

/ HALF YEAR REPORT 2017 (Ended March 2017)



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COMPANY INFORMATION

Chairman / Chief Executive Officer	• Mujtaba Rahim	
Directors	• Dr S Mubarik Ali • Hans Lourens (Alternate: Naveed Kamil) • M Veqar Arif • Rahat Kaunain Hassan • Roland Waibel • Thomas Winkler	
Company Secretary	• M Veqar Arif	
Management Committee	• Mujtaba Rahim • Qazi Naeemuddin • Muhammad Altaf	• M Veqar Arif • Naveed Kamil • Muhammad Haroon
Audit Committee	• Dr S Mubarik Ali • Hans Lourens • Rahat Kaunain Hassan • M Irfan Lakhani	- Chairman (Alternate: Naveed Kamil) - Secretary
Human Resources and Remuneration Committee	• Dr S Mubarik Ali • Mujtaba Rahim • Thomas Winkler • Naveed Kamil	- Chairman - Secretary
Bankers	• Bank Al Habib Limited • Habib Bank Limited • Meezan Bank Limited • National Bank of Pakistan • Standard Chartered Bank (Pakistan) Limited	
Auditors	• KPMG Taseer Hadi & Co. Chartered Accountants	
Legal Advisors	• RIAA Barker Gillette	
Share Registrars	• FAMCO Associates (Pvt) Limited 8-F, Next to Hotel Faran, Nursery Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi	
Registered Office	• 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi	
Factory	• Petaro Road, Jamshoro • Landhi Industrial Area, Karachi.	
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 BOARD OF DIRECTORS

The Directors' are pleased to present their report for the second quarter ended 31 March 2017 together with the reviewed condensed interim financial information of the Company for the period ended 31 March 2017.

BUSINESS OVERVIEW

Reviewing of business during this period illustrates that Company kept strong focus on cost reduction efforts, networking capital, improving the efficiency of our operations enabled growth in sales and operating profit of the Company. The Company has been known for its strong fundamentals among its competitors and was able to reckon with the challenges in a timely manner; thereby preventing any erosion of market share. The management has developed a system to separately identify, evaluate and timely address the risks. The improving results depict that the efforts of the management are bearing fruits and the performance of the company is improving in these challenging times.

During the period under review, we enjoyed the ride by achieving a top line growth of 4% year-on-year in comparison to half of the year

2016. The impetus in sales was driven by performance from all the segments. Favorable net sales growth recorded in the business line of Paper Specialties at 35%, Coating, Adhesives & Sealants at 7% and Brand & Performance Textile Specialties at 6%.

FORWARD LOOKING STATEMENT

The management is fully cognizant of the uncertainties involved in the mainstream business of the Company, which could affect the company's performance. The Company is strongly focused on commercial and operational excellence in overcoming the challenges in market place, whilst exploring opportunities for organic growth.

Our strategies are regularly being reviewed and updated to guide the way where our brands become the first choice of the customers. Although, the business environment is very competitive and we will continue to focus on the growth with stringent controls on the cost of making the goods. We are optimistic that improved performance will be witnessed in the ensuing quarters to come in the form of growth in revenue as well as the bottom line.

On behalf of the Board



Mujtaba Rahim
Chairman & Chief Executive Officer

کمپنی کے ڈائریکٹرز دوسری سہ ماہی منہتمہ 31 مارچ 2017 کے لیے اپنی رپورٹ 31 مارچ 2017 کو ختم ہونے والے دورانیے کے لیے کمپنی کی مختصر عارضی مالیاتی معلومات کے جائزے کے ساتھ پیش کرتے ہوئے مسرور ہیں۔

