

/ HALF YEAR REPORT 2018 (Ended March 2018)



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COMPANY INFORMATION

Chairman	• Dr S Mubarik Ali	
Directors	• Mujtaba Rahim • Hans Lourens (Alternate: Naveed Kamil) • M Veqar Arif • Rahat Kaunain Hassan • Roland Waibel • Marcos Furrer • Shahid Ghaffar	
Company Secretary	• M Veqar Arif	
Management Committee	• Mujtaba Rahim • Qazi Naeemuddin • Muhammad Altaf	• M Veqar Arif • Naveed Kamil • Muhammad Haroon
Audit Committee	• Rahat Kaunain Hassan • Hans Lourens • Shahid Ghaffar • M Irfan Lakhani	- Chairman (Alternate: Naveed Kamil) - Secretary
Human Resources and Remuneration Committee	• Dr S Mubarik Ali • Mujtaba Rahim • Marcos Furrer • 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 • 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, 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 second quarter ended 31 March 2018, together with the reviewed condensed interim financial information of the Company for the period ended 31 March 2018.

BOARD OF DIRECTORS

The shareholders at Extraordinary General Meeting held on 30 March 2018 elected Eight Directors Messrs. Mujtaba Rahim, Dr S Mubarik Ali, Hans Lourens, M. Veqar Arif, Rahat Kaunain Hassan, Roland Waibel, Marcos Furrer and Shahid Ghaffar for a term of three years commencing from 1st April 2018.

COMPOSITION OF BOARD

Total numbers of directors:

a) Male	07
b) Female	01

Composition:

i) Independent Directors	02
ii) Other Nonexecutive Directors	04
iii) Executive Directors	02

BUSINESS OVERVIEW

Despite the economic activities remained ambitious during the period under review, the Management kept strong focus on net working capital, further improve efficiency of plant operations and kept its eyes on country's economic conditions specially rupee devaluation, to have sustainable sales growth and profitability. The business is placing itself to increase the market share through customer centric approach to capitalize every opportunity. Your company endeavoring hard to manage currency depreciation challenge once again in 2nd

quarter of fiscal year 2018 including raw material prices which is clearly reflecting in our eroded gross profit and profit before taxation. We are strongly focus to strengthen pricing mechanism to combat the adverse effects on businesses.

Besides challenging business situation during this period the company managed to increase net sales of Rs. 6,463 million as compared to Rs. 5,747 million for the same period last year. Sales growth has been contributed by business line Paper & Packaging by 47.0%, Brand & Performance Textile Specialty by 10.0% and Coating Adhesives & Sealants by 4.0%.

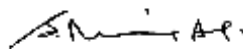
FUTURE OUTLOOK

In view of uncertainties prevailing in economy the Management is continuously reviewing strategies to avoid any adverse effect on the company's performance.

After effects of devaluation of rupee, continuous increasing raw material prices and geo political conditions are main challenges for the business in coming months and the company will remain strongly focused to overcome these challenges.

In second half of the fiscal year, the business growth will remain sluggish due to political uncertainty in the country but we are confident enough with our concerted efforts and diversified portfolio, the Company would achieve the targeted results and will strive hard to have a decent finish of the Financial Year 2018.

On behalf of the Board



Dr S Mubarik Ali
Chairman

Karachi: 30 April 2018

کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ آپ کی خدمت میں کمپنی کے دوسری ششماہی کے گوشوارے بعد جامحی عبوری مالیاتی معلومات برائے دورانیہ 31 مارچ 2018ء پیش کر رہے ہیں۔

بورڈ آف ڈائریکٹرز

غیر معمولی اجلاس عام منعقدہ 30 مارچ 2018ء میں حصص یافتگان کی جانب سے آٹھ ڈائریکٹرز جناب بھٹی رحیم، ڈاکٹر ایس مبارک علی، ہنس لانس، ایم وقار عارف، راحت کوٹنیں حسن، رولینڈ وائیل، مارکوس فر راور شاہد غفار کو 3 سال کی مدت کے لئے منتخب کیا جس کا آغاز یکم اپریل 2018ء سے ہوا۔

بورڈ کی ساخت

ڈائریکٹرز کی کل تعداد :

حضرات 07

خواتین 01

ترتیب :

