Network, a Swiss entity.

## CONDENSED INTERIM BALANCE SHEET (UNAUDITED)

As at 31 March 2016

	Note	Unaudited 31 March 2016	Audited 30 September 2015
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	891,757	947,505
Investment in subsidiary		1,372,800	1,372,800
Long-term loans and advances		8,329	12,055
Long-term deposits		988	2,939
Long-term prepayments		2,040	2,184
		2,275,914	2,337,483
<b>Current Assets</b>			
Stores and spares		26,196	19,012
Stock-in-trade		1,309,004	1,380,984
Trade debts		2,239,581	2,148,600
Loans and advances		10,355	11,305
Trade deposits and short-term prepayments		20,272	27,175
Other receivables		1,445,109	1,718,328
Taxation - net		120,222	119,589
Cash and bank balances		285,991	316,085
		5,456,730	5,741,078
<b>Total Assets</b>		<b>7,732,644</b>	<b>8,078,561</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and reserves</b>			
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		3,248,000	2,983,000
Unappropriated profit		523,435	1,119,063
<b>Shareholders' Equity</b>		<b>4,112,614</b>	<b>4,443,242</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Deferred tax - net		50,074	67,802
Other long term employee benefits		10,311	9,481
Liabilities against assets subject to finance lease		45,114	37,311
		105,499	114,594
<b>Current Liabilities</b>			
Trade and other payables		1,656,342	1,846,056
Mark-up accrued		20,483	17,803
Short-term borrowings - secured		1,816,745	1,643,426
Current portion of liabilities against assets subject to finance lease		20,961	13,440
		3,514,531	3,520,725
<b>Total Liabilities</b>		<b>3,620,030</b>	<b>3,635,319</b>
<b>Contingencies and Commitments</b>	7		
<b>Total Equity and Liabilities</b>		<b>7,732,644</b>	<b>8,078,561</b>

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



Karachi: 27 April 2016  
Mujtaba Rahim  
Chairman & Chief Executive Officer



M Veqar Arif  
Director & Chief Financial Officer

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

For the Quarter and Six Months Period Ended 31 March 2016

	Note	Quarter ended		Six Months preiod ended	
		31 March	31 March	31 March	31 March
		2016	2015	2016	2015
----- (Rupees '000) -----					
<b>Sales</b>	9	2,537,489	2,479,725	4,669,742	4,555,607
Discount & Commission	9	159,239	169,872	283,273	297,638
Sales tax	9	116,412	90,770	223,524	173,216
		275,651	260,642	506,797	470,854
<b>Net Sales</b>	9	2,261,838	2,219,083	4,162,945	4,084,753
Cost of goods sold		1,575,418	1,653,015	2,882,748	3,046,503
<b>Gross profit</b>		686,420	566,068	1,280,197	1,038,250
Distribution and marketing expenses		155,964	164,906	312,662	321,709
Administrative expenses		96,430	57,403	198,630	119,745
Other operating expenses		30,575	23,341	52,049	49,546
		282,969	245,650	563,341	491,000
		403,451	320,418	716,856	547,250
Other income		3,940	3,488	13,389	10,647
		407,391	323,906	730,245	557,897
Finance cost - net		42,046	40,225	72,702	43,720
<b>Profit before taxation</b>		365,345	283,681	657,543	514,177
Taxation - net	10	70,661	78,812	135,224	132,074
<b>Profit after taxation</b>		294,684	204,869	522,319	382,103
<b>Other comprehensive Income</b>					
Items that will not be reclassified subsequently to profit and loss account					
Remeasurement of post employment obligation		-	-	-	-
<b>Total Comprehensive Income for the Period</b>		294,684	204,869	522,319	382,103
----- (Rupees) -----					
<b>Earnings per share</b>	11	8.64	6.01	15.31	11.20

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



Mujtaba Rahim  
Chairman & Chief Executive Officer



M Veqar Arif  
Director & Chief Financial Officer

Karachi: 27 April 2016

## **CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**

For the Six Months Period Ended 31 March 2016

	Note	Unaudited 31 MARCH	
		2016	2015
----- (Rupees in '000) -----			
<b>Cash flows from operating activities</b>			
Cash generated from operations	12	756,121	607,254
Staff gratuity paid		65,772	(26,630)
Mark-up paid		(17,516)	(42,339)
Income taxes paid		(153,585)	(206,119)
Movement in long-term loans and advances		3,726	5,845
Movement in long-term deposits and prepayments		2,095	144
<b>Net cash generated from operating activities</b>		656,613	338,155
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(6,297)	(10,002)
<b>Net cash used in investing activities</b>		(6,297)	(10,002)
<b>Cash flows from financing activities</b>			
Payment against finance lease obligations		(8,641)	-
Short-term loans - proceeds		-	600,000
Short-term borrowing - repayments		-	(625,000)
Dividend paid		(845,088)	(847,178)
<b>Net cash used in / financing activities</b>		(853,729)	(872,178)
<b>Net decrease in cash and cash equivalents</b>		(203,413)	(544,025)
Cash and cash equivalents at beginning of the period		(892,341)	39,192
<b>Cash and cash equivalents at end of the period</b>	13	(1,095,754)	(504,833)