کاروباری جائزہ

مذکورہ عرصے کے دوران کاروبار کا جائزہ بتاتا ہے کہ کمپنی نے لاگت میں کمی کی کوششوں، سرمائے کی نیٹ ورکنگ، آپریشنز کی صلاحیت کو بہتر بنانے پر سختی سے نگاہ مرکوز رکھی، جس سے سیلز اور کمپنی کے آپریشننگ منافع میں اضافہ ہوا۔ آپ کی کمپنی اپنے مسابقت کاروں کے درمیان اپنے مضبوط بنیادی اصولوں کے لیے مشہور رہی ہے اور چیلنجز کو بروقت پورا کیا ہے، یوں مارکیٹ شیئر کے کٹاؤ سے بچتی رہی ہے۔ انتظامیہ نے خطرات کی الگ شناخت، تفتیش اور ان سے بروقت نمٹنے کیلئے ایک سسٹم بنایا۔ بہتر شدہ نتائج بتاتے ہیں کہ انتظامیہ کی محنت رنگ لائی ہے اور کمپنی کی کارکردگی اس چیلنجنگ دور میں بہتر ہو رہی ہے۔

زیر جائزہ عرصے میں، ہم نے سال 2016 کے نصف کے مقابلے میں سال بہ سال 4 فیصد کی شاندار نمو حاصل کی۔ سیلز

میں تیزی تمام سیکٹنس کی کارکردگی کی وجہ سے آئی۔ سیلز میں خوش آئند نمو جو ریکارڈ کی گئی ہے وہ پیپر اسپیڈیٹرز کے کاروبار میں 35 فیصد، کوئنگ، ایڈیٹورز اینڈ سیکٹنس میں 7 فیصد، برانڈ اور پرفارمنس ٹیکسٹائل تخصیصات میں 6 فیصد ہے۔

مستقبل کا منظر نامہ

انتظامیہ کمپنی کے مرکزی کاروبار میں موجود غیر یقینی صورت حالات سے بخوبی آگاہ ہے، جن سے کمپنی کی کارکردگی پر اثر پڑ سکتا ہے۔ اس کمپنی نے تجارتی اور آپریشنل معیار پر سختی سے توجہ مرکوز رکھی ہے تاکہ مارکیٹ پلیس میں چیلنجز پر قابو پایا جائے، جبکہ کمپنی اساسی ترقی کیلئے مواقع تلاش کر رہی ہے۔ ہم حکمت عملی کا مستقل طور پر ازسرنو جائزہ لیتے ہیں اور اسے بہتر کرتے رہتے ہیں تاکہ وہ راستہ معلوم ہو جہاں ہمارے برانڈز کسٹمرز کا پہلا انتخاب بن جائیں۔ اگرچہ، کاروباری ماحول نہایت مسابقتی ہے لیکن ہم اشیا کی تیاری کی لاگت پر سخت کنٹرول کے ساتھ نمو پر توجہ جاری رکھیں گے۔ ہم پر امید ہیں کہ ہماری بہتر کارکردگی آئندہ سہ ماہیوں میں آمدنی اور اصل منافع میں اضافے کی صورت میں دیکھی جاسکے گی۔

مخانب بورڈ

محمد بنی رحیم

چیئر مین اور چیف ایگزیکٹو آفیسر

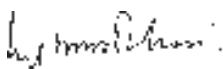
کراچی: 27 اپریل 2017

CONDENSED INTERIM BALANCE SHEET (UNAUDITED)

As at 31 March 2017

	Note	Unaudited 31 March 2017	Audited 30 September 2016
(Rupees in '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,714,868	1,815,404
Long-term loans		3,273	6,138
Long-term deposits		5,653	3,046
Long-term prepayments		1,606	1,894
		<u>1,725,400</u>	<u>1,826,482</u>
Current assets			
Stores and spares		38,625	32,621
Stock-in-trade		2,033,739	1,641,480
Trade debts		2,839,821	2,755,252
Loans and advances		7,418	10,722
Trade deposits and short-term prepayments		63,759	49,322
Other receivables		1,784,545	2,003,150
Taxation - net		-	27,285
Cash and bank balances		437,013	337,515
		<u>7,204,920</u>	<u>6,857,347</u>
Total assets		<u>8,930,320</u>	<u>8,683,829</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		2,808,000	3,248,000
Unappropriated profit		<u>1,032,918</u>	<u>1,798,233</u>
Shareholders' equity		<u>4,182,097</u>	<u>5,387,412</u>
LIABILITIES			
Non-current liabilities			
Deferred taxation - net		56,911	113,729
Deferred liabilities		11,178	186,892
Liabilities against assets subject to finance lease		<u>37,719</u>	<u>51,069</u>
		<u>105,808</u>	<u>351,690</u>
Current liabilities			
Trade and other payables		2,608,996	2,312,853
Mark-up accrued		20,368	7,173
Short-term borrowings	6	1,966,140	604,765
Current portion of liabilities against assets subject to finance lease		<u>28,531</u>	<u>19,936</u>
Taxation - net		18,380	-
		<u>4,642,415</u>	<u>2,944,727</u>
Total liabilities		<u>4,748,223</u>	<u>3,296,417</u>
Contingencies and commitments	7		
Total equity and liabilities		<u>8,930,320</u>	<u>8,683,829</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Mujtaba Rahim
Chairman & Chief Executive Officer



