

3RD QUARTER REPORT 2017 **(Ended June 2017)**



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: 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	
Factories	• 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	
E-mail	• archroma.pakistan@archroma.com	

REPORT OF BOARD OF DIRECTORS

The Directors' are pleased to present their report for the third quarter ended 30 June 2017 together with the condensed interim financial information of the Company for the financial period nine months ended 30 June 2017.

BUSINESS OVERVIEW

Currently the company is on track and is positioning itself to capture the growth and to increase the market share. The business continues to focus on optimizing and achieving operational excellence to create and sustain the momentum enabling to achieve the goals for the fiscal year as we now head into the last quarter.

During the financial period under review, Archroma also achieved growth in exports and it increased by 45% as compared to same period of the last year. We enjoyed the ride by achieving a top line growth of 7% year-on-year in comparison to nine months 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 40%, Brand & Performance Textile Specialties at 9% and Coating, Adhesives & Sealants at 7%.

FORWARD LOOKING STATEMENT

Going forward, the Company remains strongly focused on innovations and opportunities in a challenging environment to improve productivity and enhance shareholders' value. In today's competitive landscape the Company is continuously gearing up its business to meet the challenges that lie ahead.

The directors are hopeful that with continued and concerted efforts, the Company would achieve the desired results and will strive hard to have a decent finish of the Financial Year 2017.

On behalf of the Board



Mujtaba Rahim
Chairman & Chief Executive Officer

Karachi: 27 July 2017

مستقبل کا منظر نامہ

مستقبل پر نظر رکھتے ہوئے آپ کی کمپنی پیداواریت بہتر کرنے اور شیئر ہولڈرز کی ویلتھ بڑھانے کے لیے ایک چیلنجنگ ماحول کے اندر مواقع اور جدت کاری پر بدستور تمام تر توجہ مرکوز کیے ہوئے ہے۔ آج کے مسابقتی منظر نامے میں آپ کی کمپنی تسلسل کے ساتھ مستقبل کے چیلنجز سے نہر آزا ما ہونے کے لیے اپنے کاروبار میں تیزی لارہی ہے۔

ڈائریکٹرز پر امید ہیں کہ مسلسل اور متفقہ کوششوں کے ساتھ یہ کمپنی مطلوبہ نتائج حاصل کر لے گی اور مالی سال 2017 کے شاندار اختتام کے لیے سخت کوشش کرے گی۔

کمپنی کے ڈائریکٹرز برائے تیسری سہ ماہی مختتمہ 30 جون 2017 کے لئے اپنی رپورٹ 30 جون 2017 کو ختم ہونے والے مالیاتی دورانیے، نو ماہ پر مبنی کمپنی کی مختصر عارضی مالیاتی معلومات کے ساتھ پیش کرتے ہوئے مسرور ہیں۔

کاروباری جائزہ

مذکورہ عرصے کے دوران کاروبار کا جائزہ بتاتا ہے کہ کمپنی اس وقت درست راہ پر ہے اور نمونہ پکڑنے اور مارکیٹ شیئر بڑھانے کے لیے خود کو تیار کر رہی ہے۔ جیسا کہ اب ہم آخری سہ ماہی میں داخل ہو رہے ہیں، کاروبار کی ساری توجہ آپریشنل مہارت حاصل کرنے اور بہتر بنانے پر مرکوز ہے تاکہ ہماری رفتار بنے اور برقرار رہے اور اس مالی سال کے اہداف کا حصول ممکن ہو۔

زیر جائزہ مالی دورانیے میں آرکرو مانے برآمدات میں اضافے کا ہدف حاصل کیا اور گزشتہ سال اسی دورانیے کی نسبت انھیں 45 فیصد تک زیادہ بڑھایا۔ سال 2016 کے نو ماہ کے مقابلے میں ہم نے سال پہ سال 7 فیصد کی بلند سطح کی نمو حاصل کر کے کاروبار کا لطف اٹھایا۔ سیلز کے فروغ میں تمام سیکشنس کی کارکردگی شامل رہی۔ سیلز میں خوش آئند نمونہ جو ریکارڈ کی گئی ہے وہ پیپر اسپیشلیٹیز کے کاروبار میں 40 فیصد، برانڈ اور پرفارمنس ٹیکسٹائل تخصیصات میں 9 فیصد اور کوئٹک، ایڈپسوز اینڈ پیلٹنس میں 7 فیصد ہے۔