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



Mujtaba Rahim  
Chairman & Chief Executive Officer



M Veqar Arif  
Director & Chief Financial Officer

Karachi: 27 April 2016

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the Six Months Period Ended 31 March 2016

	Issued, subscribed and paid- up capital	Revenue reserves	Unappropri- ated profit	Total shareholders' equity
	----- (Rupees in '000) -----			
<b>Balance as at 30 September 2014 (audited)</b>	341,179	2,803,000	1,034,067	4,178,246
Transfer to revenue reserves appropriated subsequent to year end	-	180,000	(180,000)	-
- Final cash dividend at the rate of 250% (Rs. 25 per share) for the nine months period ended 30 September 2014 approved subsequent to year end	-	-	(852,947)	(852,947)
Total comprehensive income for the six months ended 31 March 2015	-	-	382,103	382,103
<b>Balance as at 31 March 2015 (unaudited)</b>	<u>341,179</u>	<u>2,983,000</u>	<u>383,223</u>	<u>3,707,402</u>
<b>Balance as at 30 September 2015 (audited)</b>	341,179	2,983,000	1,119,063	4,443,242
Transfer to revenue reserves appropriated subsequent to year end	-	265,000	(265,000)	-
- Final cash dividend at the rate of 250% (Rs. 25 per share) for the year ended 30 September 2015 approved subsequent to year end	-	-	(852,947)	(852,947)
Total comprehensive income for the six months ended 31 March 2016	-	-	522,319	522,319
<b>Balance as at 31 March 2016 (unaudited)</b>	<u>341,179</u>	<u>3,248,000</u>	<u>523,435</u>	<u>4,112,614</u>

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



Karachi: 27 April 2016  
Mujtaba Rahim  
Chairman & 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 Six Months Period Ended 31 March 2016

### **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 (formerly: Karachi 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 emulsions, mainly for textile, paper, paint and construction industries. It also acts as an indenting agent.

The Company has a wholly owned subsidiary namely Archroma Textiles Chemicals Pakistan (Private) Limited (Formerly BASF Pakistan Private Limited).

### **2. STATEMENT OF COMPLIANCE**

This condensed interim unconsolidated financial information of the Company for the six months period ended 31 March 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ the provision of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim unconsolidated financial information does not include all the information required for full annual financial statements and should be read in conjunction with the annual audited separate financial statements of the Company for the year ended 30 September 2015.

The comparative balance sheet presented in this condensed interim unconsolidated financial information has been extracted from the audited annual separate financial statements of the Company for the year ended 30 September 2015, 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 31 March 2015.

This condensed interim unconsolidated financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange (formerly Karachi Stock Exchange) vide section 245 of the Companies Ordinance, 1984. The figures for the six months period ended 31 March 2015 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.

### **3. ACCOUNTING POLICIES**

**3.1** The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited separate financial statements for the year ended 30 September 2015 except for the following standards which became effective during the period.

#### **3.2 New, Standards, Amendments to Existing Standards And Interpretations of International Financial Reporting Standards (IFRSs)**

Certain amendments and interpretation to approved accounting standards which became effective during the period were not relevant to the Company's operation and do not have any impact on the accounting policies of the Company except for the application of IFRS 13 Fair Value Measurement. IFRS 13 Fair Value Measurement, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. Fair value is defined as the price at which an ordinary transaction to sell an asset or to transfer a liability would take place between market participant at measurement date. It also replaces and expanded disclosure requirements about fair value measurements in other IFRS, including IFRS 7 'Financial Instruments: Disclosures'. The application of IFRS 13 did not have an impact on the condensed interim unconsolidated financial information of the Company, except certain additional disclosures (refer note 8). In accordance with transitional provision of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Some of these disclosures are specifically required in interim financial information for financial instruments.

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

For the Quarter and Six Months Period Ended 31 March 2016

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim unconsolidated financial information requires management to make judgments, 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 this condensed interim unconsolidated financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited separate financial statements of the Company for the year ended 30 September 2015.

### 5. PROPERTY, PLANT AND EQUIPMENT

5.1 The following operating assets have been added during the six months period ended 31 March 2016:

	Building	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Total 31 March 2016	Total 31 March 2015
	(Rupees in '000)					
Additions for the quarter ended 31 December 2015	-	-	6,161	13,490	19,651	8,829
Additions for the quarter ended 31 March 2016	-	-	1,110	10,475	11,585	186,349
<b>Total</b>	<b>-</b>	<b>-</b>	<b>7,271</b>	<b>23,965</b>	<b>31,236</b>	<b>195,178</b>

5.1.1 Additions to furniture, fixture and equipment includes Rs. 2.504 million and transfer of Rs. 4.767 million from capital work in progress.

5.2 Disposal of plant and equipment has been made during the six months period ended 31 March 2016:

	Building	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Total 31 March 2016	Total 31 March 2015
	(Rupees in '000)					
Cost	-	5,806	11,560	-	17,366	-
Accumulated depreciation	-	(5,806)	(11,560)	-	(17,366)	-
Net book value	-	-	-	-	-	-

5.3 Addition to capital work in progress amounting to Rs. 3.793 million during the six months period ended 31 March 2016.

