3RD QUARTER REPORT 2019
(Ended June 2019)

CONTENTS

COMPANY INFORMATION

Chairman	• Dr S Mubarik Ali	
Board of Directors	• Marcos Furrer	
	• Michel Zumstein	(Alternate: Naveed Kamil)
	• Mujtaba Rahim	
	• M Z Moin Mohajir	
	• Roland Waibel	(Alternate: M Veqar Arif)
	• Shahid Ghaffar	
	• Yasmin Peermohammad	
Company Secretary	• M Irfan Lakhani	
Management Committee	• Mujtaba Rahim	• M Veqar Arif
	• Qazi Naeemuddin	• Naveed Kamil
	• Muhammad Altaf	• Muhammad Haroon
Audit Committee	• M Z Moin Mohajir	- Chairman
	• Michel Zumstein	(Alternate: Naveed Kamil)
	• Shahid Ghaffar	
	• M Irfan Lakhani	- Secretary
Human Resources and Remuneration Committee	• Yasmin Peermohammad	- Chairman
	• Mujtaba Rahim	
	• Michel Zumstein	(Alternate: Naveed Kamil)
Bankers	• Bank Al Habib Limited	
	• Habib Bank Limited	
	• Meezan Bank Limited	
	• National Bank of Pakistan	
	• Standard Chartered Bank (Pakistan) Limited	
Auditors	• KPMG Taseer Hadi & Co. Chartered Accountants	
Legal Advisors	• RIAA Barker Gillette	
Share Registrars	• FAMCO Associates (Pvt) Limited 8-F, Next to Hotel Faran, Nursery Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi	
Registered Office	• 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi	
Factories	• Petaro Road, Jamshoro, Sindh	
	• LX-10, LX-11 Landhi Industrial Area Karachi	
Sales & Marketing Offices	• Katar Bund Road, Off. Multan Road, Thokar Niaz Baig, Lahore	
	• Canal Road, Abdullah Pur, Faisalabad	
	• House # 78, Block S, Masoom Shah Road, Gulistan Chowk New Multan	
Website	• www.archroma.com.pk	
E-mail	• archroma.pakistan@archroma.com	

REPORT OF BOARD OF DIRECTOR'S

The Directors are pleased to present their report for the third quarter ended 30 June 2019, together with condensed interim financial information of the Company for the period ended 30 June 2019.

BUSINESS OVERVIEW

Business during the quarter under review remained under pressure due to the economic environment in the country, which is probably the most challenging one in recent years. The Pak Rupee has depreciated by over 15% during the quarter, (and approximately 32% in fiscal year 2018-19), Increase in discount rate by SBP to 13.25% as compared to 6.5% last year, consequently mark-up on bank borrowings have also gone up sharply, and inflation at 9% in June 2019 is the highest in recent years.

Despite the negative headwinds, the management has managed to ensure growth through a "price over volume' strategy. During the year under review, though volumes remained under stress due to sluggish market conditions, there was a growth of 24% in net sales, which went up from Rs 10,445 million in the corresponding period last year to Rs. 12,964 million in the period under review. The main sales growth drivers were business units Brand & Performance Textile Specialty by 30.0% and Paper & Packaging by 22.1%.

Mainly due to the significant exchange loss the net profit for the quarter was Rs. 306 million only, as compared to Rs. 452 million in corresponding period.

FUTURE OUTLOOK

The fiscal measures announced in the budget with significant increase in targeted tax collection for the year 2019-2020, will further increase the cost of doing business, hence, we foresee the industry to remain under stress, which consequently will have negative impact on demand. In view of the prevailing economic conditions, the outlook for the quarter will remain under pressure.
However, management will adopt appropriate strategy to maintain the positive growth.