- انڈپینڈنٹ ڈائریکٹرز 02

- دیگر نان ایگزیکٹو ڈائریکٹرز 04

- ایگزیکٹو ڈائریکٹرز 02

کاروباری جائزہ

جیسا کہ اقتصادی سرگرمیاں زیر جائزہ مدت کے دوران توجہ طلب رہیں۔

اس کے باوجود انتظامیہ کی جانب سے سرمایہ بڑھانے اور مزید برآں پلانٹ کی عملی کارکردگی بہتر بنانے، ملک کے اقتصادی حالات، خاص طور پر روپے کی تفتیش، فروخت میں پائیدار ترقی اور منافع کے حصول پر نظر رکھی

گئی۔ کاروبار کسٹمرز پر توجہ رکھنے کے اصول کے ذریعے ہر موقع سے فائدہ اٹھائے ہوئے مارکیٹ شیئر میں اضافہ کر رہا ہے۔ آپ کی کمپنی رواں مالی سال 2018ء کے دوسرے سہ ماہی میں ایک بار پھر کرنی فرسودگی بشمول خام مال کی قیمتیں جو کہ واضح طور پر ٹیکس سے قبل منافع اور مجموعی منافع میں ظاہر ہوتا ہے کو منظم کرنے کے لئے کوشاں ہے۔

کاروباری اداروں پر منفی اثرات سے نمٹنے کے لئے ہم نے قیمتوں کا تعین کرنے والے میکانزم کو مضبوط بنانے پر زور دے رہے ہیں۔ اس عرصے میں مشکل کاروباری حالات کے باوجود کمپنی نے نیٹ سیلز میں گزشتہ سال کے دوران اسی عرصے کے لئے 5,747 ملین روپے سے بڑھا کر اس سال 6,463 ملین روپے تک اضافہ کیا ہے۔

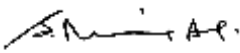
سیلر نمو برنس لائن پیپر اور پیکینجنگ کی طرف سے 47 فیصد اور برانڈ اینڈ پرفارمنس ٹیکسٹائل اسٹیشنری کی طرف 10 فیصد اور گنک ایڈھنسیو اینڈ پکینجنگ کی طرف 4 فیصد کا اضافہ ہوا۔

مستقبل پر نظر

معیشت کی غیر یقینی صورتحال کو مد نظر رکھتے ہوئے انتظامیہ کمپنی پر منفی اثرات مرتب ہونے سے بچاؤ کے لئے مسلسل حکمت عملی کا جائزہ لے رہی ہے۔ روپیہ کے انحطاط کے اثرات خام مال کی قیمتوں میں اضافہ اور موجودہ سیاسی حالات سے کاروبار کو آنے والے مہینوں میں چیلنج کا سامنا رہے گا۔ کمپنی ان حالات پر تقابلاً پانے کے لئے سخت توجہ مرکوز رکھے گی۔

مالی سال کے دوسرے ششماہی میں ملک میں سیاسی غیر یقینی صورتحال کی وجہ سے کاروباری ترقی میں کمی رہے گی۔ انتظامیہ پُر امید ہے کہ ہم اپنی منظم کوششوں اور متنوع پورٹ فولیو کے ذریعے رواں مالی سال 2018ء کمپنی مزید بہتر اختتام کے لئے اٹھک جدوجہد کر کے حاف بخش نتائج حاصل کر لے گی۔

منجانب بورڈ



ڈاکٹر ایس مبارک علی

چیئر مین

کراچی: 30 اپریل 2018



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
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Auditor's 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 2018, the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six-month period then ended (herein after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim 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 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

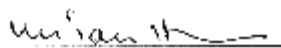
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures for the quarter ended 31 March 2018 and 31 March 2017 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date: 30 April 2018

Karachi

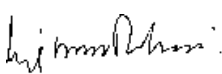

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

CONDENSED INTERIM BALANCE SHEET (UNAUDITED)