### 6. SHORT TERM BORROWINGS - secured

6.1 Short term running finance facilities are available from various commercial banks under mark-up arrangements amounting to Rs. 2,200 million (30 September 2015: Rs. 1,800 million). These facilities have various maturity dates upto 31 May 2016. These arrangements are secured against pari passu charge of hypothecation of the Company's stock in trade and trade debts with minimum 16.5% margin. These running finance facilities carry mark-up ranging from 1 month KIBOR+ 0.5% to 3 month KIBOR+ 0.8% per annum and is payable on quarterly basis.

6.2 The Company has borrowed short term running finance under the Export Refinance Scheme of the State Bank of Pakistan (SBP). The facility available is for an amount of Rs. 435 million (2015: Rs. 435 million). The rate of mark-up on this facility was 4.5% per annum.

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

For the Quarter and Six Months Period Ended 31 March 2016

### **7. CONTINGENCIES AND COMMITMENTS**

#### **7.1 Contingencies**

**7.1.1** There have been no changes in the contingencies as disclosed in the annual audited separate financial statements of the Company for the year ended 30 September 2015.

**7.1.2** The Company has provided bank guarantees amounting to Rs. 66.475 million as at 31 March 2015 (30 September 2015: Rs. 88.532 million) in favour of third parties.

**7.1.3** The Company has provided post dated cheques amounting to Rs. 161.655 million (30 September 2015: Rs. 148.88 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.

#### **7.2 Commitments**

**7.2.1** Commitments for rentals under operating lease agreements in respect of vehicles and equipments amounted to Rs. 7.823 million (30 September 2015: Rs. 10.760 million) which are payable as following:

	<b>Unaudited 31 March 2016 (Rupees in '000)</b>	<b>Audited 30 September 2015</b>
Payable within one year	<b>3,428</b>	4,002
Payable over one to five years	<b>4,395</b>	6,758
	<b><u>7,823</u></b>	<u>10,760</u>

**7.2.2** Commitments for rentals under operating lease agreement in respect of rented property amounted to Rs. 37.184 million (30 September 2015: Rs. 50.209 million)

	<b>Unaudited 31 March 2016 (Rupees in '000)</b>	<b>Audited 30 September 2015</b>
Payable within one year	<b>6,709</b>	-
Payable over one to five years	<b>30,475</b>	50,209
	<b><u>37,184</u></b>	<u>50,209</u>

**7.2.3** Commitments for ijarah rentals in respect of ijarah transactions amounted to Rs. 24.244 million (30 September 2015: Rs. 36.513 million)

	<b>Unaudited 31 March 2016 (Rupees in '000)</b>	<b>Audited 30 September 2015</b>
Payable within one year	<b>14,211</b>	20,249
Payable over one to five years	<b>10,033</b>	16,264
	<b><u>24,244</u></b>	<u>36,513</u>

**7.2.4** Commitments for capital expenditure as at 31 March 2016 aggregated Rs. 9.557 million (30 September 2015: Rs. Nil).

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

For the Quarter and Six Months Period Ended 31 March 2016

### 8. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. This condensed interim unconsolidated financial information does not include all financial risk management information and disclosures required in the audited annual separate financial statements; they should be read in conjunction with the Company's audited annual separate financial statements as at 30 September 2015 as financial risk management objectives and policies are consistent with the prior year.

#### Fair Value Hierarchy

The table below analysis 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 the asset or liability.

	Carrying amount		
	Loans and receivables	Other financial assets	Other financial liabilities
	31 March 2016		
	----- (Rupees in '000) -----		
<b>Financial assets not measured at fair value</b>			
Investment in subsidiary	-	1,372,800	-
Long-term loans	8,329	-	-
Long-term deposits	988	-	-
Trade debts - net	2,239,581	-	-
Loans to employees	10,073	-	-
Trade deposits	7,177	-	-
Other receivables	12,047	-	-
Cash and bank balances	285,991	-	-
<b>Financial liabilities not measured at fair value</b>			
Liabilities against assets subject to finance lease	-	-	45,114
Trade and other payables	-	-	1,656,342
Short term borrowings - secured	-	-	1,816,745
Mark-up accrued	-	-	20,483
Current portion of liabilities against assets subject to finance lease	-	-	20,961

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 off fair value.

## For the Quarter and Six Months Period Ended 31 March 2016

## 9. SEGMENT INFORMATION

a) Segment information as at and for the six months period ended 31 March 2016

[illegible]

## For the Quarter and Six Months Period Ended 31 March 2016

b) Segments information for the quarter ended 31 March 2016

\* This represent revenue from non-core business activities of the Company.

\* This represent revenue from non-core business activities of the Company.

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

For the Quarter and Six Months Period Ended 31 March 2016

### 10. TAXATION

The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 at the rate of 10 percent on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital, so much of its reserves as exceed hundred percent of its paid up capital be treated as income of said company. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

The Company intends to distribute sufficient cash dividend for the year ending 30 September 2016 to comply with the above stated requirement. Accordingly, no provision for tax on undistributed reserves has been recognized in these condensed unconsolidated interim financial information.