COMPOSITION OF BOARD

The composition of the Board is as follows:

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

Out of the above:

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

On behalf of the Board

Mujtaba Rahim
Chief Executive Officer

M Veqar Arif
Director

Karachi: 30 July 2019

بورڈ آف ڈائریکٹرز کی رپورٹ

ڈائریکٹرز اپنی رپورٹ 30 جون 2019 کو ختم ہونے والی تیسری سہ ماہی کے لیے بہ خوشی پیش کر رہے ہیں جس کے ساتھ 30 جون 2019 کو ختم ہونے والے نو ماہ کے لیے کمپنی کی جامع عارضی مالیاتی تفصیل بھی منسلک ہے

عمومی جائزۂ کاروبار:

زیر جائزہ مدت کے دوران کاروبار ملک کے معاشی حالات کی وجہ سے دباؤ میں رہا۔ یہ حالات گزشتہ سالوں کے مقابلے بہت زیادہ چیلینجنگ تھے۔ زیرِ جائزہ مدت کے دوران روپے کی قدر میں 15 فیصد تک کی کمی ہوئی اور (سال 19-2018 میں تقریباً 32 فیصد رہی)۔ اسٹیٹ بنک نے ڈسکاؤنٹ ریٹ بڑھا کر 13.25 فیصد کر دیا جو کہ پچھلے سال 6.5 فیصد تک تھا جس کی وجہ سے بنک کے قرضوں کے مارک اپ میں بہت تیزی سے اضافہ ہوا اور جون 2019 میں افراطِ زر بڑھ کر 9 فیصد تک ہوگئی جو کہ اس دور کی بلندترین سطح پر ہے۔

کٹھن اور ناموافق حالات کے باوجود کمپنی کی انتظامیہ نے حجم سے زیادہ قیمت کی حکمت عملی کو اپناتے ہوئے گروتھ میں اضافہ کیا۔ زیرِ جائزہ مدت کے دوران سُست مارکیٹ حالات کی وجہ سے حجم تناؤ میں رہے، تاہم کمپنی نے اپنی نیٹ سیلز میں 24 فیصد اضافہ کیا۔ رواں مدت کے دوران سیلز 12,964 ملین رہی جبکہ گزشتہ سال اسی مدت کے دوران سیلز 10,445 ملین تھی۔ بزنس لائنز 'برانڈ اینڈ پرفارمنس ٹیکسٹائل اسپیشلیٹیز' نے 30 فیصد اور 'پیپر اینڈ پیکیجنگ' نے 22.1 فیصد کے اضافہ کے ساتھ سیلز نمو میں اہم کردار ادا کیا۔

روپے کی قدر میں تیزی سے کمی کی وجہ سے موجودہ مدت کا منافع مبلغ 306 ملین رہا جبکہ گزشتہ مالی سال اسی مدت کے دوران مبلغ

مستقبل کا منظرنامہ:

موجودہ بجٹ میں حکومت نے مالیاتی اقدامات کے اعلان کے ساتھ سال 2020-2019 ٹیکس کلیکشن کے ٹارگٹ میں قابلِ ذکر اضافہ کیا۔ جو کہ بزنس کی کاسٹ میں اضافہ کا سبب بنے گا اور کاروباری صورتحال بھی دباؤ میں رہ سکتی ہے اس کا براہِ راست منفی اثر ڈیمانڈ پر ہوگا۔ اس صورتحال کا موجودہ مدت میں بھی کاروبار پر دباؤ برقرار رہے گا۔

تاہم انتظامیہ اپنی موزوں پالیسیوں اور مؤثر بہ عمل انتظام کاری کے ذریعے چیلینجز کے حوالے سے محتاط اور باخبر ہے اور اپنے مقاصد کے حصول کے لئے پُر امید ہے۔

بورڈ کی ترتیب

ڈائریکٹرز کی کل تعداد:

(الف)	حضرات	07
(ب)	خواتین	01

ترتیب

(i)	انڈیپینڈنٹ ڈائریکٹرز	03
(ii)	نان ایگزیکٹیو ڈائریکٹرز	04
(iii)	ایگزیکٹیو ڈائریکٹر	01

بورڈ کی جانب سے:

مجتبیٰ رحیم
چیف ایگزیکٹو آفیسر

محمد وقار عارف
ڈائریکٹر

کراچی ۳۰ جولائی ۲۰۱۹ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2019

	Note	Unaudited 30 June 2019	Audited 30 Sept. 2018
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	**1,940,040**	1,952,688
Long-term loans		**-**	573
Long term deposits		**6,280**	6,155
Long-term prepayments		**1,392**	1,858
		1,947,712	1,961,274
Current assets			
Stores and spares		**47,275**	45,436
Stock-in-trade		**3,229,465**	2,694,526
Trade debts		**4,135,159**	3,733,326
Loans and advances		**3,533**	3,416
Trade deposits and short-term prepayments		**63,830**	48,425
Other receivables		**1,839,957**	1,770,487
Taxation - net		**103,016**	172,033
Cash and bank balances		**599,815**	532,105
`		**10,022,050**	8,999,754
Total assets		**11,969,762**	10,961,028
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
50,000,000 ordinary shares of Rs. 10 each		**500,000**	500,000
Issued, subscribed and paid-up capital		**341,179**	341,179
General reserve			
Revenue reserves		**3,096,000**	2,968,000
Unappropriated profit		**1,112,281**	1,496,033
		4,208,281	**4,464,033**
Shareholders' equity		**4,549,460**	**4,805,212**
LIABILITIES			
Non-current liabilities			
Deferred tax - net		**64,209**	127,456
Deferred liabilities		**8,310**	14,164
Liabilities against assets subject to finance lease		**11,913**	22,886
Liabilities against diminishing musharaka finance		**80,451**	69,184
		164,883	233,690
Current liabilities			
Trade and other payables		**3,752,130**	3,293,095
Unclaimed dividend		**66,545**	65,465
Mark-up accrued		**71,457**	40,444
Short-term borrowings	6	**3,329,038**	2,489,701
Current portion of liabilities against assets subject to finance lease		**12,551**	17,368
Current portion of liabilities against diminishing musharaka finance		**23,698**	16,053
		7,255,419	5,922,126
Total liabilities		**7,420,302**	6,155,816
Contingencies and commitments	7		
Total equity and liabilities		**11,969,762**	10,961,028

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

Karachi: 30 July 2019

Mujtaba Rahim
Chief Executive Officer

M Veqar Arif
Director & Chief Financial Officer

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

For the quarter and nine months period ended 30 June 2019

	Note	Quarter ended		Nine months period ended	
		30 June 2019	30 June 2018	**30 June 2019**	30 June 2018
		(Rupees '000)			
Sales	8	**5,115,044**	4,226,492	**13,770,095**	11,153,558
Discount and commission	8	**235,143**	162,560	**582,769**	460,897
Sales tax	8	**79,015**	81,555	**223,113**	247,507
		314,158	244,115	**805,882**	**708,404**
Net sales	8	**4,800,886**	3,982,377	**12,964,213**	10,445,154
Cost of goods sold		**3,589,599**	2,928,595	**9,587,561**	7,630,997
Gross profit		**1,211,287**	1,053,782	**3,376,652**	2,814,157
Distribution and marketing expenses		**225,406**	207,144	**684,278**	662,216
Administrative expenses		**112,526**	119,537	**367,027**	358,969
Other operating expenses		**40,881**	20,026	**251,532**	103,179
		378,813	346,707	**1,302,837**	1,124,364
		832,474	707,075	**2,073,815**	1,689,793
Other income		**3,102**	6,053	**11,009**	12,239
Operating profit		**835,576**	713,128	**2,084,824**	1,702,032
Finance costs		**384,588**	135,976	**708,489**	340,472
Profit before taxation		**450,988**	577,152	**1,376,335**	1,361,560
Taxation - net		**144,265**	124,306	**267,372**	324,086
Profit after taxation		**306,723**	452,846	**1,108,963**	1,037,474
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income for the period		**306,723**	452,846	**1,108,963**	1,037,474
		(Rupees)			
Earnings per share	9	**8.99**	13.27	**32.50**	30.41

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

Karachi: 30 July 2019

Mujtaba Rahim
Chief Executive Officer

M Veqar Arif
Director & Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine months period ended 30 June 2019

