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/ ARCHROMA PAKISTAN LIMITED

IN THE MATTER OF THE COMPANY'S ORDINANCE 1984

And

IN THE MATTER OF (1) Archroma Pakistan Limited and (2) Archroma Textiles Chemicals Pakistan Pvt. Limited

And

IN THE MATTER OF Judicial Miscellaneous Application No. 12 of 2016 in the High Court of Sindh at Karachi for sanction of and for other orders in respect of a Scheme of Arrangement for the merger of Archroma Pakistan Limited and Archroma Textiles Chemicals Pakistan (Pvt) Ltd.

Notice of Meeting

NOTICE IS HEREBY GIVEN that pursuant to the orders dated the 18-4-2016, of the High Court of Sindh at Karachi passed in Judicial Miscellaneous Application No. 12 of 2016, an Extraordinary General Meeting of the Shareholders of Archroma Pakistan Limited will be held on Friday 3rd June 2016 at 10.00 am at their Registered Office at Plot No.1-A/1, Sector 20, Korangi Industrial Area, Karachi, to consider and, if thought fit, approve adopt and agree to the Scheme of Arrangement dated 8 March 2016, between Archroma Pakistan Limited (APL) and its Members and Archroma Textiles Chemicals Pakistan Pvt Ltd (ATCPPL) and its members and in that connection to consider and, if thought fit, to pass the following resolutions, namely.

RESOLVED THAT the Scheme of Arrangement between APL and its members and ATCPPL and its members (the "Scheme") as placed before the Board be and is hereby approved subject to approval of the shareholders and the sanction of the Court, in its present form or with modification thereof or addition thereof as the Court may approve and subject to any conditions which the court may impose.

A copy of the Scheme of Arrangement and a Statement explaining its effect are being provided with the notice of the meeting sent to Members and other persons entitled to receive notice of the meeting. Further copies of the Scheme of Arrangement and of the Statement may be obtained from the Registered Office of the Company during normal office hours on application prior to the meeting by Members and other persons entitled to attend the meeting.

The Court has appointed Mr. Mujtaba Rahim, the Chairman of APL, or failing him, Mr. Veqar Arif, a Director of APL to act as Chairman of the meeting and has directed the Chairman to report the results thereof to the Court.

The Scheme of Arrangement will be subject to the subsequent approval of the Court.

By order of the Board



M Veqar Arif
Director / Company Secretary

Karachi: 10th May 2016

/ ARCHROMA PAKISTAN LIMITED

NOTES:

1. The Share Transfer Books of the Company will remain closed from 27th May 2016 to 3rd June 2016 (both days inclusive). Transfers received in order by the Company's Share Registrar, M/s. FAMCO Associates (Pvt) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S Shahra-e-Faisal, Karachi, by 26th May 2016 will be in time to attend and vote at the Extraordinary General Meeting.
2. A member entitled to attend and vote at the meeting may appoint proxy to attend and vote instead of him/her. A proxy need not be a member of the company. Proxies, in order to be valid must be received at the Registered Office of the Company not later than 48 hours before the Meeting.
3. Shareholders whose shares are deposited with Central Depository Company (CDC) are requested to bring their Original National Identity Card and account number in CDC for verification.
4. Central Depository Company (CDC) account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

/ INFORMATION MEMORANDUM

IN THE MATTER OF the Companies Ordinance 1984

and

IN THE MATTER OF (1) Archroma Pakistan Limited (2) Archroma Textiles Chemicals Pakistan (Pvt.) Limited

and

IN THE MATTER OF Judicial Miscellaneous Application No. 12 of 2016 in the High Court of Sindh at Karachi for sanction of and for orders in respect of a Scheme of Arrangement for the merger of Archroma Textiles Chemicals Pakistan (Pvt.) Limited with and into Archroma Pakistan Limited by the transferring to and vesting of the assets and liabilities of the undertaking of Archroma Textiles Chemicals Pakistan (Pvt.) into Archroma Pakistan Limited and the dissolution of Archroma Textiles Chemicals Pakistan (Pvt.) without winding up.

**Statement to the Members of the Company under
Sections 286 and 160(1)(b) of the Companies Ordinance 1984**

Dear Sir/Madam,

In Judicial Miscellaneous Application No. 12 of 2016 the High Court of Sindh at Karachi has been petitioned under sections 284 and 287 of the Companies Ordinance 1984 for sanction of, and for other orders facilitating implementation of, the Scheme of Arrangement, for the merger of Archroma Textiles Chemicals Pakistan (Pvt.) Limited (“**ATCPPL**”) with and into Archroma Pakistan Limited (“**APL**”) by the transferring to and vesting of the assets and liabilities of the undertaking of ATCPPL into APL and the dissolution of ATCPPL without winding up, in the High Court of Sindh at Karachi (the “**Scheme**”). In such proceedings the Court has directed the convening of separate meetings of the Members of each Company for seeking their approval of the Scheme.

A copy of the Scheme and formal notice convening the meeting as directed by the Court for the purpose of seeking the agreement of the Members of the Company to the Scheme are attached to this document.

All terms defined in the Scheme have the same meaning in this document, unless the context otherwise requires.

The resolutions proposed for the consideration of the separate meetings of the respective Members of APL and ATCPPL as set forth in the accompanying notice convening the meetings are as follows:

(a) in the case of APL:

RESOLVED THAT the Scheme of Arrangement between APL and its members and ATCPPL and its members (the “Scheme”) as placed before the Board be and is hereby approved subject to approval of the shareholders and the

/ INFORMATION MEMORANDUM

sanction of the Court, in its present form or with modification thereof or addition thereof as the Court may approve and subject to any conditions which the court may impose.

in the case of ATCPPL:

RESOLVED THAT the Scheme of Arrangement between APL and its members and ATCPPL and its members (the “Scheme”) as placed before the Board be and is hereby approved subject to approval of the shareholders and the sanction of the Court, in its present form or with modification thereof or addition thereof as the Court may approve and subject to any conditions which the court may impose.

As required by Section 284(2) of the Companies Ordinance 1984 the above resolutions to approve the Scheme have to be passed at the respective meetings of the Members of APL and ATCPPL convened under the orders of the Court by a majority in number representing three-fourths in value of the issued shares held by the Members of APL and ATCPPL respectively present in person or by proxy and voting at the meeting of each Company.

The sanctioning of the Scheme and the making of other appropriate orders in connection therewith will be considered by the Court after the Scheme is agreed by the requisite majority at the meetings being convened for this purpose.

In case you are unable to attend the meeting convened by the accompanying notice you may appoint your proxy by completing the proxy form attached to the notice (in which you can direct the proxy how you wish him/her to vote) and send the completed form as soon as possible to the Company Secretary at the registered office of the Company which, in the case of:

- (i) Archroma Pakistan Limited is at Plot # 1 – A/ 1, Sector 20, Korangi Industrial Area, Karachi;

Proxies for the meeting will not be treated as valid unless proxy forms are received at least 48 hours before the time of the meeting. A Member desiring to appoint a proxy must comply with the requirements specified in the accompanying notice and on the proxy form.

**The merger of Archroma Pakistan Limited
and
Archroma Textiles Chemicals Pakistan (Pvt.) Limited**

Archroma Pakistan Limited

APL is a leading producer of dyes and chemicals for the textile industry, brands and mills in apparel and fashion, automotive and home textiles, and technical textiles. APL Emulsion products business is also a leading supplier of key raw materials for paint industry, construction industry and adhesives (packaging) application. Its paper solutions business with innovative technologies delivers leading edge and ever more sustainable solutions for paper makers around the world. It has an authorized share capital of Rs. 500,000,000 divided into 50,000,000 ordinary shares of Rs.10. Out of the said authorized share capital 34,117,881 ordinary shares of the aggregate nominal value of Rs.341, 178,810 are issued and fully paid while the remainder is unissued.

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Archroma Textiles Chemicals Pakistan (Private) Limited (ATCPPL)

ATCPPL is also a producer of Textile Chemicals for last many years. Textile chemicals are used in yarn production and preparation, fabric formation, fabric finishing and other miscellaneous manufacturing operations. ATCPPL is a company limited by shares which was incorporated in Pakistan under the name of BASF Pakistan Private Limited on 18th January 1964 and was subsequently renamed to Archroma Textiles Chemicals Pakistan (Pvt) Limited on 17th August 2015. The Company incorporated as a private limited company is registered at Karachi with an initial authorised share capital of Rs. 250,000,000 divided into 25,000,000 ordinary shares of Rs. 10 each of which 8,845,200 ordinary shares are issued and fully paid and the remainder are unissued. The Company has 2 members one of whom is employee of APL who holds one issued share of the ATCPPL whereas APL holds the remaining 8,845,199 issued shares of the Company. The Company has never traded and has no Assets and Liabilities other than those resulting from its incorporation and issued share capital.

Advantages of the merger

APL and ATCPPL deliver products and technologies across the textile chemicals spectrum, with particular strengths in printing, finishing and coating chemicals. This merger will further strengthen APL's market leadership position in supplying of dyes and chemicals to the global textile industry. The outlay strategically compliments APL's product portfolio and geographical presence that will now include ATCPPL strong market positions in Asia and several other high-growth markets. The merger will result in synergy and an increase in customer portfolio.

The Scheme of Arrangement

Object

The principal object of this Scheme is to provide for the merger of ATCPPL into APL by:

- (i) the transfer to, and vesting in APL, of the ATCPPL, against the cancellation of ordinary shares of the ATCPPL held by APL; and
- (ii) the dissolution, without winding up, of ATCPPL.