### 11. EARNINGS PER SHARE - BASIC AND DILUTED

	Quarter ended		Six months period ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	(Rupees in '000)			
Profit after taxation	294,684	204,869	522,319	382,103
	(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)			
Earnings per share	8.64	6.01	15.31	11.20

11.1 There were no convertible dilutive potential ordinary shares in issue as at 31 March 2016 and 31 March 2015.

### 12. CASH GENERATED FROM OPERATIONS

	Note	Six months period ended	
		31 March 2016	31 March 2015
		(Rupees in '000)	
Profit before taxation		657,543	514,177
Adjustment for non-cash charges and other items:			
Depreciation		86,010	73,517
Provision for staff gratuity		7,812	23,924
Provision for other long term employee benefits		830	-
Mark-up expense		20,196	49,364
Provision for impairment of trade receivables		-	9,156
Working capital changes	12.1	(16,270)	(62,884)
		756,121	607,254

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

For the Quarter and Six Months Period Ended 31 March 2016

### 12.1 Working capital changes

	<b>Six months period ended</b>	
	<b>31 March</b>	<b>31 March</b>
	<b>2016</b>	<b>2015</b>
	<b>(Rupees in '000)</b>	
<b>(Increase) / decrease in current assets</b>		
Stores and spares	(7,184)	1,433
Stock-in-trade	71,980	177,399
Loans and advances	950	2,932
Trade debts	(90,981)	(160,930)
Trade deposits and short-term prepayments	6,903	(2,810)
Other receivables	199,635	(36,823)
	<b>181,303</b>	<b>(18,799)</b>
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables-net	(197,573)	(44,085)
	<b>(16,270)</b>	<b>(62,884)</b>

### 13. CASH AND CASH EQUIVALENTS

Cash and bank balances	285,991	348,261
Short-term running finance	(1,381,745)	(853,094)
<b>Cash and cash equivalents at end of the period</b>	<b>(1,095,754)</b>	<b>(504,833)</b>

### 14. TRANSACTIONS WITH RELATED PARTIES

14.1 Transactions with related parties	<b>Quarter ended</b>		<b>Six months period ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>(Rupees in '000)</b>			
<b>Parent Company</b>				
Purchases of goods and machinery	-	-	-	-
Export commission expense	-	-	-	-
Dividend Paid	639,713	639,713	639,713	639,713
<b>Other Related Parties</b>				
Sales	98,954	118,430	210,735	246,213
Purchases of goods, machinery	121,270	118,065	237,300	302,702
Indenting commission income	526	369	878	2,683
Export commission expense	3,176	4,679	7,058	12,599
Royalty expenses	4,253	3,477	7,454	6,222
Other charges	31,446	-	62,922	-
Key management personnel:				
- Salaries benefits and compensations	20,328	20,823	42,615	41,876
- Post employment benefits	2,474	3,018	5,709	6,035

### 15. DATE OF AUTHORISATION

This condensed interim financial information has been authorized for issue on 27 April 2016 by the Board of Directors of the Company.

### 16. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Karachi: 27 April 2016  
Mujtaba Rahim  
Chairman & Chief Executive Officer



M Veqar Arif  
Director & Chief Financial Officer



**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL INFORMATION**

**ARCHROMA PAKISTAN LIMITED**  
and its Subsidiary Company

## CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 31 March 2016

	Note	Unaudited 31 March 2016	Audited 30 September 2015
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	1,861,028	1,934,400
Long-term loans and advances		8,329	14,187
Long-term deposits		3,279	4,796
Long-term prepayments		2,040	2,184
		<u>1,874,676</u>	<u>1,955,567</u>
<b>Current Assets</b>			
Stores and spares		48,070	38,580
Stock-in-trade		1,758,420	1,709,874
Trade debts		2,930,666	2,733,375
Loans and advances		12,374	16,294
Trade deposits and short-term prepayments		64,842	68,399
Other receivables		1,863,564	2,105,510
Taxation - net		49,773	92,312
Cash and bank balances		287,629	351,554
		<u>7,015,338</u>	<u>7,115,898</u>
<b>Total Assets</b>		<u><u>8,890,014</u></u>	<u><u>9,071,465</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and reserves</b>			
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		3,248,000	2,983,000
Unappropriated profit		923,672	1,308,729
<b>Shareholders' Equity</b>		<u>4,512,851</u>	<u>4,632,908</u>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Deferred tax - net		215,966	263,349
Other long term employee benefits		10,311	9,481
Liabilities against assets subject to finance lease		45,114	37,311
		<u>271,391</u>	<u>310,141</u>
<b>Current Liabilities</b>			
Trade and other payables		2,243,550	2,396,764
Mark-up accrued		20,900	19,472
Short-term borrowings		1,820,361	1,698,740
Current portion of liabilities against assets subject to finance lease		20,961	13,440
		<u>4,105,772</u>	<u>4,128,416</u>
<b>Total Liabilities</b>		<u>4,377,163</u>	<u>4,438,557</u>
<b>Contingencies and Commitments</b>	7		
<b>Total Equity and Liabilities</b>		<u><u>8,890,014</u></u>	<u><u>9,071,465</u></u>