M Veqar Arif
Director & Chief Financial Officer

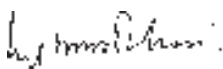
Karachi: 27 April 2017

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

For the Quarter and Six Months Period Ended 31 March 2017

	Note	Quarter ended		Six months period ended	
		31 March	31 March	31 March	31 March
		2017	2016	2017	2016
(Rupees in '000)					
Sales		3,327,257	3,164,184	6,209,606	5,957,367
Discount and commission		175,727	166,739	314,075	299,660
Sales tax		75,083	133,630	148,067	258,253
		250,810	300,369	462,142	557,913
Net sales	8	3,076,447	2,863,815	5,747,464	5,399,454
Cost of goods sold		2,064,547	1,966,677	3,896,253	3,636,364
Gross profit		1,011,900	897,138	1,851,211	1,763,090
Distribution and marketing expenses		207,360	189,904	419,100	411,892
Administrative expenses		111,290	113,147	224,014	225,046
Other operating expenses		55,184	41,780	95,411	84,463
		373,834	344,831	738,525	721,401
		638,066	552,307	1,112,686	1,041,689
Other income		4,153	5,644	10,970	33,909
Operating profit		642,219	557,951	1,123,656	1,075,598
Finance costs - net		36,722	51,471	43,143	83,360
Profit before taxation		605,497	506,480	1,080,513	992,238
Taxation - net	9	108,822	99,922	238,755	259,348
Profit after taxation		496,675	406,558	841,758	732,890
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		496,675	406,558	841,758	732,890
(Rupees)					
Earnings per share	10	14.56	11.92	24.67	21.48

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Mujtaba Rahim
Chairman & Chief Executive Officer



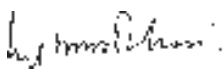
M Veqar Arif
Director & Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

For the Six Months Period Ended 31 March 2017

	Note	31 March 2017	31 March 2016
------(Rupees in '000)-----			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	11	1,276,397	907,937
Staff gratuity contribution - (paid) / withdrawn		(209,363)	62,859
Mark-up paid		(12,515)	(19,168)
Income taxes paid		(249,908)	(262,864)
Movement in long-term loans		2,865	5,858
Movement in long-term deposits and prepayments		(2,319)	3,701
Net cash generated from operating activities		805,157	698,323
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(26,746)	(30,140)
Proceeds from sale of property, plant and equipment		66	-
Net cash used in investing activities		(26,680)	(30,140)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment against finance lease obligations		(4,818)	(8,641)
Short-term loans - proceeds		1,429,100	-
Short term borrowings - repayments		(301,525)	-
Dividend paid		(2,035,536)	(845,088)
Net cash used in financing activities		(912,779)	(853,729)
Net decrease in cash and cash equivalents		(134,302)	(185,546)
Cash and cash equivalents at beginning of the period		(267,250)	(912,186)
Cash and cash equivalents at end of the period	12	(401,552)	(1,097,732)

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Mujtaba Rahim
Chairman & Chief Executive Officer



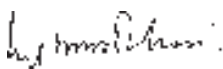
M Veqar Arif
Director & Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the Six Months Period Ended 31 March 2017