Approvals received

Board of Directors:

The Scheme has been approved by the respective Boards of Directors of APL and ATCPPL.

Subject to sanction by Court

The Scheme is subject to the sanction of the High Court of Sindh at Karachi and may be sanctioned in its present form or with any modification thereof or addition thereto as the Court may approve and the Scheme, with such modification or addition if any, is also subject to any conditions which the Court may impose. The Boards of Directors of APL and ATCPPL acting jointly have the power to consent on behalf of all concerned to any modifications of or additions to the Scheme or to any conditions which the Court may think fit to impose.

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Effective date

This Scheme shall become effective as soon as a certified copy of the order of the Court under Section 284 of the Ordinance sanctioning this Scheme is filed with the Registrar of Companies, Securities and Exchange Commission of Pakistan, Karachi. As and from the Appointed Date mentioned in the Scheme (from which date the scheme shall become operative i.e 01.01.2016), ATCPPL shall stand transferred to and vested in APL, and ATCPPL shall stand dissolved, without being wound up.

Assets, properties, rights, liabilities, obligations and legal proceedings

All Liabilities of ATCPPL on or before the Appointed Date shall, as from the Appointed Date, be deemed to become and be assumed by APL, as the Liabilities of APL. As from the Appointed Date, ATCPPL shall stand released from all obligations in respect of such Liabilities. With effect from the Appointed Date, all Tax liabilities of the ATCPPL under any law for the time being in force shall be the Tax liabilities of APL.

The Assets which form part of the ATCPPL and are subject to any encumbrance immediately prior to the Appointed Date, such Assets shall be deemed to have been transferred to APL on the Appointed Date subject to such encumbrances. APL shall be deemed, without any further act, deed, matter or thing, to have created, on the Appointed Date, all such encumbrances on the assets of ATCPPL which are transferred to APL from ATCPPL on the Appointed Date by virtue of the approval of this Scheme by the Court.

Upon the transfer of ATCPPL to APL on the Appointed Date, the charges recorded in the register of charges, if any, of ATCPPL in respect of the encumbrances on any of the assets comprising ATCPPL shall be released and discharged simultaneously with the registration of the same charges by APL under Section 122 of the Ordinance in respect of the aforementioned encumbrances on the assets comprising ATCPPL in the same amount and for the benefit of the same charge-holders.

All licenses, permits, quotas, rights, permissions, concessions, privileges, sanctions, approvals, licenses, exemptions, registrations and entitlements currently being enjoyed by ATCPPL which are subsisting immediately prior to the Appointed Date, shall, with effect from the Appointed Date, stand vested in and become transferred to APL without any further act or deed, and shall be appropriately mutated by the relevant authorities in favour of APL. In all contracts, deeds, bonds, documents, correspondence, records, agreements, and instruments of any nature whatsoever pertaining to ATCPPL shall transferred to APL, and all such contracts, deeds, bonds, documents, correspondence, records, agreements, and instruments shall be given effect accordingly.

All legal actions and legal proceedings of any nature whatsoever of ATCPPL, pending immediately prior to the Appointed Date, shall not abate, be discontinued or be in anyway prejudicially affected by reason of the merger and such legal actions and/or legal proceedings shall, be continued, prosecuted or enforced by or against APL in the same manner and to the same extent.

All employees of ATCPPL, shall as from the Appointed Date become the employees of APL on the same terms and conditions on which they were employed by the ATCPPL immediately prior to the Appointed Date, without being required to be paid any terminal or other benefits (other than accrued salaries and wages) by the ATCPPL.

Costs

All costs, charges and expenses incurred in connection with the merger shall be borne and paid by APL.

/ INFORMATION MEMORANDUM

Financial Information

APL

Period	Income (Rs in mio)	Profit After Tax (Rs in mio)	Share Capital (Rs in mio)	Shareholders' Equity (Rs in mio)	EPS (Rs)	Dividends (% of paid up capital)	Bonus Shares (%)
30-09-2015	9,440.40	1,053.30	341.18	4,443.24	30.87	250	--
30-12-2015	2,132.25	227.64	341.18	4,670.88	6.67	--	--

Copies of annual accounts for the year ended 30 September 2015 and first quarter ended 31 Dec 2015 are annexed to this statement.

Copies of consolidated annual accounts for the year ended 30 September 2015 are also annexed to this statement

ATCPPL

Period	Income (Rs in mio) Net	Profit After Tax (Rs in mio)	Share Capital (Rs in mio)	Shareholders' Equity (Rs in mio)	EPS (Rs)	Dividends (% of paid up capital)	Bonus Shares (%)
31-12-2015	2,439.46	350.4	88.45	1,095.2	39.60	Nil	Nil

Copies of Annual Accounts for the year ended 31 December 2015 are annexed to this statement.

APL

The authorised share capital of APL is PKR 500,000,000 divided into 50,000,000 ordinary shares of PKR. 10 each of which 34,117,881 ordinary shares of the aggregate nominal value of PKR. 341,178,810 are issued and fully paid and the remainder are unissued.

ATCPPL

The authorised share capital of Rs. 250,000,000 divided into 25,000,000 ordinary shares of Rs. 10 each of which 8,845,200 ordinary shares are issued and fully paid and the remainder are unissued. The ATCPPL has 2 members one of whom is employee of APL who holds one issued share of the ATCPPL where as APL holds the remaining 8,845,199 issued shares of the ATCPPL.

/ INFORMATION MEMORANDUM

Directors and Management

Directors of APL

The following are the names of and the shares held by the present directors of APL:

Name	Number of shares held in APL
Mujtaba Rahim	Nil
Dr S Mubarik Ali	Nil
Hans Lourens	Nil
M Veqar Arif	Nil
Roland Waibel	Nil
Thomas Winkler	Nil
Rahat Kaunain Hassan (Nominee of NIT)	Nil

Directors of ATPPL

The following are the names of and the shares held by the present directors of ATPPL:

Name	Number of shares held in ATPPL
Mujtaba Rahim (Nominee of APL)	Nil
M Veqar Arif	One

Directors after merger

The Directors of APL shall remain the same following the merger of APL and ATPPL.

Interest of Directors

The directors of APL and ATPPL, with the exception of Mr. Veqaruddin Arif, do not hold shares in the respective companies. Out of the directors, only Mr. Veqaruddin Arif, who holds one share of ATPPL is interested in the terms of the Scheme. The effect of the Scheme on his interests does not differ from its effect on the like interests of other Members.

Documents for Inspection

The following documents are available for inspection at the offices of APL and ATPPL, and may be inspected up to and including the day preceding the date of the meeting during normal office hours:

- Memorandum and Articles of Association of APL
- Memorandum and Articles of Association of ATPPL

/ SCHEME OF ARRANGEMENT

Under Sections 284 to 287 of the
Companies Ordinance, 1984

Between

**Archroma Pakistan Limited
and its Members**

and

**Archroma Textiles Chemicals Pakistan (Pvt) Limited
and its Members**

/ SCHEME OF ARRANGEMENT

SCHEME OF ARRANGEMENT

UNDER SECTIONS 284 TO 288 OF THE COMPANIES ORDINANCE, 1984

BETWEEN

ARCHROMA PAKISTAN LIMITED

AND ITS MEMBERS

AND

ARCHROMA TEXTILES CHEMICALS PAKISTAN (PVT) LIMITED

AND ITS MEMBERS

FOR

The merger of Archroma Textiles Chemicals Pakistan (Pvt) Limited into its holding company Archroma Pakistan Limited by vesting of the Textile Undertaking in Archroma Pakistan Limited and the dissolution of Archroma Textiles Chemicals Pakistan (Pvt) Limited .

ARTICLE 1 DEFINITIONS

In this Scheme of Arrangement, unless the subject or context otherwise requires, the following expressions shall bear the meanings specified against them below:

- “Appointed Date”** means the date from which this Scheme shall become operative viz., *01 January 2016*; or as directed by the Court
- “Assets”** means all properties (whether movable or immovable); rights, titles and assets (whether tangible or intangible), privileges, powers, licenses, permissions, claims, and interests, including but not limited to;
- (a) all rights, title and interest in or to immovable properties, including buildings, offices and structures;
 - (b) all plant, machinery, equipment, furniture and fixtures, computer hardware and software, software applications and licenses, motor vehicles, office equipment, appliances, and accessories, spare parts and tools;
 - (c) all stock-in-trade, inventory, stocks of fuels, raw materials, ingredients, packaging, office and laboratory supplies, engineering spares, consumable stores, work-in-progress and finished goods;
 - (d) all legal and/or beneficial interests including, without limitation statutory, contractual and/or regulatory rights, titles, permissions, concessions, privileges, sanctions, approvals, licenses, and registrations,
 - (e) all benefits and rights under contracts including rights under or relating to contracts of employment, personal services or consultancy;
 - (f) all data, information, records, instruments, documents of title, market statistics, marketing surveys and reports, marketing research, advertising or other promotional material and information, accounting (including management account records) financial data whether in hard copy or in computer held form (including, for avoidance of doubt, such media as microfilm and microfiche);