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



Mujtaba Rahim  
Chairman & Chief Executive Officer



M Veqar Arif  
Director & Chief Financial Officer

Karachi: 27 April 2016

## CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

For the Quarter and Six Months Period Ended 31 March 2016

	Note	Quarter ended		Six months ended	
		31 March 2016	31 March 2015	31 March 2016	31 March 2015
		(Rupees '000)		(Rupees '000)	
<b>Sales</b>	9	3,164,184	2,479,725	5,957,367	4,555,607
Discount & Commission	9	166,739	169,872	299,660	297,638
Sales tax	9	133,630	90,770	258,253	173,216
		300,369	260,642	557,913	470,854
<b>Net Sales</b>	9	2,863,815	2,219,083	5,399,454	4,084,753
Cost of goods sold		1,966,677	1,653,015	3,636,364	3,046,503
<b>Gross profit</b>		897,138	566,068	1,763,090	1,038,250
Distribution and marketing expenses		189,904	164,906	411,892	321,709
Administrative expenses		113,147	57,403	225,046	119,745
Other operating expenses		41,780	23,341	84,463	49,546
		344,831	245,650	721,401	491,000
		552,307	320,418	1,041,689	547,250
Other operating income		5,644	3,488	33,909	10,647
		557,951	323,906	1,075,598	557,897
Finance cost - net		51,471	40,225	83,360	43,720
<b>Profit before taxation</b>		506,480	283,681	992,238	514,177
Taxation - net		99,922	78,812	259,348	132,074
<b>Profit after taxation</b>		406,558	204,869	732,890	382,103
Other comprehensive Income					
Items that will not be reclassified subsequently to profit and loss account					
Remeasurement of post employment obligation		-	-	-	-
<b>Total Comprehensive Income for the Period</b>		406,558	204,869	732,890	382,103
		( Rupees)		( Rupees)	
<b>Earnings per share</b>	11.1	11.92	6.01	21.48	11.20

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



Mujtaba Rahim  
Chairman & Chief Executive Officer



M Veqar Arif  
Director & Chief Financial Officer

Karachi: 27 April 2016

## CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the Six Months Period Ended 31 March 2016

	Note	31 MARCH	
		2016	2015
		----- (Rupees in '000) -----	
<b>Cash flows from operating activities</b>			
Cash generated from operations	12	907,937	607,254
Staff gratuity paid		62,859	(26,630)
Mark-up paid		(19,168)	(42,339)
Income taxes paid		(262,864)	(206,119)
Movement in long-term loans and advances		5,858	5,845
Movement in long-term deposits and prepayments		3,701	144
<b>Net cash generated from operating activities</b>		698,323	338,155
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(30,140)	(10,002)
<b>Net cash used in investing activities</b>		(30,140)	(10,002)
<b>Cash flows from financing activities</b>			
Payment against finance lease obligations		(8,641)	-
Short-term loans - proceeds		-	600,000
Short-term borrowing - repayments		-	(625,000)
Dividend paid		(845,088)	(847,178)
<b>Net cash used in financing activities</b>		(853,729)	(872,178)
<b>Net decrease in cash and cash equivalents</b>		(185,546)	(544,025)
Cash and cash equivalents at beginning of the period		(912,186)	39,192
<b>Cash and cash equivalents at end of the period</b>	13	(1,097,732)	(504,833)

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



Karachi: 27 April 2016

Mujtaba Rahim  
Chairman & Chief Executive Officer



M Veqar Arif  
Director & Chief Financial Officer

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the Six Months Period Ended 31 March 2016

	Issued, subscribed and paid- up capital	Revenue reserves	Unappropri- ated profit	Total shareholders' equity
	(Rupees in '000)			
<b>Balance as at 30 September 2014 (audited)</b>	341,179	2,803,000	1,034,067	4,178,246
Transaction with owners of the holding company - Distributions				
Transfer to revenue reserves appropriated subsequent to year end	-	180,000	(180,000)	-
Final cash dividend for the year ended 30 September 2014 declared subsequent to year end	-	-	(852,947)	(852,947)
Total comprehensive income for the six months ended 31 March 2015	-	-	382,103	382,103
<b>Balance as at 31 March 2015 (unaudited)</b>	<u>341,179</u>	<u>2,983,000</u>	<u>383,223</u>	<u>3,707,402</u>
<b>Balance as at 30 September 2015 (audited)</b>	341,179	2,983,000	1,308,729	4,632,908
Transaction with owners of the holding company - Distributions				
Transfer to revenue reserves appropriated subsequent to year end	-	265,000	(265,000)	-
Final cash dividend for the year ended 30 September 2015 declared subsequent to year end	-	-	(852,947)	(852,947)
Total comprehensive income for the six months ended 31 March 2016	-	-	732,890	732,890
<b>Balance as at 31 March 2016 (unaudited)</b>	<u>341,179</u>	<u>3,248,000</u>	<u>923,672</u>	<u>4,512,851</u>

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



Karachi: 27 April 2016  
Mujtaba Rahim  
Chairman & Chief Executive Officer



M Veqar Arif  
Director & Chief Financial Officer

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

For the Quarter and Six Months Period Ended 31 March 2016

### **1. THE COMPANY AND ITS OPERATIONS**

Archroma Pakistan Limited, (ARPL) ("the Parent 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 Parent Company is listed on the Pakistan Stock Exchange (formerly: Karachi Stock Exchange). The Parent Company is a subsidiary of Archroma Textiles S.a.r.l (Ultimate Parent Company), incorporated in Luxembourg, head quartered in Reinach, Switzerland which holds 75% of the share capital of the Company.

The Parent 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.