	Issued, subscribed and paid- up capital	Revenue reserves	Unappropri- ated profit	Total shareholders' equity
	----- (Rupees in '000) -----			
Balance as at 30 September 2015 (Audited)	341,179	2,983,000	1,308,729	4,632,908
Total comprehensive income for the period				
Total comprehensive income for the six months period ended 31 March 2016	-	-	732,890	732,890
Transactions with owners of the Company - Distribution				
Final cash dividend at 250% (i.e. Rs. 25 per share) for the year ended 30 September 2015	-	-	(852,947)	(852,947)
Transfer to revenue reserves appropriated subsequent to year end	-	265,000	(265,000)	-
Balance as at 31 March 2016 (Unaudited)	<u>341,179</u>	<u>3,248,000</u>	<u>923,672</u>	<u>4,512,851</u>
Balance as at 30 September 2016 (Audited)	341,179	3,248,000	1,798,233	5,387,412
Total comprehensive income for the period				
Total comprehensive income for the six months period ended 31 March 2017	-	-	841,758	841,758
Transactions with owners of the Company - Distribution				
Final cash dividend at 600% (i.e. Rs. 60 per share) for the year ended 30 September 2016	-	-	(2,047,073)	(2,047,073)
Transfer from revenue reserves appropriated subsequent to year end	-	(440,000)	440,000	-
Balance as at 31 March 2017 (Unaudited)	<u>341,179</u>	<u>2,808,000</u>	<u>1,032,918</u>	<u>4,182,097</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



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 2017

1. THE COMPANY AND ITS OPERATIONS

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

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial information of the Company for the period ended 31 March 2017 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended 30 September 2016.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1** The accounting policies and method of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the audited annual financial statements of the Company as at and for the year ended 30 September 2016. Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1** 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. 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 audited annual financial statements of the Company as at and for the year ended 30 September 2016.
- 4.2** The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the audited annual financial statements of the Company as at and for the year ended 30 September 2016.

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

For the Quarter and Six Months Period Ended 31 March 2017

5. PROPERTY, PLANT AND EQUIPMENT

5.1 The following operating assets have been added during the six months period ended 31 March 2017:

	Building	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Total 31 March 2017	Total 31 March 2016
	(Rupees in '000)					
Additions for the quarter ended 31 December 2016	-	-	1,262	-	1,262	28,407
Additions for the quarter ended 31 March 2017	-	16,233	4,402	-	20,635	12,266
Total	-	16,233	5,664	-	21,897	40,673

5.1.1 Additions to plant and machinery represents transfers of Rs. 16.233 million from capital work in progress.

5.1.2 Additions to furniture, fixture and equipment includes Rs. 4.53 million and transfers of 1.13 million from capital work in progress.

5.2 Disposal of property, plant and equipment has been made during the six months period ended 31 March 2017:

	Building	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Total 31 March 2017	Total 31 March 2016
	(Rupees in '000)					
Cost	-	-	483	-	483	31,655
Accumulated depreciation	-	-	(429)	-	(429)	(31,636)
Net book value	-	-	54	-	54	19

5.3 Addition to capital work-in-progress amounting to Rs. 56.214 million during the six months period ended 31 March 2017.

6. SHORT TERM BORROWING - secured

6.1 Short term running facilities are available under Islamic financing from various banks under profit arrangements, amounting to Rs. 2,400 million (2016: Rs. 2,400 million). These facilities have various maturity dates up to 31 August 2017. 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 + 0.75% to 3 month KIBOR + 0.30% per annum calculated on daily products basis and payable quarterly. The aggregate amount of these facilities which have not been availed as at the balance sheet date to Rs. 433.86 million (2016: Rs 1,795.24 million).

6.2 The Company has obtained Islamic Export Refinancing Facility under the Islamic Export Financing Scheme of the State Bank of Pakistan (SBP) amounting to Rs 400 million (2016: Nil).The facility is secured against first pari passu joint hypothecation charge over stocks and receivables of the Company. The profit on the facility is 3% per annum. The facility expires on 30 June 2017 and is subject to renewal.

6.3 During the period the Company has availed Commodity Murabaha Loan under short term finance facility from Standard Chartered Bank (Pakistan) amounting to Rs. 629 million (USD 6 million). The facility matures on 31 August 2017 and is secured against first pari passu joint hypothecation charge over stocks and receivables of the company. The profit rate on the facility is 6 month KIBOR minus 0.17%.