	Note	30 JUNE 2019	30 JUNE 2018
		----------(Rupees in '000)----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	**1,205,158**	2,184,780
Staff gratuity paid		**(29,353)**	(5,403)
Mark-up paid		**(148,834)**	(377,486)
Income taxes paid		**(261,602)**	(455,629)
Movement in long-term loans and advances		**573**	1,019
Movement in long-term deposits and prepayments		**341**	931
Net cash generated from operating activities		**766,283**	1,348,212
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(183,146)**	(303,771)
Proceeds from disposal of property, plant and equipment		**5,749**	5,402
Net cash used in investing activities		**(177,397)**	(298,369)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment against finance lease obligations		**(15,790)**	(43,846)
Payment against diminishing musharaka		**18,912**	11,438
Short-term loans - proceeds		**2,487,750**	400,000
Short-term borrowings - repayments		**(1,470,000)**	(747,900)
Dividend paid		**(1,363,635)**	(1,685,568)
Net cash used in financing activities		**(342,763)**	(2,065,876)
Net increase / (decrease) in cash and cash equivalents		**246,123**	(1,016,033)
Cash and cash equivalents at beginning of the period		**(1,057,596)**	(117,153)
Cash and cash equivalents at end of the period	11	**(811,473)**	(1,133,186)

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

Karachi: 30 July 2019

Mujtaba Rahim
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 2019

	Issued, subscribed and paid-up capital	General reserves: Revenue reserves	General reserves: Unappropri-ated profit	Total
	-----------------------	(Rupees in '000)	-----------------------	
Balance as at 30 September 2017 (audited)	341,179	2,808,000	1,868,467	5,017,646
Transfer to revenue reserves appropriated subsequent to year end	-	160,000	(160,000)	-
Transactions with owners of the Company Distribution				
Final cash dividend at 500% (i.e. Rs. 50 per share) for the year ended 30 September 2017	-	-	(1,705,894)	(1,705,894)
Total comprehensive income for the period				
Total comprehensive income for the nine months period ended 30 June 2018	-	-	1,037,474	1,037,474
Balance as at 30 June 2018 (unaudited)	341,179	2,968,000	1,040,047	4,349,226
Balance as at 30 September 2018 (audited)	341,179	2,968,000	1,496,033	4,805,212
Transfer to revenue reserves appropriated subsequent to year end	-	128,000	(128,000)	-
Transactions with owners of the Company Distribution				
Final cash dividend at 400% (i.e. Rs. 40 per share) for the year ended 30 September 2018	-	-	(1,364,715)	(1,364,715)
Total comprehensive income for the period				
Total comprehensive income for the nine months period ended 30 June 2019	-	-	1,108,963	1,108,963
Balance as at 30 June 2019 (unaudited)	341,179	3,096,000	1,112,281	4,549,460

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

Karachi: 30 July 2019

Mujtaba Rahim
Chief Executive Officer

M Veqar Arif
Director & Chief Financial Officer

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

For the quarter and nine months period ended 30 June 2019

1. THE COMPANY AND ITS OPERATIONS

Archroma Pakistan Limited ("the Company") is a limited liability company and is incorporated and domiciled in Pakistan. The address of its registered office is 1-A/1, Sector 20 Korangi Industrial Area, Korangi, Karachi, Pakistan. The Company is listed on the Pakistan Stock Exchange. The Company is a subsidiary of Archroma Textiles S.a.r.l incorporated in Luxembourg, head quartered in Reinach, Switzerland which holds 75% of the share capital of the Company. At the reporting date, Mr. Ann Lavrysen is the Chief Executive Officer of the Holding Company and its latest financial statements have been prepared on going concern basis on which Group auditor have expressed unmodified opinion.

The Company is primarily engaged in the manufacture and sale of chemicals, dyestuffs and coatings, adhesive & sealants. It also acts as an indenting agent.