#### **1.1 STATUS AND NATURE OF BUSINESS**

The Group consists of:

- i) Archroma Pakistan Limited (the 'Parent Company')
- ii) Archroma Textiles Chemicals Pakistan (Private) Limited (the 'Subsidiary')

### **2. STATEMENT OF COMPLIANCE**

This condensed interim consolidated financial information of the Company for the six months period ended 31 March 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ the provision of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim consolidated financial information does not include all the information required for full annual financial statements and should be read in conjunction with the annual audited separate financial statements of the Company for the year ended 30 September 2015.

The comparative balance sheet presented in this condensed interim consolidated financial information has been extracted from the audited annual separate financial statements of the Company for the year ended 30 September 2015, 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 31 March 2015.

#### **2.1 BASIS OF CONSOLIDATION:**

The consolidated financial statements include the financial statements of Archroma Pakistan Limited and Archroma Textiles Chemicals Pakistan (Private) Limited. The financial statements of the subsidiary company have been consolidated on line by line basis. All intercompany balances and transactions have been eliminated.

This condensed interim consolidated financial information should be read in conjunction with the annual consolidated financial statements of the company for the year ended ended 30 September 2015.

### **3. ACCOUNTING POLICIES**

- 3.1** The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the annual audited separate financial statements for the year ended 30 September 2015 except for the following standards which became effective during the period.

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

For the Quarter and Six Months Period Ended 31 March 2016

### 3.2 New, Standards, Amendments to Existing Standards And Interpretations of International Financial Reporting Standards (IFRSs)

Certain amendments and interpretation to approved accounting standards which became effective during the period were not relevant to the Company's operation and do not have any impact on the accounting policies of the Company except for the application of IFRS 13 Fair Value Measurement. IFRS 13 Fair Value Measurement, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. Fair value is defined as the price at which an ordinary transaction to sell an asset or to transfer a liability would take place between market participant at measurement date. It also replaces and expanded disclosure requirements about fair value measurements in other IFRS, including IFRS 7 'Financial Instruments: Disclosures'. The application of IFRS 13 did not have an impact on the condensed interim consolidated financial information of the Company, except certain additional disclosures (refer note 8). In accordance with transitional provision of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Some of these disclosures are specifically required in interim financial information for financial instruments.

### 4 CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENTS

The preparation of interim consolidated 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 this condensed interim consolidated financial information, 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 consolidated financial statements of the Company for the year ended 30 September 2015.

### 5. PROPERTY, PLANT AND EQUIPMENT

#### 5.1 The following operating assets have been added during the half year ended 31 March 2016:

	Building	Plant and machinery	Furniture, fixtures and	Vehicles	Total March 2016	Total March 2015
	(Rupees in '000)					
Additions for the up to 31 December 2015	3,232	-	7,756	17,419	28,407	8,829
	-	-	-	-	-	-
Additions for the quarter 31 March 2016	673	-	1,118	10,475	12,266	186,349
Total	3,905	-	8,874	27,894	40,673	195,178

#### 5.1.1 Additions to furniture, fixture and equipment includes Rs. 2.504 million and transfer of Rs. 4.767 million from capital work in progress.

#### 5.2 Disposal of plant and equipment has been made during the six months ended 31 March 2016:

	Building	Plant and machinery	Furniture, fixtures and	Vehicles	Total March 2016	Total March 2015
	(Rupees in '000)					
Cost	-	7,025	24,225	405	31,655	-
Accumulated depreciation	-	(7,025)	(24,206)	(405)	(31,636)	-
Net book value	-	-	19	-	19	-

#### 5.3 Addition to capital work in progress amounting to Rs. 3.793 million during the six months period ended 31 March 2016.

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

For the Quarter and Six Months Period Ended 31 March 2016

### 6. SHORT TERM BORROWINGS - secured

- 6.1** Short term running finance facilities are available for parent company from various commercial banks under mark-up arrangements amounting to Rs. 2,200 million (30 September 2015: Rs. 1,800 million). These facilities have various maturity dates upto 31 May 2016. These arrangements are secured against pari passu charge of hypothecation of the Company's stock in trade and trade debts with minimum 16.5% margin. These running finance facilities carry mark-up ranging from 1 month KIBOR+ 0.5% to 3 month KIBOR+ 0.8% per annum and is payable on quarterly basis.
- 6.2** The Parent Company has borrowed short term running finance under the Export Refinance Scheme of the State Bank of Pakistan (SBP). The facility available is for an amount of Rs. 435 million (2015: Rs. 435 million). The rate of mark-up on this facility was 4.5 % per annum.
- 6.3** The Subsidiary Company has obtained the facilities for short term running finances available from a bank amounting to Rs. 600 million (2014: Rs. 300 million). These are secured against hypothecation charge over stock-in-trade and trade debts. The rates of mark-up is 3 month KIBOR + 0.035% per annum (2014: 10.25% to 12.37% per annum) and the facilities expire by 31 December 2015.

### 7 CONTINGENCIES AND COMMITMENTS

#### 7.1 Contingencies

- 7.1.1** There have been no changes in the contingencies as disclosed in the annual consolidated financial statements of the Company for the year ended 30 September 2015.
- 7.1.2** The Parent Company has provided bank guarantees amounting to Rs. 66.475 million (30 September 2015: Rs 88.532 million) in favour of third parties.
- 7.1.3** The Parent Company has provided post dated cheques amounting to Rs. 161.655 million (30 September 2015: 148.88 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.