On behalf of the Board



Mujtaba Rahim
Chairman & Chief Executive Officer

CONDENSED INTERIM BALANCE SHEET (Unaudited)

As at 30 June 2017

	Note	Unaudited 30 June 2017	Audited 30 September 2016
----- (Rupees in '000) -----			
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,665,644	1,815,404
Long-term loans		2,256	6,138
Long-term deposits		5,874	3,046
Long-term prepayments		1,318	1,894
		1,675,092	1,826,482
Current assets			
Stores and spares		42,249	32,621
Stock-in-trade		2,021,494	1,641,480
Trade debts		3,106,997	2,755,252
Loans and advances		10,030	10,722
Trade deposits and short-term prepayments		64,595	49,322
Other receivables		1,850,855	2,003,150
Taxation - net		32,206	27,285
Cash and bank balances		457,611	337,515
		7,586,037	6,857,347
Total assets		9,261,129	8,683,829
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
50,000,000 ordinary shares of Rs. 10 each		500,000	500,000
Issued, subscribed and paid-up capital		341,179	341,179
Revenue reserves		2,808,000	3,248,000
Unappropriated profit		1,459,405	1,798,233
Shareholders' equity		4,608,584	5,387,412
LIABILITIES			
Non-current liabilities			
Deferred taxation - net		54,968	113,729
Deferred liabilities		10,825	186,892
Liabilities against assets subject to finance lease		37,592	51,069
		103,385	351,690
Current liabilities			
Trade and other payables		2,817,561	2,312,853
Mark-up accrued		25,546	7,173
Short-term borrowings	6	1,680,596	604,765
Current portion of liabilities against assets subject to finance lease		25,457	19,936
		4,549,160	2,944,727
Total liabilities		4,652,545	3,296,417
Contingencies and commitments	7		
Total equity and liabilities		9,261,129	8,683,829

The annexed notes 1 to 15 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 PROFIT AND LOSS ACCOUNT (UNAUDITED)

For the quarter and nine months period ended 30 June 2017

	Note	Quarter ended		Nine months period ended	
		30 June 2017	30 June 2016	30 June 2017	30 June 2016
		(Rupees '000)			
Sales		3,569,107	3,196,481	9,778,713	9,153,848
Discount and commission		202,598	169,092	516,673	468,752
Sales tax		77,705	139,758	225,772	398,011
		280,303	308,850	742,445	866,763
Net sales	8	3,288,804	2,887,631	9,036,268	8,287,085
Cost of goods sold		2,261,964	1,913,507	6,158,217	5,549,871
Gross profit		1,026,840	974,124	2,878,051	2,737,214
Distribution and marketing expenses		211,260	173,019	630,360	584,911
Administrative expenses		118,796	87,467	342,810	312,513
Other operating expenses		50,631	50,064	146,042	134,527
		380,687	310,550	1,119,212	1,031,951
		646,153	663,574	1,758,839	1,705,263
Other income		3,637	7,799	14,607	41,708
Operating profit		649,790	671,373	1,773,446	1,746,971
Finance costs		37,226	18,823	80,369	102,183
Profit before taxation		612,564	652,550	1,693,077	1,644,788
Taxation - net		186,077	239,280	424,832	498,628
Profit after taxation		426,487	413,270	1,268,245	1,146,160
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		426,487	413,270	1,268,245	1,146,160
		(Rupees '000)			
Earnings per share	9	12.50	12.11	37.17	33.59

The annexed notes 1 to 15 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 nine months period ended 30 June 2017