/ SCHEME OF ARRANGEMENT

- (g) all claims, choses-in-action, receivables, book trade and other debts or sums (including suppliers' credit notes) due, owing, accrued or payable (whether or not invoiced and whether or not immediately due or payable), advances, deposits, prepayments and other receivables, investments, cash in hand or at bank, bank balances, rights under loan documents and other agreements for financial facilities, letters of credit, guarantees, bonds and warranties;
- (h) all connections, equipments, installations and facilities pertaining to telecommunications, water, gas, electricity, sewerage or other utilities;
- (i) all claims, petitions, suits, applications or appeals, filed before or pending with any court, authority, tribunal or regulatory body, whether in its original jurisdiction or appellate jurisdiction;
- (j) all intellectual property rights, whether registered or not, including trade marks, copyrights, patents, designs, trade secrets, technical data, processes and know-how, industrial and technical information, confidential information, drawings, formulations, technical reports, operating and testing procedures, instruction manuals, raw material or production specifications, results of research and development work, whether in hard copy or in computer held form (including, for the avoidance of doubt, such media as microfilm and microfiche);
- (k) goodwill; revaluation surplus; share premium account; capital and revenue reserves,
- (l) Tax credits, Tax or other refunds; Tax or tariff protections, remissions or exemptions;

“Court”	means the High Court of Sindh at Karachi or any other court of competent jurisdiction for the time being having jurisdiction under Sections 284 to 288 of the Ordinance in connection with this Scheme;
“Encumbrances”	means any and all liens, charges, mortgages, pledges, hypothecation, assignments by way of security, security interests, claims and other encumbrances of whatever nature;
“Filing Date”	means the date on which the certified copy of the order of the Honourable High Court of Sindh at Karachi sanctioning this Scheme is filed with the Registrar of Companies, Karachi;
“Liabilities”	means all liabilities, duties and obligations of every kind, actual and contingent whether arising or payable under any agreement, statute, law or otherwise and whether pertaining to any Asset or otherwise, and all Encumbrances;
“Ordinance”	means the Companies Ordinance, 1984 (XLVII of 1984);
“Scheme”	means this Scheme of Arrangement in its present form with any modification thereof or addition thereto approved by the Court;

/ SCHEME OF ARRANGEMENT

“Tax”	means all present and future taxes, including income tax, sales tax, stamp duties, octroi, customs or excise duty, registration charges, levies, deductions, imposts, and any other charges and withholdings whatsoever, together with any interest, mark-up or penalties payable in connection with any failure to pay or delay in paying any of the above;
“Textile Company”	means Archroma Textiles Chemicals Pakistan (Pvt) Limited, a company limited by shares incorporated in Pakistan under the name of BASF Pakistan Private Limited on 18th January 1964 and subsequently renamed to Archroma Textiles Chemicals Pakistan (Pvt) Limited on 17th August 2015. having its registered office at LX-10, LX-11 Landhi Industrial Area, Karachi;
“Textile Employees”	means all employees of Textile Company as at immediately prior to the Appointed Date;
“Textile Shares”	means fully paid-up ordinary shares of Rs. 10 each in the capital of Textile Company;
“Textile Undertaking”	means all Assets (with all existing Encumbrances thereon) and Liabilities of the Textile Company.

The headings and marginal notes are inserted for convenience and shall not affect the construction of this Scheme.

ARTICLE 2 CAPITAL OF APL

The authorised share capital of Archroma Pakistan Limited (“APL”) is PKR 500,000,000 divided into 50,000,000 ordinary shares of PKR. 10 each of which 34,117,881 ordinary shares of the aggregate nominal value of PKR. 341,178,810 are issued and fully paid and the remainder are unissued.

ARTICLE 3 THE TEXTILE COMPANY

The Textile Company was incorporated on 18 January 1964 as a private limited company and is registered at Karachi with an initial authorised share capital of Rs. 250,000,000 divided into 25,000,000 ordinary shares of Rs. 10 each of which 8,845,200 ordinary shares are issued and fully paid and the remainder are unissued. The Textile Company has 2 members one of whom is employee of APL who holds one issued share of the Textile Company where as APL holds the remaining 8,845,199 issued shares of the Textile Company. The Textile Company has never traded and has no Assets and Liabilities other than those resulting from its incorporation and issued share capital.

/ SCHEME OF ARRANGEMENT

ARTICLE 4 OBJECT OF THE SCHEME

The principal object of this Scheme is to provide for the merger of the Textile Company into APL by:

- (i) the transfer to, and vesting in APL, of the Textile Undertaking, against the cancellation of ordinary shares of the Textile Company held by APL; and
- (ii) the dissolution, without winding up, of the Textile Company.

ARTICLE 5 EFFECTIVENESS OF SCHEME

- 5.1 This Scheme shall become effective as soon as a certified copy of the order of the Court under Section 284 of the Ordinance sanctioning this Scheme is filed with the Registrar of Companies, Securities and Exchange Commission of Pakistan, Karachi.
- 5.2 As and from the Appointed Date, the Textile Undertaking shall be transferred to and vested in APL, and the Textile Company shall dissolved, without being wound up.

ARTICLE 6 TRANSFER OF ASSETS AND LIABILITIES

- 6.1 As and from the Appointed Date, the Textile Undertaking shall be transferred to and vest in, or be deemed to be transferred to and vested in, APL.
- 6.2 In so far as any of the Assets which form part of the Textile Undertaking are subject to any Encumbrance immediately prior to the Appointed Date, such Assets shall be deemed to have been transferred to APL on the Appointed Date subject to such Encumbrances.
- 6.3 APL shall be deemed, without any further act, deed, matter or thing, to have created, on the Appointed Date, all such Encumbrances on the Assets of the Textile Undertaking which are transferred to APL from the Textile Company on the Appointed Date by virtue of the approval of this Scheme by the Court.
- 6.4 Upon the transfer of the Textile Undertaking to APL from the Textile Company on the Appointed Date, the charges recorded in the register of charges, if any, of the Textile Company in respect of the Encumbrances on any of the Assets comprising the Textile Undertaking shall be released and discharged simultaneously with the registration of the same charges by APL under Section 122 of the Ordinance in respect of the same Encumbrances on the Assets comprising the Textile Undertaking in the same amount and for the benefit of the same charge-holders.
- 6.5 All Liabilities of the Textile Company which form part of the Textile Undertaking on or before the Appointed Date shall, as from the Appointed Date, be deemed to become and be assumed by APL, as the Liabilities of APL.
- 6.6 As from the Appointed Date, simultaneously with the assumption by APL of the Liabilities forming part of the Textile Undertaking, the Textile Company shall stand released from all obligations in respect of such Liabilities.

/ SCHEME OF ARRANGEMENT

ARTICLE 7 SUBSTITUTION OF THE NAME OF APL INSTEAD OF TEXTILE COMPANY

As and from the Appointed Date in all contracts, deeds, bonds, documents, correspondence, records, agreements, and instruments of any nature whatsoever pertaining to the Textile Undertaking transferred to APL, all references to Textile Company shall be deemed to be a reference to APL, and all such contracts, deeds, bonds, documents, correspondence, records, agreements, and instruments shall be given effect accordingly.

ARTICLE 8 EMPLOYEES

- 8.1 All Textile Employees, shall as from the Appointed Date become the employees of APL on the same terms and conditions on which they were employed by the Textile Company immediately prior to the Appointed Date, without being required to be paid any terminal or other benefits (other than accrued salaries and wages) by the Textile Company.
- 8.2 The terms and conditions of service applicable to the Textile Employees, upon their transfer from the Textile Company to APL shall not in any way be less favorable to them than those applicable to them immediately prior to the transfer. The services of all Textile Employees with the Textile Company prior to the transfer of the Textile Undertaking to APL shall be taken into account for the purposes of all benefits to which such employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.

ARTICLE 9 LEGAL PROCEEDINGS

- 9.1 All legal actions and legal proceedings of any nature whatsoever of the Textile Company pertaining to the Textile Undertaking, pending immediately prior to the Appointed Date, shall not abate, be discontinued or be in anyway prejudicially affected by reason of the transfer of the Textile Undertaking or anything contained in this Scheme. Such legal action and/or legal proceedings shall, as from the Appointed Date, be continued, prosecuted or enforced by or against APL in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Textile Company if this Scheme had not been made.

ARTICLE 10 LICENSES / PERMITS / APPROVALS

- 10.1 All licenses, permits, quotas, rights, permissions, concessions, privileges, sanctions, approvals, licenses, exemptions, registrations and entitlements currently being enjoyed by the Textile Company in relation to the Textile Undertaking which are subsisting immediately prior to the Appointed Date, shall, with effect from the Appointed Date, stand vested in and become transferred to APL without any further act or deed, and shall be appropriately mutated by the relevant authorities in favour of APL.
- 10.2 APL shall file a copy of this Scheme and the order of the Court sanctioning the Scheme with the relevant authorities who shall give effect thereto.

/ SCHEME OF ARRANGEMENT

.ARTICLE 11 TAX

- 11.1 With effect from the Appointed Date, all Tax liabilities of the Textile Company relating to the Textile Undertaking under any law for the time being in force shall be the Tax liabilities of APL.
- 11.2 With effect from the Appointed Date all rights of Textile Company to refunds, credits, exemptions, advance payments or any other benefits in respect of any Tax relating to the Textile Undertaking shall stand transferred to APL.

ARTICLE 12 CONSIDERATION FOR THE ARRANGEMENT / CANCELLATION OF SHARES

- 12.1 In consideration for the transfer of the Textile Undertaking by the Textile Company to APL, as of the Appointed Date, all issued shares of the Textile Company issued to APL shall stand cancelled.
- 12.2 As from the Appointed Date, the Textile Company shall be deemed to have been dissolved without having been wound up.