#### 7.2 Commitments

##### Parent Company

- 7.2.1** Commitments for rentals under operating lease agreements in respect of vehicles and equipment amounted to Rs 7.823 million (30 September 2015: Rs 10.760 million) payable as following:

	Unaudited March 31, 2016	Audited September 30, 2015
----(Rupees in '000)----		
Payable within one year	3,428	4,002
Payable over one to five years	4,395	6,758
	<u>7,823</u>	<u>10,760</u>

- 7.2.2** Commitments for rentals under operating lease agreement in respect of rented property amounted to Rs. 37.185 million (30 September 2015: Rs. 50.209 million)

	Unaudited March 31, 2016	Audited September 30, 2015
----(Rupees in '000)----		
Payable within one year	6,709	-
Payable over one to five years	30,475	50,209
	<u>37,184</u>	<u>50,209</u>



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

For the Quarter and Six Months Period Ended 31 March 2016

**7.2.3** Commitments for ijarah rentals in respected of ijarah transactions amount to Rs 24.244 million (30 September 2015:Rs. 36.513 million).

	<b>Unaudited March 31, 2016</b>	<b>Audited September 30, 2015</b>
	<b>----(Rupees in '000)----</b>	
Payable within one year	14,211	20,249
Payable over one to five years	10,033	16,264
	<u>24,244</u>	<u>36,513</u>

**7.2.4** Commitments for capital expenditure as at 31 March 2016 aggregated Rs 9.557 mio (30 September 2015: Rs Nil).

### **Subsidiary Company**

**7.2.5** Outstanding commitments under letters of credit amounting to Rs. 166.428 million (30 September 2015: Rs 37.129 million)

## **8. FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. This condensed interim consolidated financial information does not include all financial risk management information and disclosures required in the audited annual separate financial statements; they should be read in conjunction with the Company's audited annual separate financial statements as at 30 September 2015 as financial risk management objectives and policies are consistent with the prior year.

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

For the Quarter and Six Months Period Ended 31 March 2016

### 9. Segment information

#### a) Segment information for the quarter and six months ended 31 March 2016

	Textile		Emulsions		Paper		Others *		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
(Rs '000)										
<b>Sales</b>										
Local	4,615,378	3,218,216	625,664	556,879	143,123	108,036	74,470	166,540	5,458,635	4,049,671
Export	497,788	505,216	-	-	944	720	-	-	498,732	505,936
<b>Total sales</b>	<b>5,113,166</b>	<b>3,723,432</b>	<b>625,664</b>	<b>556,879</b>	<b>144,067</b>	<b>108,756</b>	<b>74,470</b>	<b>166,540</b>	<b>5,957,367</b>	<b>4,555,607</b>
Discount & commission	289,389	285,372	9,877	12,201	394	65	-	-	299,660	297,638
Sales tax	142,015	75,108	95,427	82,406	20,811	15,702	-	-	258,253	173,216
	431,404	360,480	105,304	94,607	21,205	15,767	-	-	557,913	470,854
<b>Net sales (from external customers)</b>	<b>4,681,762</b>	<b>3,362,952</b>	<b>520,360</b>	<b>462,272</b>	<b>122,862</b>	<b>92,989</b>	<b>74,470</b>	<b>166,540</b>	<b>5,399,454</b>	<b>4,084,753</b>
<b>Segment results based on 'management approach'</b>	<b>1,024,220</b>	<b>497,323</b>	<b>90,226</b>	<b>75,683</b>	<b>43,707</b>	<b>26,343</b>	<b>-</b>	<b>-</b>	<b>1,158,153</b>	<b>599,349</b>
<i>Unallocated corporate expenses</i>										
Other operating expenses - Workers' Profit Participation Fund & Workers' Welfare Fund									(80,824)	(39,000)
Assets charged to profit and loss for internal reporting purposes based on group guidelines									(1,731)	(2,452)
<b>Operating profit</b>									<b>1,075,598</b>	<b>557,897</b>
Finance costs									83,360	43,720
<b>Profit before taxation</b>									<b>992,238</b>	<b>514,177</b>
<b>Fixed Capital Expenditure</b>	<b>26,411</b>	<b>9,582</b>	<b>45</b>	<b>25</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,501</b>	<b>9,607</b>
Unallocated									3,639	395
									<b>30,140</b>	<b>10,002</b>
<b>Depreciation</b>	<b>121,403</b>	<b>72,174</b>	<b>1,425</b>	<b>11</b>	<b>6</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>122,834</b>	<b>72,194</b>
Unallocated									3,315	1,323
									<b>126,149</b>	<b>73,517</b>