	Note	30 JUNE	
		2017	2016
		----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	10	1,868,312	2,349,068
Staff gratuity contribution - (paid) / withdrawn		(216,702)	65,129
Mark-up paid		(29,671)	(64,382)
Income taxes paid		(488,514)	(552,116)
Movement in long-term loans		3,882	4,302
Movement in long-term deposits and prepayments		(2,252)	1,673
Net cash generated from operating activities		1,135,055	1,803,674
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(41,216)	(48,355)
Proceeds from sale of property, plant and equipment		66	-
Net cash used in investing activities		(41,150)	(48,355)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment against finance lease obligations		(13,501)	(9,291)
Short-term loans - proceeds		1,429,100	-
- repayments		(400,000)	-
Dividend paid		(2,036,139)	(851,378)
Net cash used in financing activities		(1,020,540)	(860,669)
Net increase in cash and cash equivalents		73,365	894,650
Cash and cash equivalents at beginning of the period		(267,250)	(912,186)
Cash and cash equivalents at end of the period	11	(193,885)	(17,536)

The annexed notes 1 to 15 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 nine months period ended 30 June 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 nine months period ended 30 June 2016	-	-	1,146,160	1,146,160
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 30 June 2016 (Un-audited)	<u>341,179</u>	<u>3,248,000</u>	<u>1,336,942</u>	<u>4,926,121</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 nine months period ended 30 June 2017	-	-	1,268,245	1,268,245
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 30 June 2017 (Un-audited)	<u>341,179</u>	<u>2,808,000</u>	<u>1,459,405</u>	<u>4,608,584</u>

The annexed notes 1 to 15 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 nine months period ended 30 June 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 30 June 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 nine months period ended 30 June 2017

5. PROPERTY, PLANT AND EQUIPMENT

5.1 The following operating assets have been added during the nine months period ended 30 June 2017:

	Building	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Total 30 June 2017	Total 30 June 2016
	----- (Rupees in '000) -----					
Additions for the quarter ended 31 March 2017	-	16,233	5,664	-	21,897	40,673
Additions for the quarter ended 30 June 2017	-	5,668	3,831	-	9,499	23,238
Total	-	21,901	9,495	-	31,396	63,911

5.1.1 Additions to plant and machinery represents transfers of Rs. 21.901 million from capital work in progress.

5.1.2 Additions to furniture, fixture and equipment includes Rs. 8.365 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 nine months period ended 30 June 2017:

	Building	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Total 30 June 2017	Total 30 June 2016
	----- (Rupees in '000) -----					
Cost	-	-	483	-	483	36,955
Accumulated depreciation	-	-	(429)	-	(429)	(33,853)
Net book value	-	-	54	-	54	3,102

5.3 Addition to capital work- in- progress amounting to Rs. 69.977 million during the nine months period ended 30 June 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. 719.404 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.

6.3 During the period the Company has availed Commodity Murabaha Loan under short term finance facility from Standard Chartered Bank (Pakistan) Limited 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 nine months period ended 30 June 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 except the case mentioned in note no 21.1.3 has been decided in favour of the Company.

7.2 Commitments

7.2.1 Commitments for rentals under operating lease agreements in respect of vehicles and equipment amounted to Rs. 12.614 million (30 September 2016: Rs. 5.979 million) payable as following:

	Unaudited 30 June 2017	Audited 30 September 2016
	----(Rupees in '000)----	
Not later than one year	4,163	3,233
Later than one year but not later than five years	8,451	2,746
	<u>12,614</u>	<u>5,979</u>

7.2.2 Commitments for rentals under operating lease agreement in respect of rented property amounted to Rs. 73.817 million (30 September 2016: Rs. 34.887 million)

	Unaudited 30 June 2017	Audited 30 September 2016
	----(Rupees in '000)----	
Not later than one year	12,014	7,911
Later than one year but not later than five years	48,608	17,412
Later than five years	13,195	9,564
	<u>73,817</u>	<u>34,887</u>

7.2.3 Commitments for ijarah rentals in respected of ijarah transactions amount to Rs. 41.534 million (30 September 2016: Rs. 15.332 million).

	Unaudited 30 June 2017	Audited 30 September 2016
	----(Rupees in '000)----	
Not later than one year	15,938	11,231
Later than one year but not later than five years	25,596	4,101
	<u>41,534</u>	<u>15,332</u>

7.2.4 Commitments for capital expenditure as at 30 June 2017 aggregated Rs. 24.062 million (30 September 2016: Rs. 0.757 million).