ARTICLE 13 DETERMINATION OF THE VALUE OF THE TEXTILE UNDERTAKING

- 13.1 A balance sheet of the Textile Undertaking, as on the Appointed Date, shall be prepared by the Textile Company and audited by KPMG Taseer Hadi & Co in accordance with accounting principles generally accepted in Pakistan. Such balance sheet shall include notes setting out the methodology and assumptions used in identifying and determining the value, as on the Appointed Date, of the Assets and Liabilities of the Textile Undertaking.
- 13.2 The value of the Textile Shares held by APL on the Appointed Date shall be the net asset value of the Textile Undertaking as on the Appointed Date.

ARTICLE 14 SCHEME'S EFFECT

- 14.1 As and from the Filing Date, the provisions of this Scheme shall be effective and binding by operation of law.
- 14.2 The transfer of Assets and Liabilities in terms of this Scheme shall not: (i) constitute any assignment, transfer, devolution, conveyance, alienation, parting with possession, or other disposition under any applicable law including Tax law (other than as contemplated under Section 287 of the Ordinance); (ii) give rise to any forfeiture; and (iii) give rise to any right of first refusal or pre-emptive right to any person.
- 14.3 As of the Filing Date, the terms of this Scheme shall be binding on APL and Textile Company, all the shareholders and creditors of each of APL and Textile Company, and on any other person have any right or liability in relation to either of them.

/ SCHEME OF ARRANGEMENT

ARTICLE 15 MISCELLANEOUS

- 15.1 This Scheme is subject to the sanction of the Court and may be sanctioned in its present form or with any modification thereof or addition thereto as the Court may approve and this Scheme with such modification or addition, if any, is also subject to any conditions which the Court may impose.
- 15.2 If the Court requires APL and /or the Textile Company to consent to any modification to the Scheme, such consent may be given on behalf of APL and the Textile Company by the Chief Executive, Director or authorized person of respectively, of APL and the Textile Company.

FINANCIAL INFORMATION
For the year ended 30 September 2015

ARCHROMA PAKISTAN LIMITED



KPMG Taseer Hadi & Co.
Chartered Accountants
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Auditors' Report to the Members

We have audited the annexed balance sheet of **Archroma Pakistan Limited** ("the Company") as at 30 September 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conduct our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September 2015 and of the profit, its cash flows and changes in equity for the year then ended; and



KPMG Taseer Hadi & Co.

- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: 17 December 2015

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

/ BALANCE SHEET

As at 30 September 2015

	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
ASSETS			
Non-current assets			
Property, plant and equipment	3	947,505	1,021,329
Investment in subsidiary	4	1,372,800	-
Long term loans and advances	5	12,055	23,045
Long term deposits		2,939	2,639
Long term prepayments		2,184	2,472
		2,337,483	1,049,485
Current assets			
Stores and spares	6	19,012	24,923
Stock-in-trade	7	1,380,984	1,566,757
Trade debts	8	2,148,600	2,030,655
Loans and advances	9	11,305	22,872
Trade deposits and short-term prepayments	10	27,175	19,494
Other receivables	11	1,718,328	1,607,689
Taxation - net		119,589	-
Cash and bank balances	12	316,085	406,769
		5,741,078	5,679,159
TOTAL ASSETS		8,078,561	6,728,644
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	13	341,179	341,179
Revenue reserves		2,983,000	2,803,000
Unappropriated profit		1,119,063	1,034,067
Shareholders' equity		4,443,242	4,178,246
LIABILITIES			
Non-current liabilities			
Deferred taxation - net	14	67,802	44,953
Other long term employee benefits	15	9,481	-
Liabilities against assets subject to finance lease	16	37,311	-
		114,594	44,953
Current liabilities			
Trade and other payables	17	1,846,056	1,540,725
Mark-up accrued	18	17,803	24,991
Short-term borrowings	19	1,643,426	892,577
Current portion of liabilities against assets subject to finance lease	16	13,440	-
Taxation - net		-	47,152
		3,520,725	2,505,445
		3,635,319	2,550,398
Contingencies and commitments	20		
TOTAL EQUITY AND LIABILITIES		8,078,561	6,728,644

The annexed notes 1 to 43 form an integral part of these financial statements.



Mujtaba Rahim
Chairman and Chief Executive Officer



M Veqar Arif
Director and Chief Financial Officer

/ PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2015

	Note	30 September 2015 (Rs '000)	Nine months period ended 30 September 2014 (Rs '000)
Sales		9,440,404	7,622,868
Discounts and commission		589,501	459,343
Sales tax		375,580	291,248
		965,081	750,591
Net sales	21	8,475,323	6,872,277
Cost of goods sold	22	6,061,251	4,945,833
Gross profit		2,414,072	1,926,444
Distribution and marketing expenses	23	604,285	443,448
Administrative expenses	24	225,609	123,907
Other expenses	27	106,477	111,065
		936,371	678,420
Other income	28	19,138	18,022
		1,496,839	1,266,046
Finance costs	29	125,627	7,378
Profit before taxation		1,371,212	1,258,668
Taxation - net	30	317,909	205,260
Profit for the year / period		1,053,303	1,053,408
Other comprehensive income			
<i>Items that will never be reclassified to profit and loss account:</i>			
Remeasurement of post-employment obligations		83,993	(30,258)
Related tax thereon		(19,353)	10,590
		64,640	(19,668)
Total comprehensive income for the year / period		1,117,943	1,033,740
		(Rupees)	(Rupees)
Earnings per share	31	30.87	30.88

The annexed notes 1 to 43 form an integral part of these financial statements.



Mujtaba Rahim
Chairman and Chief Executive Officer



M Veqar Arif
Director and Chief Financial Officer

/ CASH FLOW STATEMENT

For the year ended 30 September 2015

	Note	30 September 2015 (Rs '000)	Nine months period ended 30 September 2014 (Rs '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	1,998,404	942,819
Staff gratuity - paid		(15,622)	(53,562)
Mark-up paid		(88,992)	(15,764)
Income taxes paid		(491,744)	(180,862)
Movement in long-term loans and advances		10,990	8,095
Movement in long-term deposits and prepayments		(12)	(2,367)
Net cash generated from operating activities		1,413,024	698,359
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(25,651)	(215,957)
Proceeds from disposal of operating fixed assets		160	56
Investment in subsidiary [Archroma Textiles Chemicals Pakistan Private Limited (formerly BASF Pakistan (Private) Limited)]		(1,372,800)	-
Net cash used in investing activities		(1,398,291)	(215,901)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments against finance lease obligations		(8,597)	-
Short-term borrowings - proceeds		1,535,000	1,031,000
- repayments		(1,625,000)	(506,000)
Dividend paid		(847,669)	(1,696,588)
Net cash used in financing activities		(946,266)	(1,171,588)
Net decrease in cash and cash equivalents		(931,533)	(689,130)
Cash and cash equivalents at the beginning of the year / period		39,192	728,322
Cash and cash equivalents at the end of the year / period	38	(892,341)	39,192

The annexed notes 1 to 43 form an integral part of these financial statements.



Mujtaba Rahim
Chairman and Chief Executive Officer




M Veqar Arif
Director and Chief Financial Officer

/ STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2015

	Issued, subscribed and paid-up capital	Revenue reserves	Unappro- priated profit	Total
------(Rupees in '000)-----				
Balance as at 31 December 2013	341,179	2,605,000	1,904,214	4,850,393
<i>Transactions with owners of the Company - Distribution</i>				
- Final dividend at 500% (i.e. Rs.50 per share) for the year ended 31 December 2013	-	-	(1,705,887)	(1,705,887)
Transfer to revenue reserves appropriated subsequent to year end	-	198,000	(198,000)	-
<i>Total comprehensive income for the nine months period ended 30 September 2014</i>				
Profit for the nine months period ended	-	-	1,053,408	1,053,408
Other comprehensive income - remeasurement of post employment obligation - net of tax	-	-	(19,668)	(19,668)
	-	-	1,033,740	1,033,740
Balance as at 30 September 2014	341,179	2,803,000	1,034,067	4,178,246
<i>Transactions with owners of the Company - Distribution</i>				
- Final dividend at 250% (i.e. Rs.25 per share) for the year ended 30 September 2014	-	-	(852,947)	(852,947)
Transfer to revenue reserves appropriated subsequent to year end	-	180,000	(180,000)	-
<i>Total comprehensive income for the year ended 30 September 2015</i>				
Profit for the year	-	-	1,053,303	1,053,303
Other comprehensive income - remeasurement of post employment obligation - net of tax	-	-	64,640	64,640
	-	-	1,117,943	1,117,943
Balance as at 30 September 2015	341,179	2,983,000	1,119,063	4,443,242

The annexed notes 1 to 43 form an integral part of these financial statements.


Mujtaba Rahim
Chairman and Chief Executive Officer


M Veqar Arif
Director and Chief Financial Officer

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

1 THE COMPANY AND ITS OPERATIONS

Archroma Pakistan Limited is a limited liability company, 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 Karachi Stock Exchange. The Company is a subsidiary of Archorma Textiles S.a.r.l., incorporated in Luxembourg, headquartered in Reinach, Switzerland which holds 75 percent of the share capital of the Company.

The Company is engaged in the manufacture and sale of chemicals, dyestuffs and emulsions. It also acts as an indenting agent.

1.1 Basis of preparation

1.1.1 Separate financial statements

These unconsolidated financial statements (therein after referred to as the financial statements) are the separate financial statements of the Company in which investments in subsidiaries are accounted for on the basis of direct equity interest rather than on the basis of reported results of the investee. Consolidated financial statements of the Company are prepared separately. Details of Company's investment in subsidiary is stated in note 4 to these financial statements.

1.1.2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

1.1.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain staff retirement benefits and other long term employee benefits which are carried at present value.