As at 31 March 2018

	Note	Unaudited 31 March 2018	Audited 30 September 2017
(Rupees in '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,801,529	1,744,273
Long-term loans		1,279	1,791
Long term deposits		5,304	5,387
Long-term prepayments		3,070	4,067
		1,811,182	1,755,518
Current assets			
Stores and spares		49,996	40,243
Stock-in-trade		2,308,355	2,107,644
Trade debts		3,603,104	3,165,832
Loans and advances		4,394	8,661
Trade deposits and short-term prepayments		72,730	59,073
Other receivables		1,750,714	1,954,007
Taxation - net		220,018	72,031
Cash and bank balances		408,488	587,885
		8,417,799	7,995,376
Total assets		10,228,981	9,750,894
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		2,968,000	2,808,000
Unappropriated profit		587,201	1,868,467
		3,896,380	5,017,646
LIABILITIES			
Non-current liabilities			
Deferred tax - net		144,239	152,903
Deferred liabilities		13,075	13,956
Liabilities against assets subject to finance lease		18,010	44,447
Liabilities against diminishing musharaka finance		73,190	37,826
		248,514	249,132
Current liabilities			
Trade and other payables		3,112,207	2,711,450
Mark-up accrued		29,161	11,262
Short-term borrowings	6	2,911,400	1,732,030
Current portion of liabilities against assets subject to finance lease		6,930	21,933
Current portion of liabilities against diminishing musharaka finance		24,389	7,441
		6,084,087	4,484,116
Total liabilities		6,332,601	4,733,248
Contingencies and commitments	7		
Total equity and liabilities		10,228,981	9,750,894

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.



Mujtaba Rahim
Chief Executive Officer



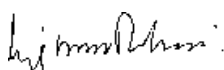
M Veqar Arif
Director & Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

For the Quarter and Six Months Period Ended 31 March 2018

	Note	Quarter ended		Six months period ended	
		31 March	31 March	31 March	31 March
		2018	2017	2018	2017
		(Rupees '000)			
Sales	8	3,698,768	3,327,257	6,927,066	6,209,606
Discount and commission	8	146,526	175,727	298,337	314,075
Sales tax	8	87,666	75,083	165,952	148,067
		234,192	250,810	464,289	462,142
Net sales	8	3,464,576	3,076,447	6,462,777	5,747,464
Cost of goods sold		2,578,904	2,064,547	4,702,402	3,896,253
Gross profit		885,672	1,011,900	1,760,375	1,851,211
Distribution and marketing expenses		234,555	207,360	455,072	419,100
Administrative expenses		116,780	111,290	239,432	224,014
Other operating expenses		38,638	55,184	83,153	95,411
		389,973	373,834	777,657	738,525
		495,699	638,066	982,718	1,112,686
Other income		1,486	4,153	6,186	10,970
Operating profit		497,185	642,219	988,904	1,123,656
Finance costs		107,047	36,722	204,496	43,143
Profit before taxation		390,138	605,497	784,408	1,080,513
Taxation - net		86,221	108,822	199,780	238,755
Profit after taxation		303,917	496,675	584,628	841,758
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		303,917	496,675	584,628	841,758
		(Rupees)			
Earnings per share	10	8.91	14.56	17.14	24.67

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.



Mujtaba Rahim
Chief Executive Officer



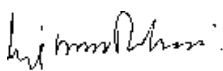
M Veqar Arif
Director & Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

For the Six Months Period Ended 31 March 2018

	Note	31 March 2018	31 March 2017
----- (Rupees in '000)-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	1,037,139	1,276,397
Staff gratuity paid		(3,881)	(209,363)
Mark-up paid		(186,597)	(12,515)
Income taxes paid		(356,431)	(249,908)
Movement in long-term loans and advances		512	2,865
Movement in long-term deposits and prepayments		1,080	(2,319)
Net cash generated from operating activities		491,822	805,157
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(157,478)	(26,746)
Proceeds from disposal of property, plant and equipment		4,898	66
Net cash used in investing activities		(152,580)	(26,680)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment against finance lease obligations		(41,440)	(4,818)
Payment against diminishing musharaka		17,071	-
Short-term loans - proceeds		400,000	1,429,100
Short-term borrowings - repayments		(526,992)	(301,525)
Dividend paid		(1,673,648)	(2,035,536)
Net cash used in financing activities		(1,825,009)	(912,779)
Net decrease in cash and cash equivalents		(1,485,767)	(134,302)
Cash and cash equivalents at beginning of the period		(117,153)	(267,250)
Cash and cash equivalents at end of the period	12	(1,602,920)	(401,552)

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.



Mujtaba Rahim
Chief Executive Officer



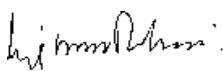
M Veqar Arif
Director & Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the Six Months Period Ended 31 March 2018

	Issued, subscribed and paid- up capital	Revenue reserves	Unappropri- ated profit	Total shareholders' equity
	(Rupees in '000)			
Balance as at 30 September 2016 (audited)	341,179	3,248,000	1,798,233	5,387,412
Transfer from revenue reserves appropriated subsequent to year end	-	(440,000)	440,000	-
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)
Total comprehensive income for the period				
Total comprehensive income for the six months period ended 31 March 2017	-	-	841,758	841,758
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>
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 six months period ended 31 March 2018	-	-	584,628	584,628
Balance as at 31 March 2018 (unaudited)	<u>341,179</u>	<u>2,968,000</u>	<u>587,201</u>	<u>3,896,380</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.