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

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

Sales offices
- Katar Bund Road, Off. Multan Road, Thokar Niaz Baig, Lahore
- Canal Road, Abdullah Pur, Faisalabad
- House # 78, Block S, Masoom Shah Road Gulistan Chowk New Multan

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards comprise of :

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.2 Changes in accounting policies

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

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

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

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

4. CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENTS

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed interim financial 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 financial statements of the Company for the year ended 30 September 2018. except for the changes as stated in note 3.2.1 above.

5. PROPERTY, PLANT AND EQUIPMENT

5.1 The following operating assets have been added during the nine months period ended 30 June 2019:

	Building	Plant and machinery	Furniture, fixtures and equipment		Vehicles		Total June 2019	Total June 2018
		Owned	Owned	Leased	Owned	Leased		
	(Rupees in '000)							
Additions for the Period 31 March 2019	-	24,573	21,854	3,400	-	22,540	72,367	81,485
Additions for the quarter 30 June 2019	2,094	-	6,239	-	-	7,449	15,782	20,247
Total	**2,094**	**24,573**	**28,093**	**3,400**	**-**	**29,989**	**88,149**	**101,732**

5.2 Additions to leased vehicles includes direct additions of Rs.6.85 million and transfer of Rs.23.14 million from capital work in progress.

5.3 Additions to owned furniture, fixtures and leased equipment includes direct additions of Rs. 11.99 million and transfers of Rs.19.50 million from capital work in progress, respectively.

5.4 Property, plant and equipment disposed off during the nine months period ended 30 June are as follows:

	Building	Plant and machinery	Furniture, fixtures and equipment		Vehicles		Total June 2019	Total June 2018
			Owned	Leased	Owned	Leased		
	(Rupees in '000)							
Cost	-	-	6,257	-	2,140	12,948	21,345	19,818
Accumulated depreciation	-	-	(6,205)	-	(2,118)	(7,904)	(16,227)	(11,853)
Net book value	**-**	**-**	**52**	**-**	**22**	**5,044**	**5,118**	**7,965**

5.5 Addition to Capital work- in- progress amounting to Rs. 121.534 million during the nine months period ended 30 June 2019.

6. SHORT TERM BORROWING - secured

6.1 Short term Islamic finance facilities are available under Islamic financing from various banks under profit arrangements, amounting to Rs. 4,200 million (30 September 2018: Rs. 3,500 million).These facilities have various maturity dates up to 31 Jan 2020. These arrangements are secured against pari passu charge of hypothecation on stock-in-trade and trade debts with minimum 16.67% margin. These facilities carry profit ranging from 1 month KIBOR+0.25% to 3 months KIBOR+ 0.4% per annum calculated on daily products basis and payable quarterly. The aggregate amount of these facilities which have not been availed as at the balance sheet date amounting to Rs.869.642 million (30 September 2018: Rs.1,059.57 million)

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

6.3 The company has obtained Istisna loan during the nine months period ended 30 June 2019, amounting to Rs.295 million (30 Setember 2018: Rs. Nil) under short term Islamic finance facilities available to the Company.

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 2018.

7.2 Commitments

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

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

7.2.2 Commitments for rentals under operating lease agreement in respect of rented property amounted to Rs.110.327 million (30 September 2018: Rs. 43.249 million) are as follows:

	Unaudited June 30, 2019	Audited September 30, 2018
	------(Rupees in '000)------	
Not later than one year	11,685	10,417
Later than one year but not later than five years	60,344	23,672
Later than five years	38,298	9,160
	110,327	43,249

7.2.3 Commitments for Ijarah rentals in respect of Ijarah transactions amount to Rs. Nil (30 September 2018:Rs.0.377 million) are as follows:

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

7.2.4 Commitments for capital expenditure as at 30 June 2019 aggregated Rs. 18.21 million (30 September 2018: Rs.18.47 million)

7.2.5 Commitments under letters of credit for raw material and stores and spares as at 30 June 2019 amounted to Rs. 732.0 million (30 September 2018:Rs.666.903 million).

7.2.6 The Company has provided post dated cheques amounting to Rs. 2,463.91 million (30 September 2018: Rs. 600.99 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.