1.1.4 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency. All amounts have been rounded to the nearest thousand Rupee.

1.1.5 Critical accounting estimates and judgments

The preparation of these financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have a significant effect on the financial statements and estimates with significant risk of material judgment in the next financial year are set forth below:

- i) estimation of useful lives and residual values of operating fixed assets (notes 2.1 and 3.1);
- ii) estimation in writing down items of stores and spares to their net realisable value (notes 2.4 and note 6);
- iii) estimation in writing down items of stock-in-trade to their net realisable value (notes 2.5 and 7);
- iv) estimation of provision for impairment of trade debts (notes 2.6 and 8);
- v) provision for taxation (notes 2.7 and 30); and
- vi) calculation of provision for staff retirement gratuity and other long term employee benefits (notes 2.11.1 b and 25).

1.1.6 Standards, amendments or interpretations which became effective during the year

During the year, certain amendments to standards became effective. However, they did not have material effect on these financial statements.

New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015. The Company either does not expect to have any effect or any material / significant effect on its accounting policy due to their application when become effective other than increase in disclosures, if any.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016)
- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015)
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015)
- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015).
- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015).
- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016).
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016].
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

- IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"
- IFRS 7 'Financial Instruments- Disclosures'
- IAS 19 'Employee Benefits'
- IAS 34 'Interim Financial Reporting'

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

2.1 Property, plant and equipment

2.1.1 Operating fixed assets

Owned assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except freehold land and capital work-in-progress which are stated at cost less accumulated impairment losses, if any.

Depreciation is charged using the straight line method, whereby the depreciable amount of an asset is written off over its estimated useful life. The cost of leasehold land is amortised equally over the lease period. The asset's residual values and useful lives are reviewed, and adjusted if required, at each balance sheet date.

Depreciation is charged on additions from the month the asset is available for use and on disposals up to the month preceding the month of disposal. The rates of depreciation are stated in respective note in these financial statements.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account as and when incurred.

Gains / losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit and loss account in the year in which they arise.

Leased assets

Upon initial recognition, an asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments, each determined at the inception of the lease. Subsequent to initial recognition, the asset is stated at the amount determined at initial recognition less accumulated depreciation and impairment losses, if any.

Depreciation is charged on the same basis as used for owned assets.

2.1.2 Capital work-in-progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these are available for use.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

2.1.3 Impairment

The Company assesses at each balance sheet date whether there is objective evidence that property, plant and equipment may be impaired. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount and the differences are recognised in the profit and loss account.

2.1.4 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except in cases where such costs are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) in which case such costs are capitalised as part of the cost of that asset.

2.2 Investment in subsidiary

Investments in subsidiaries are initially recognized and carried at cost. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated which is the higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit and loss account.

2.3 Loans, advances and deposits

These are stated at cost less estimates made for any doubtful receivables based on a review of all outstanding amounts at the balance sheet date. Balances considered bad and irrecoverable are written off when identified.

2.4 Stores and spares

Stores and spares are valued at the lower of cost determined on the moving average method and net realisable value. Cost in respect of items in transit includes the invoice values and other charges incurred thereon.

Provision for obsolete and slow moving stores and spares is determined based on the management's assessment regarding their future usability.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated costs necessarily to be incurred to make the sale.

2.5 Stock-in-trade

Stock-in-trade are valued at the lower of cost determined on the moving average method and net realisable value.

Cost of work-in-process and manufactured finished goods comprises cost of direct materials, direct labour and an appropriate portion of production overheads. Cost in respect of items in transit includes the invoice values and other charges incurred thereon.

Provision for obsolete and slow moving inventories is determined based on the management's assessment regarding their future usability.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated costs necessarily to be incurred to make the sale.

2.6 Trade and other receivables

Trade and other receivables are carried at original invoice amount less an estimate for doubtful balances which is determined based on review of outstanding amounts and previous repayment pattern. Balances considered bad and irrecoverable are written off, when identified.

2.7 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any and taxes paid under Final Tax Regime. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the period.

Deferred

Deferred taxation is recognised using the balance sheet liability method on all major temporary differences arising between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

2.8 Financial instruments

2.8.1 Financial assets

2.8.1.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39), "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets. The financial assets of the Company are categorized as follows:

a) Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of trade debts, loans and advances, deposits, cash and bank balances, investments and other receivables in the balance sheet.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

c) **Held-to-maturity**

These are financial assets with fixed or determinable payments and fixed maturity which the Company has the positive intent and ability to hold to maturity.

d) **Available-for-sale financial assets**

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified either as (a) loans and receivables (b) held to maturity (c) financial assets at fair value through profit or loss.

2.8.1.2 Initial recognition and measurement

All financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the profit and loss account.

2.8.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial asset at fair value through profit or loss' and 'available-for-sale'

'Financial assets at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

'Available-for-sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income.

b) 'Loans and receivables' and 'held-to-maturity'

Loans and receivables and held-to-maturity financial assets are carried at amortised cost.

2.8.1.4 Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of a equity securities below its cost is also an objective evidence of impairment. Provision for impairment in the value of financial assets, if any, is taken to the profit and loss account.

2.8.1.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

2.8.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

2.8.3 Derecognition

Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

2.9 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash in hand, cash in transit, cheques and drafts in hand and in transit, balances held with banks in current accounts, short term highly liquid investments having maturity of three months and short-term running finances. Short-term running finances are shown within short-term borrowings in current liabilities on the balance sheet.

2.10 Trade and other payables

Liability for trade and other amounts payable are carried at cost, which is the fair value of consideration to be paid in the future for goods and services whether or not billed to the Company.

2.11 Staff benefits

2.11.1 Retirement benefits

The Company operates:

a) an approved contributory provident fund for all eligible employees; and

b) an approved gratuity fund for all employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the actual period to the then - net defined benefit liability / (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in the profit and loss account. The latest actuarial valuation was conducted at the balance sheet date by the group's appointed actuary.

Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

c) The Group's net obligation in respect of other long-term employee benefits [i.e. long service award (Jubilee Plan)], other than defined benefit obligation, are the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit and loss account in the period in which they arise

2.11.2 Compensated absences

The liability in respect of compensated absences of employees on unavailed leave balances is accounted for in the period in which the leave is earned.

2.12 Foreign currency transactions

Transactions in foreign currencies are translated to Pakistani Rupees at the foreign exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rates of exchange approximating those at the balance sheet date. Exchange gains / losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to the profit and loss account.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

2.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.14 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

2.15 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Sales are recognised as revenue when goods are delivered and invoiced.
- Indenting commission is recognised on receipt of shipment confirmation from suppliers.
- Interest income is accrued on a time apportionment basis on the principal outstanding at the rates applicable.
- Miscellaneous income is recognized on receipt basis.

2.16 Expenses

All expenses are recognized in the profit and loss account on an accrual basis.

2.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases including leases under ijarah financing.

Assets held under finance leases along with corresponding lease liabilities are initially recognized at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in the profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized. Payments made under operating leases and ijarah financing (net of any incentive received from the lessor) are charged to profit and loss account on straight line basis over the period of the lease / ijarah term.

2.18 Segment reporting

Operating segments are determined and presented in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Company's other components.

The Company has determined operating segments using business units. The business units have been established on the basis of products offered to external customers. The Company's Chief Executive Officer reviews the financial performance of the Company by business units.

In accordance with the Company's internal reports, that are regularly reviewed by the entity's chief operating decision-maker to allocate resources to the segments and assess their performance, function costs (comprising those with respect to finance, procurement, other administration, legal, information technology, human resources, etc.) are allocated to the respective operating segments.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

3	PROPERTY, PLANT AND EQUIPMENT	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	Operating fixed assets	3.1	942,431	832,190
	Capital work-in-progress	3.5	5,074	189,139
			<u>947,505</u>	<u>1,021,329</u>

3.1 Operating fixed assets:

	30 September 2015							
	Freehold land	Buildings on freehold land	Plant and machinery	Furniture, fixtures and equipment		Vehicles		Total
				Owned	Leased	Owned	Leased	
	(Rupees in '000)							
At 1 October 2014								
Cost	47	447,522	1,253,050	432,824	-	96	-	2,133,539
Accumulated depreciation	-	(222,126)	(737,687)	(341,440)	-	(96)	-	(1,301,349)
Net book value	47	225,396	515,363	91,384	-	-	-	832,190
Year ended 30 September 2015								
Opening net book value	47	225,396	515,363	91,384	-	-	-	832,190
Additions	-	54,947	99,662	55,107	27,180	-	32,168	269,064
Disposals / write-offs								
Cost	-	-	88	3,087	-	-	-	3,175
Accumulated depreciation	-	-	(88)	(3,087)	-	-	-	(3,175)
Depreciation charge for the year	-	(21,395)	(98,058)	(30,587)	(5,029)	-	(3,754)	(158,823)
Closing net book value	47	258,948	516,967	115,904	22,151	-	28,414	942,431
At 30 September 2015								
Cost	47	502,469	1,352,624	484,844	27,180	96	32,168	2,399,428
Accumulated depreciation	-	(243,521)	(835,657)	(368,940)	(5,029)	(96)	(3,754)	(1,456,997)
Net book value	47	258,948	516,967	115,904	22,151	-	28,414	942,431
Depreciation rate: % per annum	-	2.5 - 10%	10 - 50%	10 - 33.33%	33.33%	20%	20 - 25%	