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

For the Quarter and Six Months Period Ended 31 March 2016

	Textile		Emulsions		Paper		Others		Total	
	Unaudited March 31, 2016	Audited September 30, 2015	Unaudited March 31, 2016	Audited September 30, 2015	Unaudited March 31, 2016	Audited September 30, 2015	Unaudited March 31, 2016	Audited December 31, 2015	Unaudited March 31, 2016	Audited September 30, 2015
----- (Rs '000) -----										
<b>Segment Assets</b>										
Unallocated	5,328,503	7,535,399	475,856	475,689	55,189	52,096	-	-	5,859,548	8,063,184
Total Assets									3,030,466	1,008,281
									8,890,014	9,071,465
<b>Segment Liabilities</b>										
Unallocated	1,625,819	2,012,606	111,288	126,448	11,792	16,222	-	-	1,748,899	2,155,276
Total Liabilities									2,628,264	2,283,281
									4,377,163	4,438,557
<b>b) Segments information for the quarter ended 31 March 2016</b>										
	Textile		Emulsions		Paper		Others*		Total	
	Unaudited 31 March 2016	Audited 30 September 2015	Unaudited 31 March 2016	Audited 30 September 2015	Unaudited 31 March 2016	Audited 30 September 2015	Unaudited 31 March 2016	Audited 30 September 2015	Unaudited 31 March 2016	Audited 30 September 2015
----- (Rupees in '000) -----										
<b>Net sales (from external customers)</b>	2,526,552	1,849,954	246,790	229,366	63,070	43,954	27,403	95,809	2,863,815	2,219,083
<b>Segment results based on 'management approach'</b>	532,779	296,124	43,434	37,380	22,912	13,243	-	-	599,125	346,747
<i>Unallocated corporate expenses</i>										
Other operating expenses - Workers' Profit Participation Fund & Workers' Welfare Fund									(40,155)	(21,500)
Assets charged to profit and loss for internal reporting purposes based on group guidelines									(1,019)	(1,341)
<b>Operating profit</b>									557,951	323,906
Finance costs									51,471	40,225
<b>Profit before taxation</b>									506,480	283,681
<b>Fixed Capital Expenditure</b>	4,427	1,001	-	-	45	-	-	-	4,472	1,001
Unallocated									411	172
									4,883	1,173
<b>Depreciation</b>	60,345	37,569	1,420	5	4	5	-	-	61,769	37,579
Unallocated									1,531	714
									63,300	38,293

\* This represent revenue from non-core business activities of the Company.

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

For the Quarter and Six Months Period Ended 31 March 2016

### 10. TAXATION

The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 at the rate of 10 percent on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital, so much of its reserves as exceed hundred percent of its paid up capital be treated as income of said company. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

### 11. EARNINGS PER SHARE - BASIC AND DILUTED

	Quarter ended 31 March		Six months Ended 31 March	
	2016	2015	2016	2015
	(Rupees 000)		(Rupees 000)	
<b>11.1 Basic</b>				
Profit after taxation attributable to ordinary shareholders	406,558	204,869	732,890	382,103
	Number of shares		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)		(Rupees)	
Earning per share	11.92	6.01	21.48	11.20

#### 11.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 31 March 2016 and 2015.

	Note	Six months Ended 31 March	
		2016	2015
		----- (Rupees in '000) -----	
<b>12. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		992,238	514,177
Adjustment for non-cash charges and other items:			
Depreciation / amortisation		126,149	73,517
Provision for staff gratuity		9,269	23,924
Mark-up expense		20,596	49,364
Provision for impairment of trade receivables		-	9,156
Working capital changes	12.1	(240,315)	(62,884)
		907,937	607,254
<b>12.1 Working capital changes</b>			
<b>(Increase) / decrease in current assets</b>			
Stores and spares		(9,490)	1,433
Stock-in-trade		(48,546)	177,399
Trade debts		(197,291)	(160,930)
Loans and advances		3,920	2,932
Trade deposits and short-term prepayments		1,517	(2,810)
Other receivables		168,362	(36,823)
		(81,528)	(18,799)
<b>(Decrease) / Increase in current liabilities</b>			
Trade and other payables-net		(158,787)	(44,085)
		(240,315)	(62,884)

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

For the Quarter and Six Months Period Ended 31 March 2016

	Six months Ended 31 March	
	2016	2015
	----- (Rupees in '000) -----	
<b>13. CASH AND CASH EQUIVALENT</b>		
Cash and bank balances	287,629	348,261
Short-term running finance	(1,385,361)	(853,094)
<b>Cash and Cash Equivalents at end of the period</b>	<u>(1,097,732)</u>	<u>(504,833)</u>

### 14. TRANSACTIONS WITH RELATED PARTIES

	Parent Company Quarter ended 31 March		Parent Company Six months Ended 31 March	
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
Sales	4,487		6,527	-
Purchases of goods and machinery	302	-	872	-
Dividend Paid	639,713	639,713	639,713	639,713
	<b>Other Related Parties Quarter ended 31 March</b>		<b>Other Related Parties Six months Ended 31 March</b>	
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
Sales	94,040	118,430	210,735	246,213
Purchases of goods and machinery	93,824	118,065	237,300	302,702
Indenting commission income	526	369	878	2,683
Export commission expense	3,176	4,679	7,058	12,599
Royalty expenses	4,253	3,477	7,454	6,222
Other charges	31,446	-	62,922	-
Key management personnel:				
- Salaries benefits and compensations	3,007	20,823	42,615	41,876
- Post employment benefits	732	3,018	5,709	6,035

### 15. DATE OF AUTHORISATION

These financial statements were authorised for issue on 27 April 2016 by the Board of Directors of the Company.

### 16. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Mujtaba Rahim  
Chairman & Chief Executive Officer

Karachi: 27 April 2016



M Veqar Arif  
Director & Chief Financial Officer