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

For the Quarter and Six Months Period Ended 31 March 2017

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

7.1.1 There have been no changes in the contingencies as disclosed in the audited annual financial statements of the Company as at and for the year ended 30 September 2016.

7.2 Commitments

7.2.1 Commitments for rentals under operating lease agreements in respect of vehicles and equipment amounted to Rs. 2.938 million (30 September 2016: Rs. 5.979 million) payable as following:

	Unaudited 31 March 2017	Audited 30 September 2016
	(Rupees in '000)	
Not later than one year	1,777	3,233
Later than one year but not later than five years	1,161	2,746
	2,938	5,979

7.2.2 Commitments for rentals under operating lease agreement in respect of rented property amounted to Rs. 27.914 million (30 September 2016: Rs. 34.887 million)

	Unaudited 31 March 2017	Audited 30 September 2016
	(Rupees in '000)	
Not later than one year	2,871	7,911
Later than one year but not later than five years	18,187	17,412
Later than five years	6,856	9,564
	27,914	34,887

7.2.3 Commitments for ijarah rentals in respected of ijarah transactions amount to Rs. 46.458 million (30 September 2016: Rs. 15.332 million).

	Unaudited 31 March 2017	Audited 30 September 2016
	(Rupees in '000)	
Not later than one year	15,152	11,231
Later than one year but not later than five years	31,306	4,101
	46,458	15,332

7.2.4 Commitments for capital expenditure as at 31 March 2017 aggregated Rs. 15.626 million (30 September 2016: Rs. 0.757 million).

7.2.5 The Company has provided bank guarantees amounting to Rs. 101.03 million (30 September 2016: Rs. 86.83 million) in favour of third parties.

7.2.6 Commitments under letters of credit for raw material and stores and spares as at 31 March 2017 amounted to Rs 440.73 million (30 September 2016: Rs 515.69 million).

7.2.7 The Company has provided post dated cheques amounting to Rs. 161.274 million (30 September 2016: Rs. 153.33 million) in favour of the collector of customs and which are, in the normal course of business, to be returned to the Company after fulfilment of certain conditions.

For the Quarter and Six Months Period Ended 31 March 2017

Brand & Performance Textile Specialties **	Coating, Adhesives & Sealants **	Packaging & Paper Specialties **	Others *	Total
31 March 2017	31 March 2017	31 March 2017	31 March 2017	31 March 2017
31 March 2016	31 March 2016	31 March 2016	31 March 2016	31 March 2016

Sales

Domestic	2,509,783	2,437,908	331,617	297,805	96,660	73,151	61,957	50,995	3,000,017	2,859,859
Export	323,510	303,381	-	-	3,730	944	-	-	327,240	304,325
Total sales	2,833,293	2,741,289	331,617	297,805	100,390	74,095	61,957	50,995	3,327,257	3,164,184
Discount and commission	171,768	160,652	3,959	5,693	-	394	-	-	175,727	166,739
Sales tax	10,483	77,677	50,546	45,322	14,054	10,631	-	-	75,083	133,630
	182,251	238,329	54,505	51,015	14,054	11,025	-	-	250,810	300,369
Net sales (from external customers)	2,651,042	2,502,960	277,112	246,790	86,336	63,070	61,957	50,995	3,076,447	2,863,815
Segment results based on 'management approach'	604,238	528,084	40,423	43,434	32,929	22,912	8,532	4,695	686,122	599,125
Other operating expenses - WPPF / WWF									(45,100)	(40,155)
Assets charged to profit and loss for internal reporting purposes based on group guidelines									1,197	(1,019)
Operating profit									642,219	557,951
Finance costs									36,722	51,471
Profit before taxation									605,497	506,480
Fixed capital expenditure	7,763	4,427	2,123	-	45	45	10,644	-	20,575	4,472
Unallocated									1,486	411
									22,061	4,883
Depreciation / amortisation	56,639	60,345	252	1,420	3	4	6,448	-	63,342	61,769
Unallocated									298	1,531
									63,640	63,300

* Others represent revenue from non-core business activities of the company.