	30 September 2014						
	Freehold land	Buildings on freehold land	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Total	
	(Rupees in '000)						
At 1 January 2014							
Cost	47	447,522	1,190,400	407,729	666	-	2,046,364
Accumulated depreciation	-	(207,753)	(672,921)	(325,820)	(666)	-	(1,207,160)
Net book value	47	239,769	517,479	81,909	-	-	839,204
Period ended 30 September 2014							
Opening net book value	47	239,769	517,479	81,909	-	-	839,204
Additions	-	-	62,650	32,687	-	-	95,337
Disposals / write offs:							
Cost	-	-	-	7,592	570	-	8,162
Accumulated depreciation	-	-	-	(7,592)	(570)	-	(8,162)
Depreciation charge for the period	-	(14,373)	(64,766)	(23,212)	-	-	(102,351)
Closing net book value	47	225,396	515,363	91,384	-	-	832,190
At 30 September 2014							
Cost	47	447,522	1,253,050	432,824	96	-	2,133,539
Accumulated depreciation	-	(222,126)	(737,687)	(341,440)	(96)	-	(1,301,349)
Net book value	47	225,396	515,363	91,384	-	-	832,190
Depreciation rate: % per annum	-	2.5 & 5	10 - 50%	10 - 33.33	20	-	

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

3.2	The depreciation charge for the year has been allocated as follows:	Note	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
	Cost of goods sold	22	136,145	90,716
	Distribution and marketing expenses	23	14,213	9,787
	Administrative expenses	24	8,465	1,848
			<u>158,823</u>	<u>102,351</u>

3.3 Details of property, plant and equipment disposed of / written off during the year:

Description	Mode of disposal	Cost	Accumulated depreciation	Book value	Sale proceeds	Particulars of buyers
----- (Rupees in '000) -----						
Furniture, fixtures disposed off having book values below Rs 50,000	Negotiation/ Company policy	2,393	2,393	-	160	Various / scrapped
Furniture, fixtures written off having zero book value		782	782	-	-	Write off

3.4 The above disposal include equipment having Rs. Nil book value disposed of to key management personnel for Rs. Nil (2014: Rs. 0.034 million) as per Company's policy.

3.5	Capital work-in-progress	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	Civil works		-	54,947
	Plant and machinery		-	95,671
	Equipment		5,074	38,521
			<u>5,074</u>	<u>189,139</u>

4 INVESTMENT IN SUBSIDIARY

2015	2014		2015 (Rs '000)	2014 (Rs '000)
8,845,200	-	Archroma Textiles Chemicals Pakistan (Private) Limited (formerly BASF Pakistan (Private) Limited), at cost	1,372,800	-

4.1 During the year, the Company acquired 100% shareholding of Archroma Textiles Chemicals Pakistan (Private) Limited (formerly BASF Pakistan (Private) Limited) through share sales and purchase agreement dated 1 July 2015. The principal place of business of subsidiary is in Karachi, Pakistan.

5	LONG TERM LOANS AND ADVANCES		30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	Due from:			
	Executives		18,312	33,347
	Employees		5,048	6,405
		5.1	23,360	39,752
	Less: Receivable within one year	9	(11,305)	(16,707)
			<u>12,055</u>	<u>23,045</u>

5.1 Loans to executives and employees are provided for the purchase of motor vehicles, furniture and for house building assistance in accordance with the terms of their employment. These interest free loans are secured against provident fund and are repayable over varying periods ranging between two to five years.

5.2 Reconciliation of carrying amount of loans to Executives

	30 September 2015 (Rs '000) Executives	30 September 2014 (Rs '000) Executives
Opening balance	33,347	40,534
Disbursements / transfers during the year / period	-	4,240
Repayments during the year / period	(15,035)	(11,427)
Closing balance	<u>18,312</u>	<u>33,347</u>

5.3 The maximum aggregate amount due from the Executives at the end of any month during the year were Rs. 28.299 million (2014: Rs 44.230 million) respectively.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

6	STORES AND SPARES	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	Stores		6,271	4,784
	Spares		11,934	18,200
	In transit		807	1,939
			<u>19,012</u>	<u>24,923</u>
7	STOCK-IN-TRADE			
	Raw and packing materials including goods in transit of Rs 258.387 million (2014: Rs 276.407 million)		780,441	828,234
	Work-in-process	22	94,984	80,729
	Finished goods including goods in transit of Rs 23.356 million (2014: Rs 44.935 million)	7.1 & 22	505,559	657,794
			<u>1,380,984</u>	<u>1,566,757</u>
7.1	This includes imported finished goods amounting to Rs 123.725 million (2014: Rs 184.585 million).			
8	TRADE DEBTS	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	Related parties - considered good			
	- Archroma Turkey Kimya		3,408	-
	- PT Archroma Indonesia		-	4,718
	- Archroma (Thailand) Limited		4,907	7,279
	- Archroma Germany GmbH		-	7,467
	- Archroma Argentina SAS		3,976	-
	- Archroma Japan K.K.		-	1,274
	- Archroma France SAS		-	1,857
	- Archroma Hong Kong (Private) Limited		3,708	3,888
	- Archroma Singapore (Pte) Limited		59,858	40,679
	- Archroma Chemicals China Limited		1,943	-
	- Archroma India (Private) Limited		899	10,661
	- PT Archroma Specialties		4,819	-
			<u>83,518</u>	<u>77,823</u>
	Others - considered good:			
	- Secured		101,937	65,915
	- Unsecured		1,963,145	1,886,917
			<u>2,148,600</u>	<u>2,030,655</u>
	Others - considered doubtful		103,781	120,715
			<u>2,252,381</u>	<u>2,151,370</u>
	Less: Provision for impairment against trade debts	8.1	(103,781)	(120,715)
			<u>2,148,600</u>	<u>2,030,655</u>
8.1	Reconciliation of provision for impairment against trade debts			
	Opening provision		120,715	108,253
	Charge for the period - net of reversal		-	12,462
	Write-off during the year		(16,934)	-
	Closing provision		<u>103,781</u>	<u>120,715</u>

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

8.2 The aging of the trade debts receivable from related parties as at the balance sheet date is as under:

	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Not past due		56,201	77,823
Past due 1-60 days		27,317	-
Total		<u>83,518</u>	<u>77,823</u>
9 LOANS AND ADVANCES			
Considered good - secured			
Current portion of loans and advances			
Amounts due from:			
- Executives		9,152	14,205
- Employees		2,153	2,502
	5	<u>11,305</u>	<u>16,707</u>
Considered good - unsecured			
Advances for supplies and services			
		-	6,165
		<u>11,305</u>	<u>22,872</u>
10 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits		14,964	12,229
Short-term prepayments		12,211	7,265
		<u>27,175</u>	<u>19,494</u>
11 OTHER RECEIVABLES			
Due from the Government:			
- Sales tax		1,624,871	1,565,113
- Others (rebates)		2,737	3,797
		<u>1,627,608</u>	<u>1,568,910</u>
Indent commission due from:			
- Related parties - group companies	11.1	1,520	4,244
- Others		600	1,244
Receivable from Gratuity fund (related party)	25.1.3	86,439	-
Receivable from provident fund (related party)		100	29,520
Others		2,061	3,771
		<u>1,718,328</u>	<u>1,607,689</u>

11.1 The names of group companies and the corresponding amounts due from them in respect of indenting commission are as follows:

	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Archroma Management GmbH	965	1,493
P.T. Archroma Indonesia	14	122
Archroma India (Pvt) Limited	132	65
Archroma Thailand	-	78
Archroma Hong Kong	409	155
Archroma Singapore (Pte) Limited	-	2,331
	<u>1,520</u>	<u>4,244</u>

11.1.1 The above balances are current and not past due.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

12	CASH AND BANK BALANCES	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	With banks in current accounts	9,544	19,962
	Cash in hand	3,800	3,094
	Cheques in hand	<u>302,741</u>	<u>383,713</u>
		<u>316,085</u>	<u>406,769</u>
13	SHARE CAPITAL		
13.1	Authorised capital		
	2015 2014 Number of shares		
	<u>50,000,000</u> <u>50,000,000</u> Ordinary shares of Rs 10 each	<u>500,000</u>	<u>500,000</u>
13.2	Issued, subscribed and paid-up capital		
	2015 2014 (Number of shares)	2015 (Rs '000)	2014 (Rs '000)
	7,441,639 7,441,639 Ordinary shares of Rs. 10 each issued for consideration other than cash	74,416	74,416
	26,676,242 26,676,242 Ordinary shares of Rs. 10 each issued as fully paid bonus shares	266,763	266,763
	<u>34,117,881</u> <u>34,117,881</u>	<u>341,179</u>	<u>341,179</u>
13.3	Archroma Textiles S.a.r.l., Luxembourg held 25,588,533 (2014: 25,588,533) ordinary shares of Rs 10 each at 30 September 2015.		
14	DEFERRED TAXATION - NET	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	<i>Deferred tax liabilities arising on taxable temporary differences:</i>		
	Accelerated tax depreciation allowance	85,924	86,808
	Employees retirement benefits	<u>20,192</u>	<u>-</u>
		106,116	86,808
	<i>Deferred tax assets arising on deductible temporary differences:</i>		
	Provision for impairment against trade debts	24,243	31,265
	Other long term employee benefits	2,215	-
	Obligation under Finance Lease	11,856	-
	Employees retirement benefits	-	10,590
		<u>38,314</u>	<u>41,855</u>
		<u>67,802</u>	<u>44,953</u>
15	OTHER LONG TERM EMPLOYEE BENEFITS		

This represents long service awards operated by the Company for eligible employees. The Company's obligation is determined by the Group actuary using projected unit credit method. Remeasurement amounting to Rs. 7.009 million (2014: Rs. Nil) has been recognised in profit and loss account.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

16 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	2015	2014	2015	2014	2015	2014
	(Rupees in '000)					
Not later than one year	17,666	-	4,226	-	13,440	-
Later than one year and not later than five years	42,656	-	5,345	-	37,311	-
	60,322	-	9,571	-	50,751	-
Less: Current portion shown under current liabilities					13,440	-
					37,311	-

The lease rentals carry markup ranging from 6 months KIBOR +1% to 6 months KIBOR + 1.5%, with a floor of 10% and ceiling of 22%. The said markup rates are revised on a biannual and quarterly basis, and payable monthly in arrears.