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 Six Months Period Ended 31 March 2018

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 manufacture and sale of chemicals, dyestuffs and coatings, adhesive & sealants. It also acts as an indenting agent.

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 as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 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 provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial information do not include all the information and disclosure required for the annual audited financial statements and should be read in conjunction with the annual audited financial statements of the Company for year ended 30 September 2017.

The comparative Balance Sheet presented in this condensed interim financial information has been extracted from the audited annual financial statements of the Company for the year ended 30 September 2017, 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 2017.

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 2017.

3.2 There are certain amendments to approved accounting standards which are applicable for the Company's annual accounting period which began on 01 October 2017. However, these do not have significant impact on the Company's financial reporting other than increased disclosures, if any, to be included in annual financial statements for the year ending 30 September 2018.

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

For the Quarter and Six Months Period Ended 31 March 2018

- 3.3** There are certain other standards and amendments to the approved accounting standards that will be applicable for annual period beginning on or after 1 July 2018. Further, the Securities and Exchange Commission of Pakistan has notified IFRS 9 "Financial Instruments" replaced IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 15 "Revenue from Contracts with Customers" replacing IAS 18 "Revenue" and IAS 11 "Construction Contracts". These standards are applicable to the Company for annual accounting period beginning on or after 1 October 2018 and management is currently assessing its impact. In addition, to the foregoing, the Companies Act, 2017 requires certain additional disclosures which will be provided in annual financial statements for the year ending 30 September 2018.

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.

In preparing this 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 audited financial statements of the Company as at and for the year ended 30 September 2017.

- 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 2017.

5. PROPERTY, PLANT AND EQUIPMENT

- 5.1** The following operating assets have been added during the six months period ended 31 March 2018:

	Building	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Total 31 March 2018	Total 31 March 2017
	(Rupees in '000)					
Additions for the quarter 31 December 2017	-	10,431	3,720	23,992	38,143	1,262
Additions for the quarter 31 March 2018	3,092	13,152	18,462	8,636	43,342	20,635
Total	3,092	23,583	22,182	32,628	81,485	21,897

- 5.1.1** Additions to plant and machinery represents transfers of Rs. 23.583 million from capital work in progress.

- 5.1.2** Additions to furniture, fixtures and equipment includes Rs. 2.911 million and transfers of Rs. 19.275 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 2018:

	Building	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Total 31 March 2018	Total 31 March 2017
	(Rupees in '000)					
Cost	-	-	753	10,998	11,751	483
Accumulated depreciation	-	-	(718)	(3,738)	(4,456)	(429)
Net book value	-	-	35	7,260	7,295	54

- 5.3** Addition to capital work- in- progress amounting to Rs. 154.567 million during the six months period ended 31 March 2018.

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

For the Quarter and Six Months Period Ended 31 March 2018

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. 3,500 million (2017: Rs. 2,800 million). These facilities have various maturity dates up to 31 August 2018. 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 month 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. 588.6 million (2017: Rs. 1,067.97 million).

6.2 The Company has availed Islamic Export Refinance facility amounting to Rs. 500 million under the Islamic Export Financing Scheme of the State Bank of Pakistan (SBP) (2017: Rs. 500 million). The profit rate of the facility is 2.5% per annum.

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 2017.

7.2 Commitments

7.2.1 Commitments for rentals under operating lease agreements in respect of vehicles and equipment amounted to Rs. 1.029 million (30 September 2017: Rs. 1.77 million) payable as following:

	Unaudited 31 March 2018	Audited 30 September 2017
	(Rupees in '000)	
Not later than one year	911	1,313
Later than one year but not later than five years	118	464
	<u>1,029</u>	<u>1,777</u>

7.2.2 Commitments for rentals under operating lease agreement in respect of rented property amounted to Rs. 45.137 million (30 September 2017: Rs. 60.42 million) are as follows:

	Unaudited 31 March 2018	Audited 30 September 2017
	(Rupees in '000)	
Not later than one year	10,731	10,243
Later than one year but not later than five years	23,967	39,738
Later than five years	10,439	10,439
	<u>45,137</u>	<u>60,420</u>

7.2.3 Commitments for Ijarah rentals in respect of Ijarah transactions amount to Rs. 1.511 million (30 September 2017: Rs. 4.10 million) are as follows:

	Unaudited 31 March 2018	Audited 30 September 2017
	(Rupees in '000)	
Not later than one year	1,480	3,723
Later than one year but not later than five years	31	377
	<u>1,511</u>	<u>4,100</u>

7.2.4 Commitments for capital expenditure as at 31 March 2018 aggregated Rs. 153.13 million (30 September 2017: Rs. 86.19 million).