* During the period, the Parent Company of the Company as part of review of the Group's Strategy have decided to rebrand / rename the business lines / segments. Effective from 1 January 2017, the Company has rebrand / renamed its business lines / segments to align it with the Group. Accordingly the current period segment names as well as comparative segment names are represented with new names. However, there has been no change in the basis of segmentation or the measurement of segment profit since the last annual audited financial statements of the Company as at and for the ended 30 September 2016.

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

For the Quarter and Six Months Period Ended 31 March 2017

9. TAXATION

Under section 5A of the Income Tax Ordinance, 2001, tax at the rate of ten percent to be imposed on every public company other than a scheduled bank or a modaraba, that derives profits for a tax year but does not distribute cash dividends within six months of the end of the said tax year or distributes dividends to such an extent that its reserves, after such distribution, are in excess of hundred percent of its paid up capital, so much of its reserves as exceed hundred percent of its paid up capital shall be treated as income of the said company. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either forty percent of its after tax profits or fifty percent of its paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors of the Company intends to distribute sufficient cash dividend for the year ending 30 September 2017 to comply with the above stated requirement. Accordingly, no provision for tax on undistributed reserves has been recognised in this condensed interim financial information.

10. EARNINGS PER SHARE

	Quarter ended		Six months period ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	(Rupees 000)			
10.1 Basic				
Profit after taxation attributable to ordinary shareholders	496,675	406,558	841,758	732,890
	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)			
Earning per share	14.56	11.92	24.67	21.48

10.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 31 March 2017 and 31 March 2016.

11. CASH GENERATED FROM OPERATIONS

	Note	Six months period ended	
		31 March 2017 (Rupees in '000)	31 March 2016
Profit before taxation		1,080,513	992,238
Adjustment for non-cash charges and other items:			
Depreciation		127,329	126,149
Gain on disposal of property, plant and equipment		(12)	-
Provision for staff gratuity		27,090	9,269
Mark-up expense		25,710	20,596
Provision for impairment of trade receivables		13,817	-
Working capital changes	11.1	1,950	(240,315)
		1,276,397	907,937
11.1 Working capital changes			
(Increase) / decrease in current assets			
Stores and spares		(6,004)	(9,490)
Stock-in-trade		(392,259)	(48,546)
Trade debts		(98,424)	(197,291)
Loans and advances		3,304	3,920
Trade deposits and short-term prepayments		(14,437)	1,517
Other receivables		225,164	168,362
		(282,656)	(81,528)
Increase / (decrease) in current liabilities			
Trade and other payables - net		284,606	(158,787)
		1,950	(240,315)

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

For the Quarter and Six Months Period Ended 31 March 2017

12. CASH AND CASH EQUIVALENTS

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

	Six months period ended 31 March	
	2017	2016
	(Rupees in '000)	
Cash and bank balances	437,013	287,629
Short-term running finance	(838,565)	(1,385,361)
	<u>(401,552)</u>	<u>(1,097,732)</u>

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 transactions with related parties for the sale of its products, purchase of goods, indenting business and rendering of certain services. Consideration for purchase 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 Officers 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 2017	31 March 2016	31 March 2017	31 March 2016
	(Rupees in '000)			
Parent Company				
Sales	-	4,487	-	6,527
Purchases of goods and machinery	-	302	-	872
Dividend paid	1,535,305	639,713	1,535,305	639,713
Other Related Parties				
Sales	140,288	94,040	343,194	210,735
Purchases of goods and machinery	145,983	93,824	246,964	237,300
Indenting commission income	1,094	526	2,433	878
Export commission expense	-	3,176	8,157	7,058
Royalty expenses	21,895	4,253	41,526	7,454
Other charges	31,484	31,446	62,940	62,922
Key management personnel:				
- Salaries benefits and compensations	26,452	3,007	54,152	42,615
- Post employment benefits	3,515	732	7,328	5,709

14. CORRESPONDING FIGURES

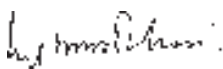
Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison.

15. DATE OF AUTHORISATION

This condensed interim financial information were authorised for issue on 27 April 2017 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



M Veqar Arif
Director & Chief Financial Officer



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