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

For the quarter and nine months period ended 30 June 2019

8. Segment Information

(a) Segment information for the nine months period ended 30 June 2019:

	Brand & Performance Textile Specialties		Others *		Total	
	30 June 2019	30 June 2018	**30 June 2019**	30 June 2018	**30 June 2019**	30 June 2018
	(Rupees in '000)					
Sales						
Domestic	**9,395,880**	**7,879,442**	**1,456,675**	**1,631,141**	**10,852,555**	9,510,583
Export	**2,850,957**	**1,564,499**	**66,583**	**78,476**	**2,917,540**	1,642,975
Total sales	**12,246,837**	9,443,941	**1,523,258**	1,709,617	**13,770,095**	11,153,558
Discount & commission	**572,292**	**452,243**	**10,477**	**8,654**	**582,769**	460,897
Sales tax	**33,383**	**38,628**	**189,730**	**208,879**	**223,113**	247,507
	605,675	490,871	**200,207**	217,533	**805,882**	708,404
Net sales (from external customers)	**11,641,162**	8,953,070	**1,323,051**	1,492,084	**12,964,213**	10,445,154
Segment results based on 'management approach'	**2,039,145**	1,577,588	**144,750**	203,680	**2,183,895**	1,781,268
Other expenses - WPPF & WWF					**(103,854)**	(78,244)
Assets charged to profit and loss for internal reporting purposes based on group guidelines					**4,783**	(992)
Operating profit					**2,084,824**	1,702,032
Finance costs					**(708,489)**	(340,472)
Profit before taxation					**1,376,335**	1,361,560
Fixed Capital Expenditure	**140,019**	287,431	**5,309**	3,078	**145,328**	290,509
Unallocated					**37,818**	13,262
					183,146	303,771
Depreciation	**173,965**	176,834	**2,394**	1,065	**176,359**	177,899
Unallocated					**14,318**	10,988
					190,677	188,887

	Brand & Performance Textile Specialties		Others *		Total	
	Unaudited 30 June 2019	**Audited 30 September 2018**	**Unaudited 30 June 2019**	**Audited 30 September 2018**	**Unaudited 30 June 2019**	**Audited 30 September 2018**
	(Rupees in '000)					
Segment Assets	**8,871,563**	7,395,577	**544,192**	707,509	**9,415,755**	8,103,086
Unallocated					**2,554,007**	2,857,942
Total Assets					**11,969,762**	10,961,028
Segment Liabilities	**3,022,386**	2,489,802	**284,316**	273,863	**3,306,702**	2,763,665
Unallocated					**4,113,600**	3,392,151
Total Liabilities					**7,420,302**	6,155,816

* Others mainly include coating, adhesives & sealants, paper chemicals and dyes. These do not constitute a separately reportable segment.

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

For the quarter and nine months period ended 30 June 2019

(b) Segments information for the quarter ended 30 June 2019:

	Brand & Performance Textile Specialties		Others *		Total	
	30 June 2019	30 June 2018	**30 June 2019**	30 June 2018	**30 June 2019**	30 June 2018
Sales	(Rupees in '000)					
Domestic	**3,347,448**	2,919,256	**510,715**	**520,650**	**3,858,163**	3,439,906
Export	**1,256,881**	762,844	**-**	**23,742**	**1,256,881**	786,586
Total sales	**4,604,329**	3,682,100	**510,715**	544,392	**5,115,044**	4,226,492
Discount & commission	**231,698**	160,794	**3,445**	**1,766**	**235,143**	162,560
Sales tax	**11,882**	10,081	**67,133**	**71,474**	**79,015**	81,555
	243,580	170,875	**70,578**	73,240	**314,158**	244,115
Net sales (from external customers)	**4,360,749**	3,511,225	**440,137**	471,152	**4,800,886**	3,982,377
Segment results based on 'management approach'	**772,376**	672,551	**96,414**	59,295	**868,790**	731,846
Other operating expenses - WPPF / WWF					**(34,000)**	(19,145)
Assets charged to profit and loss for internal reporting purposes based on group guidelines					786	**427**
Operating profit					**835,576**	713,128
Finance costs					**(384,588)**	**(135,976)**
Profit before taxation					**450,988**	577,152
Fixed Capital Expenditure	**60,886**	**142,322**	**2,878**	2,888	**63,764**	145,210
Unallocated					**5,911**	1,083
					69,675	146,293
Depreciation	**55,717**	54,206	**1,690**	701	**57,407**	54,907
Unallocated					**5,735**	5,813
					63,142	60,720

* Others mainly include coating, adhesives & sealants, paper chemicals and dyes. These do not constitute a separately reportable segment.