7.2.5 The Company has provided bank guarantees amounting to Rs. 101.22 million (30 September 2017: Rs. 101.22 million) in favour of third parties.

7.2.6 The Company has provided post dated cheques amounting to Rs. 574.63 million (30 September 2017: Rs. 298.88 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.

7.2.7 Commitments under letters of credit for raw material and stores and spares as at 31 March 2018 amounting to Rs. 460.47 million (30 September 2017: Rs. 686.61 million).

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

For the Quarter and Six Months Period Ended 31 March 2018

8. Segment Information

(a) Segment information for the six months period ended 31 March 2018:

	Brand & Performance Textile Specialties		Coating, Adhesives & Sealants		Packaging & Paper Specialties		Others *		Total	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
(Rupees in '000)										
Sales										
Domestic	4,960,186	4,513,557	693,197	670,754	221,828	188,989	195,466	132,608	6,070,677	5,505,908
Export	801,655	699,025	-	-	54,734	4,673	-	-	856,389	703,698
Total sales	5,761,841	5,212,582	693,197	670,754	276,562	193,662	195,466	132,608	6,927,066	6,209,606
Discount & commission	291,449	304,907	6,751	9,144	137	24	-	-	298,337	314,075
Sales tax	28,547	18,180	105,160	102,418	32,234	27,469	11	-	165,952	148,067
	319,996	323,087	111,911	111,562	32,371	27,493	11	-	464,289	462,142
Net sales (from external customers)	5,441,845	4,889,495	581,286	559,192	244,191	166,169	195,455	132,608	6,462,777	5,747,464
Segment results based on 'management approach'	905,037	1,037,167	35,540	88,115	75,395	63,344	33,450	14,562	1,049,422	1,203,188
Other operating expenses - WPPF & WWF									(59,099)	(79,800)
Assets charged to profit and loss for internal reporting purposes based on group guidelines									(1,419)	268
Operating profit									988,904	1,123,656
Finance costs									(204,496)	(43,143)
Profit before taxation									784,408	1,080,513
Fixed Capital Expenditure	145,109	12,050	160	2,123	30	45	-	10,644	145,299	24,862
Unallocated									12,179	1,884
Depreciation	122,628	119,765	353	430	11	7	-	6,448	122,992	126,650
Unallocated									5,175	679
									128,167	127,329
(Rupees in '000)										
Segment Assets	6,847,398	6,237,836	613,489	579,498	81,082	61,200	-	-	7,541,969	6,878,534
Unallocated									2,687,012	2,872,360
Total Assets									10,228,981	9,750,894
Segment Liabilities	2,235,975	2,013,696	230,745	205,850	31,982	22,791	-	-	2,498,702	2,242,337
Unallocated									3,833,899	2,490,911
Total Liabilities									6,332,601	4,733,248

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

For the Quarter and Six Months Period Ended 31 March 2018

(b) Segments information for the quarter ended 31 March 2018:

	Brand & Performance Textile Specialties		Coating, Adhesives & Sealants		Packaging & Paper Specialties		Others *		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Sales										
Domestic	2,546,950	2,509,783	368,094	331,617	115,067	96,660	157,942	61,957	3,188,053	3,000,017
Export	472,004	323,510	-	-	38,711	3,730	-	-	510,715	327,240
Total sales	3,018,954	2,833,293	368,094	331,617	153,778	100,390	157,942	61,957	3,698,768	3,327,257
Discount & commission										
Sales tax	142,725	171,768	3,687	3,959	114	-	-	-	146,526	175,727
	15,243	10,483	55,690	50,546	16,722	14,054	11	-	87,666	75,083
	157,968	182,251	59,377	54,505	16,836	14,054	11	-	234,192	250,810
Net sales (from external customers)	2,860,986	2,651,042	308,717	277,112	136,942	86,336	157,931	61,957	3,464,576	3,076,447
Segment results based on 'management approach'										
	452,165	604,238	16,457	40,423	38,166	32,929	19,974	8,532	526,762	686,122
Other operating expenses - WPPF / WWF										
Assets charged to profit and loss for internal reporting purposes based on group guidelines							(29,400)		(29,400)	(45,100)
Operating profit							(177)		497,185	642,219
Finance costs									(107,047)	(36,722)
Profit before taxation									390,138	605,497
Fixed Capital Expenditure										
Unallocated	97,229	7,763	-	2,123	-	45	-	10,644	97,229	20,575
									11,833	1,486
									109,062	22,061
Depreciation	61,709	56,639	92	252	6	3	-	6,448	61,807	63,342
Unallocated									1,909	298
									63,716	63,640