7.2.5 The Company has provided bank guarantees amounting to Rs. 100.917 million (30 September 2016: Rs. 86.883 million) in favour of third parties.

7.2.6 Commitments under letters of credit for raw material and stores and spares as at 30 June 2017 amounted to Rs 466.756 million (30 September 2016: Rs 515.689 million).

7.2.7 The Company has provided post dated cheques amounting to Rs. 413.502 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.

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

For the quarter and nine months period ended 30 June 2017

8. SEGMENT INFORMATION

a) Segment information for the nine months ended 30 June 2017:

	Brand & Performance Textile Specialties **		Coating, Adhesives & Sealants **		Packaging & Paper Specialties **		Others *		Total	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
----- (Rs '000) -----										
Sales										
Local	7,189,309	7,018,405	1,023,478	962,194	274,166	215,634	180,006	189,477	8,666,959	8,385,710
Export	1,087,600	765,539	-	1,655	24,154	944	-	-	1,111,754	768,138
Total sales	8,276,909	7,783,944	1,023,478	963,849	298,320	216,578	180,006	189,477	9,778,713	9,153,848
Discount and commission	503,771	452,495	12,832	15,727	70	530	-	-	516,673	468,752
Sales tax	29,872	220,312	156,055	146,351	39,845	31,348	-	-	225,772	398,011
	533,643	672,807	168,887	162,078	39,915	31,878	-	-	742,445	866,763
Net sales										
(from external customers)	7,743,266	7,111,137	854,591	801,771	258,405	184,700	180,006	189,477	9,036,268	8,287,085
Segment results based on 'management approach'	1,634,645	1,651,187	137,726	137,912	100,676	62,800	20,548	6,076	1,893,595	1,857,975
Other operating expenses										
-WPPF and WWF									(122,100)	(108,510)
Assets charged to profit and loss for internal reporting purposes based on group guidelines									1,951	(2,494)
Operating profit									1,773,446	1,746,971
Finance costs									80,369	102,183
Profit before taxation									1,693,077	1,644,788
Fixed capital expenditure	26,795	43,585	2,192	92	67	45	-	-	29,054	43,722
Unallocated									12,162	4,633
									41,216	48,355
Depreciation / amortisation	185,596	157,916	711	3,554	12	11	-	-	186,319	161,481
Unallocated									8,647	26,949
									194,966	188,430
----- (Rs '000) -----										
	Brand & Performance Textile Specialties **		Coating, Adhesives & Sealants **		Packaging & Paper Specialties **		Others *		Total	
	Unaudited 30 June 2017	Audited 30 September 2016	Unaudited 30 June 2017	Audited 30 September 2016	Unaudited 30 June 2017	Audited 30 September 2016	Unaudited 30 June 2017	Audited 30 September 2016	Unaudited 30 June 2017	Audited 30 September 2016
Segment assets	6,725,850	6,209,469	600,282	513,031	74,084	58,702	-	-	7,400,216	6,781,202
Unallocated									1,860,913	1,902,627
Total Assets									9,261,129	8,683,829
Segment liabilities	2,770,770	1,683,433	324,970	143,926	40,753	14,021	-	-	3,136,493	1,841,380
Unallocated									1,516,052	1,455,037
Total Liabilities									4,652,545	3,296,417

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

For the quarter and nine months period ended 30 June 2017

b) Segments information for the quarter ended 30 June 2017:

	Brand & Performance Textile Specialties **		Coating, Adhesives & Sealants **		Packaging & Paper Specialties **		Others *		Total	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	(Rs '000)									
Sales										
Local	2,675,752	2,455,167	352,724	336,530	85,177	72,511	47,398	62,867	3,161,051	2,927,075
Export	388,575	267,751	-	1,655	19,481	-	-	-	408,056	269,406
Total sales	3,064,327	2,722,918	352,724	338,185	104,658	72,511	47,398	62,867	3,569,107	3,196,481
Discount and commission	198,864	163,106	3,688	5,850	46	136	-	-	202,598	169,092
Sales tax	11,692	78,297	53,637	50,924	12,376	10,537	-	-	77,705	139,758
	210,556	241,403	57,325	56,774	12,422	10,673	-	-	280,303	308,850
Net sales										
(from external customers)	2,853,771	2,481,515	295,399	281,411	92,236	61,838	47,398	62,867	3,288,804	2,887,631
Segment results based on 'management approach'	596,281	632,677	49,611	47,686	37,332	19,093	5,986	366	689,210	699,822
Other operating expenses - WPPF / WWF									(42,300)	(27,686)
Assets charged to profit and loss for internal reporting purposes based on group guidelines									2,880	(763)
Operating profit									649,790	671,373
Finance costs									37,226	18,823
Profit before taxation									612,564	652,550
Fixed capital expenditure	22,508	17,174	2,192	47	67	-	-	-	24,767	17,221
Unallocated									11,764	994
									36,531	18,215
Depreciation / amortisation	65,831	36,513	281	2,129	5	5	-	-	66,117	38,647
Unallocated									7,968	23,634
									74,085	62,281

* 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 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 nine months period ended 30 June 2017

9. EARNINGS PER SHARE

	Quarter ended		Nine months period ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	----- (Rupees 000) -----			

9.1 Basic

Profit after taxation attributable to ordinary shareholders

	<u>426,487</u>	<u>413,270</u>	<u>1,268,245</u>	<u>1,146,160</u>
	----- Number of shares -----			

Weighted average number of ordinary shares outstanding during the period

	<u>34,117,881</u>	<u>34,117,881</u>	<u>34,117,881</u>	<u>34,117,881</u>
	----- (Rupees) -----			

Earning per share

	<u>12.50</u>	<u>12.11</u>	<u>37.17</u>	<u>33.59</u>
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9.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 30 June 2017 and 30 June 2016.

10. CASH GENERATED FROM OPERATIONS

	Note	Nine months period ended	
		30 June 2017	30 June 2016
		(Rupees in '000)	
Profit before taxation		1,693,077	1,644,788
Adjustment for non-cash charges and other items:			
Depreciation		194,966	188,430
Gain on disposal of property, plant and equipment		(12)	-
Provision for staff gratuity		40,635	14,539
Mark-up expense		48,044	64,279
Provision for impairment of trade receivables		20,001	-
Working capital changes	10.1	(128,399)	437,032
		<u>1,868,312</u>	<u>2,349,068</u>

10.1 Working capital changes

(Increase) / decrease in current assets

Stores and spares	(9,628)	(6,969)
Stock-in-trade	(380,014)	(174,328)
Trade debts	(371,746)	344,045
Loans and advances	692	5,995
Trade deposits and short-term prepayments	(15,273)	12,517
Other receivables	153,796	109,859
	<u>(622,173)</u>	<u>291,119</u>

Increase / (decrease) in current liabilities

Trade and other payables - net	493,774	145,913
	<u>(128,399)</u>	<u>437,032</u>

11. CASH AND CASH EQUIVALENTS

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

	Nine months period ended	
	30 June	
	2017	2016
	(Rupees in '000)	
Cash and bank balances	457,611	713,248
Short-term running finance	(651,496)	(730,784)
	<u>(193,885)</u>	<u>(17,536)</u>

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

For the quarter and nine months period ended 30 June 2017

12. 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		Nine months period ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	----- (Rupees in '000) -----			
Parent Company				
Dividend paid	-	-	1,535,305	639,713
Other Related Parties				
Sales	175,338	91,452	518,532	302,187
Purchases of goods and machinery	143,545	217,841	390,509	455,141
Indenting commission income	1,540	822	3,973	1,700
Export commission expense	1,319	4,957	9,476	12,015
Royalty expenses	23,063	3,917	64,589	11,371
Other charges	31,487	10,484	94,427	73,406
Key management personnel:				
- Salaries benefits and compensations	26,972	20,399	81,124	63,014
- Post employment benefits	3,686	3,483	11,014	9,192

13. CORRESPONDING FIGURES

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

14. DATE OF AUTHORISATION

This condensed interim financial information were authorised for issue on 27 July 2017 by the Board of Directors of the Company.

15. 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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