9. EARNINGS PER SHARE

9.1 Basic

	Quarter ended		Nine months period ended	
	30 June 2019	30 June 2018	**30 June 2019**	30 June 2018
	(Rupees 000)			
Profit after taxation attributable to ordinary shareholders	**306,723**	452,846	**1,108,963**	1,037,474
	(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	**8.99**	13.27	**32.50**	30.41

9.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 30 June 2019 and 2018.

10. CASH GENERATED FROM OPERATIONS

	Note	Nine months period ended	
		30 June 2019	30 June 2018
		(Rupees in '000)	
Profit before taxation		**1,376,335**	1,361,560
Adjustment for non-cash charges and other items:			
Depreciation / amortisation		**190,677**	188,887
Loss/(Gain) on sale of Property , plant and equipment		**(631)**	2,563
Provision for staff gratuity		**23,499**	14,787
Mark-up expense		**179,847**	101,630
Provision for impairment of trade receivables		**143,752**	19,583
Working capital changes	10.1	**(708,321)**	495,770
		1,205,158	2,184,780

10.1 Working capital changes

(Increase) / decrease in current assets		
Stores and spares	**(1,839)**	(5,848)
Stock-in-trade	**(534,939)**	(364,996)
Trade debts	**(545,585)**	(456,855)
Loans and advances	**(117)**	403
Trade deposits and short-term prepayments	**(15,405)**	(36,135)
Other receivables	**(69,464)**	288,288
	(1,167,349)	(575,143)
Increase in current liabilities		
Trade and other payables	**459,028**	1,070,913
	(708,321)	495,770

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

For the quarter and nine months period ended 30 June 2019

11. CASH AND CASH EQUIVALENT

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

	Nine months period ended	
	30 June 2019	30 June 2018
	(Rupees in '000)	
Cash and bank balances	**599,815**	**628,113**
Short-term running finance	**(1,411,288)**	(1,761,299)
	(811,473)	(1,133,186)

12. TRANSACTIONS WITH RELATED PARTIES

Details of transactions with related parties are as follows:

	Parent Company Quarter ended		Parent Company nine months period ended	
	30 June 2019	30 June 2018	**30 June 2019**	30 June 2018
	(Rupees in '000)			
Dividend Paid	**-**	-	**1,023,541**	1,279,427

	Other Related Parties Quarter ended		Other Related Parties Nine months period ended	
	30 June 2019	30 June 2018	**30 June 2019**	30 June 2018
	(Rupees in '000)			
Sales	**557,815**	382,135	**1,430,927**	905,033
Purchases of goods and machinery	**161,759**	162,782	**407,810**	481,528
Indenting commission income	**2,049**	1,254	**5,118**	3,876
Export commission expense	**29,024**	13,946	**49,942**	19,092
Royalty expenses	**211,828**	211,089	**528,392**	376,957
Other charges	**44,015**	35,133	**126,413**	100,400
Key management personnel:				
- Salaries benefits and compensations	**34,390**	36,029	**103,556**	107,797

13 GENERAL

Figures have been rounded off to the nearest thousand rupees.

Karachi: 30 July 2019

Mujtaba Rahim
Chief Executive Officer

M Veqar Arif
Director & Chief Financial Officer

ARCHROMA
LIFE ENHANCED

www.archroma.com.pk
archroma.pakistan@archroma.com

ARCHROMA PAKISTAN LTD.

1-A/1, Sector 20,
Korangi Industrial Area,
Karachi 74900
Pakistan
Phone +92 21 111-275-786