These assets has been leased from various financial institutions under leasing arrangements for three, four and five years as the case may be. After the completion of the term of the lease, the assets are to be transferred to the Company upon the payment of 20% and 25% of the cost of the asset. For Ijarah arrangements entered during the year, the Company intends to acquire such assets at the end of lease term and has consequently recorded such arrangements under ISA 17 "Leases".

17	TRADE AND OTHER PAYABLES	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	Creditors		234,279	300,158
	Accrued liabilities	17.1	338,384	304,321
	Bills payable:			
	- Related parties	17.2	274,882	107,154
	- Others		801,485	688,585
	Export commission payable to Archroma Management GmbH		38,504	16,194
	Unclaimed dividend		32,466	27,188
	Workers' Profit Participation Fund	17.3	22,174	12,608
	Workers' Welfare Fund		73,812	43,802
	Royalty payable to Archroma Management GmbH		7,294	20,770
	Payable to employees cooperative society (related party)	17.4	17,946	13,332
	Others		4,830	6,613
			1,846,056	1,540,725

17.1 Included in accrued liabilities is an amount of Rs 47.836 million (30 September 2014: Rs 69.044 million) in respect of employees compensated absences.

17.2 This includes an amount of Rs. 21.13 million payable to the Company's subsidiary Archroma Textile Chemicals Pakistan (Pvt.) Limited [formerly BASF Pakistan (Pvt.) Limited] against purchase of goods.

17.3	Workers' Profit Participation Fund		30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	Opening Balance		12,608	14,187
	Allocation for the year / period	27	73,749	66,111
			86,357	80,298
	Interest on funds utilised in the Company's business	29	3,425	1,497
			89,782	81,795
	Less: Amounts paid to and on behalf of the fund		67,608	69,187
	Balance at 30 September		22,174	12,608

17.4 This represent amount with respect to voluntary contributions made by labour employees in terms of Bye Laws of Archroma Employees Co-operative Credit Society Limited.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

18	MARK-UP ACCRUED	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	Mark-up accrued on:			
	Secured short-term loans		-	15,080
	Short-term running finances utilised under mark-up arrangements		16,195	9,911
	Short term borrowing under Export Refinance Scheme		1,608	-
			<u>17,803</u>	<u>24,991</u>
19	SHORT-TERM BORROWINGS - SECURED			
	From banking companies			
	Short-term loans	19.1	-	525,000
	Short-term running finances utilised under mark-up arrangements	19.2	1,208,426	367,577
	Short term borrowing under Export Refinance Scheme	19.3	435,000	-
	Running finance under FE-25 Export and Import Scheme	19.4	-	-
			<u>1,643,426</u>	<u>892,577</u>

19.1 The facilities for short term loans are available from a commercial bank amounted to Rs. 800 million. (2014: Rs. 1,400 million). The rates of mark-up on these finances range from 7.96 % to 10.51 % per annum (2014: 10.47 % to 11.6 % per annum). The whole facility is unavailed at the year end (2014: Rs. 875 million).

19.2 Short term running finance facilities are available from various commercial banks, under mark-up arrangements, amounting to Rs. 1,800 million (2014: Rs. 1,800 million), These facilities have various maturity dates upto 31 May 2016. These arrangements are secured against a pari passu charge of hypothecation of the Company's stock-in-trade and trade debts with minimum 16.5% margin. These running finance facilities carry mark-up ranging from 1 month KIBOR + 0.5% to 3 month KIBOR + 0.8 % per annum calculated on a daily product basis, that is payable monthly and quarterly. The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 591.57 million. (2014: 1,275 million)

19.3 The Company has borrowed short term running finance under the Export Refinance Scheme of the State Bank of Pakistan (SBP). The facility available is for an amount of Rs. 435 million (2014: Rs. 1,000 million). The rate of mark-up on this facility was 4.5 % per annum.

19.4 The Company has also borrowed short term running finance under Foreign Exchange Circular No.25 dated 20 June 1998 of the SBP for the purpose of meeting import requirements. The facility available is for amounts aggregating to Rs. 800 million (2014: Rs. 800 million) The rates of mark-up on these finances range from 2.66% to 2.67%.

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

20.1.1 Octroi levies amounting to Rs. 31.319 million are in dispute with a contractor. A petition has been filed by the Company in the Court challenging the above levies which was decided in favor of the Company during the year ended 31 December 2012. However, an appeal has been filed by the counter party which is pending for hearing. As management is confident that the decision will be in favour of the Company, no provision has been made in these financial statements in respect of the aforesaid amount.

20.1.2 During the year ended 31 December 2007, damages and compensation case was filed in the Civil Court, Lahore against the Company and one of its affiliates for claim of USD 148,509 and Rs. 41.1 million on account of short supplies and late shipment. The Company acted as an indenting agent for this supply. Management is confident that the matter will be decided in favour of the Company and it will not be exposed to any loss on account of this claim. Accordingly, no provision has been made in these financial statements in respect of claim.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

20.1.3 During the year ended 31 December 2009, the Company had received notices from the sales tax authorities demanding payment of Rs 233.424 million on account of sales tax along with the default surcharges on supply of the products to its customers as zero rated by the Company from June 2007 to June 2009. The Company has filed a case in the High Court of Sindh against which the Court has issued restrained orders to the authorities from proceeding with till the decision of the suit. Management is confident, based on the legal advice, that the matter will be decided in favour of the Company as the zero rating status of the supplies is available in view of S.R.O. 163(1)/2011 dated 2 March 2011. Accordingly, management is of the opinion that the Company will not be exposed to any loss on account of this action. Therefore, no provision has been made in these financial statements in this respect.

20.1.4 During the year ended 31 December 2013, a group of shareholders of the Company filed a suit for recovery of Rs. 522 million by claiming that Clariant Pakistan Limited (now Archroma Pakistan Limited) sold assets to Clariant Chemical Pakistan (Private) Limited on non-arms length basis and that the assets were under priced. The shareholders filed a stay application against the Company on 1 November 2013. The stay application was decided in the favour of the Company vide order dated 5 June 2015. The petition is under review of the Honourable High Court of Sindh. Management is confident that the case will be decided in favour of the Company. Accordingly, no provision has been made in these financial statements in respect of this case.

20.1.5 During the year, Government of Pakistan has passed a new law "Gas Infrastructure Development Cess Act 2015", by virtue of which all prior enactments have been declared infructuous. The said Act levies GIDC at Rs. 200/MMBTU on captive power consumption effective 1 July 2011 and at Rs. 100/MMBTU on industrial connection from the date of passing that Act. Certain companies have obtained a stay order on the retrospective application of the Act from The Honourable High Court of Sindh and also contesting the case. In view of uncertainties regarding applicability of the Act retrospectively, management has therefore not recognised provision approximately amounting to Rs. 48.73 million, pertaining to period from 1 July 2011 to 30 September 2014, in these financial statements.

20.2 Commitments

20.2.1 Commitments for rentals under operating lease agreements in respect of vehicles and equipment amounted to Rs. 10.760 million (2014: Rs. 20.985 million). The amounts payable over the next five years and onwards are as follows:

Year	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Not later than one year	4,002	7,539
Later than one year but not later than five years	6,758	13,446
	<u>10,760</u>	<u>20,985</u>

20.2.2 Commitments for rentals under operating lease agreements in respect of rented property amounted to Rs. 50.209 million (2014: Rs. 17.161 million). The amounts payable over the next five years and onwards are as follows:

Year	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
2014 - 2015	-	660
2015 - 2016	9,020	3,976
2016- 2017	11,625	4,261
2017- 2018	6,139	4,154
2019 and onwards	23,425	4,110
	<u>50,209</u>	<u>17,161</u>

20.2.3 Commitments for Ijarah rentals in respect of Ijarah transactions amounted to Rs 36.513 million (2014: Rs 74.439 million).

	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Not later than one year	20,249	28,723
Later than one year but not later than five years	16,264	45,716
	<u>36,513</u>	<u>74,439</u>

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

20.2.4 Commitments for capital expenditure as at 30 September 2015 aggregated Nil (2014: Rs 12.993 million).

20.2.5 The Company has provided bank guarantees of Rs 88.532 million (2014: Rs 56.766 million) in favour of various parties.

20.2.6 The Company has provided post dated cheques amounting to Rs. 148.88 million (2014: Rs. 201.938 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.