* Other 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 2018

9. TAXATION

Under section 5A of the Income Tax Ordinance, 2001 (as amended by the Finance Act, 2017), a tax shall be imposed at the rate of 7.5% of the accounting profit before tax on every public company, other than schedule bank or modaraba, that drives profit for a tax year but does not distribute at least 40% of its profits within six months of the end of the tax year through cash or bonus shares. The Board of Directors of the Company will consider this matter before the authorization of annual financial statements for the year ending 30 September 2018. Hence, no tax consequences applicable on undistributed profit are recognised in these condensed interim financial information.

10. EARNINGS PER SHARE

	Quarter ended		Six months period ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	(Rupees 000)			
Profit after taxation attributable to ordinary shareholders	<u>303,917</u>	496,675	<u>584,628</u>	841,758
	(Number of shares)			
Weighted average number of ordinary shares outstanding during the period	<u>34,117,881</u>	34,117,881	<u>34,117,881</u>	34,117,881
	(Rupees)			
Earning per share	<u>8.91</u>	14.56	<u>17.14</u>	24.67

10.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 31 March 2018 and 2017.

11. CASH GENERATED FROM OPERATIONS

	Note	Six months period ended	
		31 March 2018	31 March 2017
		(Rupees in '000)	
Profit before taxation		784,408	1,080,513
Adjustment for non-cash charges and other items:			
Depreciation		128,167	127,329
Loss/(Gain) on sale of property, plant and equipment		2,397	(12)
Provision for staff gratuity		9,858	27,090
Mark-up expense		204,496	25,710
Provision for impairment of trade receivables		19,583	13,817
Working capital changes	11.1	(111,770)	1,950
		<u>1,037,139</u>	<u>1,276,397</u>

11.1 Working capital changes

(Increase) / decrease in current assets

Stores and spares	(9,753)	(6,004)
Stock-in-trade	(200,711)	(392,259)
Trade debts	(456,855)	(98,424)
Loans and advances	4,267	3,304
Trade deposits and short-term prepayments	(13,657)	(14,437)
Other receivables	<u>196,435</u>	<u>225,164</u>
	<u>(480,274)</u>	<u>(282,656)</u>

Increase in current liabilities

Trade and other payables	<u>368,504</u>	<u>284,606</u>
	<u>(111,770)</u>	<u>1,950</u>

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

For the Quarter and Six Months Period Ended 31 March 2018

12. CASH AND CASH EQUIVALENT

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

	Six months period ended 31 March	
	2018	2017
	(Rupees in '000)	
Cash and bank balances	408,488	437,013
Short-term running finance	(2,011,408)	(838,565)
	<u>(1,602,920)</u>	<u>(401,552)</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 transaction with related parties for the sale of its products, purchase of goods, indenting business and rendering of certain services. Consideration for purchases 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 Officer 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:

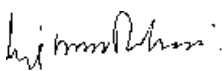
	Quarter ended		Six months period ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	(Rupees in '000)			
Parent Company				
Dividend Paid	1,279,427	1,535,305	1,279,427	1,535,305
Other Related Parties				
Sales	271,248	140,288	522,898	343,194
Purchases of goods and machinery	158,112	145,983	318,745	246,964
Indenting commission income	1,487	1,094	2,622	2,433
Export commission expense	4,400	-	5,146	8,157
Royalty expenses	118,595	21,895	140,988	41,526
Other charges	33,210	31,484	65,267	62,940
Key management personnel:				
- Salaries benefits and compensations	38,940	26,452	71,768	54,152
- Post employment benefits	3,980	3,515	7,960	7,328

14. DATE OF AUTHORISATION

This condensed interim financial information were authorised for issue on 30 April 2018 by the Board of Directors of the Company.

15. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Mujtaba Rahim
Chief Executive Officer



M Veqar Arif
Director & Chief Financial Officer

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