21 NET SALES

	Textile		Emulsion		Paper		Others		Total	
	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014
	----- (Rupees in '000) -----									
Sales										
Local	6,764,036	5,190,877	1,146,614	950,598	233,198	181,072	289,297	412,462	8,433,145	6,735,009
Export	1,005,625	885,458	-	1,633	1,634	768	-	-	1,007,259	887,859
Total sales	7,769,661	6,076,335	1,146,614	952,231	234,832	181,840	289,297	412,462	9,440,404	7,622,868
Discounts and commission	565,771	442,814	23,534	16,331	196	198	-	-	589,501	459,343
Sales tax	164,591	114,790	170,778	140,860	33,939	26,351	6,272	9,247	375,580	291,248
	730,362	557,604	194,312	157,191	34,135	26,549	6,272	9,247	965,081	750,591
Net sales	7,039,299	5,518,731	952,302	795,040	200,697	155,291	283,025	403,215	8,475,323	6,872,277

22 COST OF GOODS SOLD

	Note	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Raw and packing materials consumed		4,242,588	3,590,900
Stores, spares and supplies consumed		44,318	57,977
Salaries, wages and benefits	22.1	361,039	254,673
Fuel and power		123,945	99,371
Legal and professional charges		60	496
Royalty		14,615	12,052
Traveling and entertainment		1,212	8,489
Communication		24,523	20,999
Rent, rates and taxes		11,700	8,938
Insurance		6,482	17,163
Repairs and maintenance		33,377	36,121
Depreciation	3.2	136,145	90,716
Printing and stationery		2,924	3,815
Opening stock of work-in-process		80,729	97,541
Closing stock of work-in-process	7	(94,984)	(80,729)
Cost of goods manufactured		4,988,673	4,218,522
Opening stock of finished goods		657,794	618,845
Finished goods purchased		930,964	772,474
Included under distribution and marketing expenses:			
Cost of samples issued	23	(8,580)	(4,163)
Cost of shortages and breakages	23	(973)	(137)
Rebate on exports		(1,068)	(1,914)
Closing stock of finished goods	7	(505,559)	(657,794)
		6,061,251	4,945,833

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

22.1 Staff retirement benefits

Salaries, wages and benefits include Rs 8.755 million and Rs 8.188 million (2014: Rs 34.466 million and Rs 5.344 million) in respect of defined benefit scheme and defined contribution plan respectively.

23 DISTRIBUTION AND MARKETING EXPENSES	Note	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Salaries and benefits	23.1	232,359	154,207
Traveling and entertainment		58,009	53,202
Repairs and maintenance		12,900	10,980
Business event participation		17,311	17,861
Rent, rates and taxes		25,483	18,850
Communication		7,443	8,268
Printing and stationery		26,150	14,635
Insurance		4,797	4,096
Legal and professional charges		12,840	8,775
Fuel and power		20,549	11,782
Depreciation	3.2	14,213	9,787
Outward freight and handling		162,399	125,266
Shortages and breakages	22	973	137
Samples issued	22	8,580	4,163
Fees and subscription		194	1,370
Books and periodicals		85	69
		604,285	443,448

23.1 Staff retirement benefits

Salaries and benefits include Rs 3.494 million and Rs 8.864 million (2014: Rs 14.513 million and Rs 5.789 million) in respect of defined benefit scheme and defined contribution plan respectively.

24 ADMINISTRATIVE EXPENSES		30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Salaries and benefits	24.1	166,492	93,645
Traveling and entertainment		3,354	796
Repairs and maintenance		4,869	4,054
Rent, rates and taxes		10,938	11,803
Communication		5,811	4,954
Printing and stationery		2,933	1,883
Insurance		838	421
Legal and professional charges		17,577	2,086
Fuel and power		2,056	456
Depreciation	3.2	8,465	1,848
Fees and subscription		2,036	1,830
Books and periodicals		240	131
		225,609	123,907

24.1 Staff retirement benefits

Salaries and benefits include Rs 3.373 million and Rs 4.888 million (2014: Rs 4.582 million and Rs 3.291 million) in respect of defined benefit scheme and defined contribution plan respectively.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

25 STAFF RETIREMENT BENEFIT

25.1 Defined benefit plan - approved gratuity fund

25.1.1 Salient features

The Company offers an approved gratuity fund for all eligible employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The gratuity is governed under the Trusts Act, 1882, Trust Deed and Rules of Fund, Companies Ordinance, 1984, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

The Company faces the following risks on account of gratuity fund:

Final salary risks

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility

Most assets are invested in risk free investments. However, investments in mutual fund units, are subject to adverse fluctuation as a result of change in market price.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets

This is managed by making regular contribution to the Fund as advised by the actuary.

25.1.2 Valuation results

Actuarial valuation is carried out every year and the latest valuation was carried out as at 30 September 2015 by the Group. The information provided in notes 25.1.3 to 25.1.13 has been obtained from the actuarial valuation carried out as at 30 September 2015. The following significant assumptions have been used for valuation of this scheme:

	30 September 2015	30 September 2014
<i>Financial assumptions</i>		
a) Expected rate of increase in salary level	9.0%	13.5%
b) Discount rate	13.0%	13.0%
c) Expected return on plan assets	13.0%	13.0%
d) Price inflation	8.0%	-
<i>Demographic assumptions</i>		
Mortality rate	SLIC (2001-05)	SLIC (2001-05)
Rates of employee turnover	Low	Low

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

25.1.3 Amounts recognised in the balance sheet:	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Present value of defined benefit obligation	25.1.4	655,608	664,254
Less: Fair value of plan assets	25.1.5	(742,047)	(664,254)
Surplus		<u>(86,439)</u>	<u>-</u>
25.1.4 Movement in present value of defined benefit obligation:			
Obligation at the beginning of the year		664,254	554,973
Current service cost		23,245	25,088
Interest cost		88,636	53,705
Benefits paid		(35,927)	(8,309)
Remeasurement gain / loss		(84,600)	38,797
Obligation at the end of the year		<u>655,608</u>	<u>664,254</u>
25.1.5 Movement in fair value of plan assets:			
Fair value at the beginning of the year		664,254	554,973
Return on plan assets		98,705	55,489
Company contributions		15,622	53,562
Benefits paid		(35,927)	(8,309)
Remeasurement gain / loss		(607)	8,539
Fair value at the end of the year		<u>742,047</u>	<u>664,254</u>
25.1.6 Movement in the net defined benefit liability/(asset)			
Opening balance		-	-
Net periodic cost for the year		(13,176)	23,304
Contribution paid during the year		15,622	(53,562)
Re-measurements recognized in other comprehensive income during the year		83,993	30,258
Closing balance		<u>86,439</u>	<u>-</u>
25.1.7 Amounts recognised in total comprehensive income:			
The following amounts have been charged in respect of these benefits to profit and loss account and other comprehensive income:			
Component of defined benefit costs recognised in profit and loss account			
- Current service cost		23,245	25,088
- Net interest		(10,069)	(1,784)
		<u>13,176</u>	<u>23,304</u>
Component of defined benefit costs (re-measurement) recognised in other comprehensive income			
Actuarial loss / (gain) on defined benefit obligation for the year			
- Loss / (gain) due to change in experience adjustments		84,600	(38,797)
Actuarial (gain) / loss on fair value of plan assets during the year			
- (Gain) / loss due to change in experience adjustments		(607)	8,539
Net re-measurement recognised in other comprehensive income		83,993	(30,258)
Total defined benefit cost recognised in profit and loss account and other comprehensive income		<u>97,169</u>	<u>(6,954)</u>

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

25.1.8 Actual return on plan assets during the year was Rs. 151.66 million (30 September 2014: Rs. 64.028 million).

25.1.9 Sensitivity analysis

The impact of 0.5% change in following variables on defined benefit obligation is as follows:

	Change in assumption	Increase / Decrease in assumption
	(Percentage) %	(Rupees in '000)
Discount rate	0.5%	45,893

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions, same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability.

25.1.10 The weighted average duration of the defined benefit obligation is 15 years.

25.1.11 Plan assets comprise of the following:

	30 September 2015 (Rs '000)	Percentage composition	30 September 2014 (Rs '000)	Percentage composition
Term finance certificates	42,026	5.66%	97,736	14.71%
Sukuk certificates	27,372	3.69%	-	0.00%
Investments in units of mutual funds	668,594	90.10%	543,422	81.81%
Balances with banks	4,055	0.55%	23,096	3.48%
	742,047	100.00%	664,254	100.00%

25.1.12 As per the actuarial recommendations, the expected return on plan assets was taken as 13% (2014:13.5%), which is representative of yields on long-term Government bonds. Due to the increased volatility of share prices in recent months, there is no clear indication of return on equity. It is therefore assumed that the yield on equity matches the return on debt.

25.1.13 Based on actuarial advice, the Company intends to charge an amount of Rs 14.412 million in the financial statements for the year ending 30 September 2016.

26 DEFINED CONTRIBUTION PLAN - PROVIDENT FUND

26.1 During the year an amount of Rs 21.940 million (2014: Rs 14.423 million) has been charged to the profit and loss account in respect of the Company's contributions to the employees provident fund.

26.2 Employees Provident Fund

The Board of Trustees of the Provident Funds have decided to merged the "Senior Provident Fund" and Junior Provident Fund" under a consolidated Provident Fund namely "Employees Provident Fund".

The following information is based upon the latest audited financial statements of the provident fund as at 30 June 2015 and as at 30 June 2014:

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

	30 June 2015 (Rs '000)	30 June 2014 (Rs '000)
Size of the Fund	489,628	415,491
Cost of investments made	191,646	356,708
Fair value of investments	204,352	388,302
Percentage of investment made	41.74%	93.46%

Investments out of the provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

26.3 The break-up of investments is as follows:

	30 June 2015 Rupees in '000	30 June 2015 Percentage	30 June 2014 Rupees in '000	30 June 2014 Percentage
Certificate of Investments	25,350	12.40%	12,596	3.20%
Debts Securities	5,618	2.75%	6,474	1.70%
Investment in Units of mutual funds	117,090	57.30%	311,812	80.30%
Sukuk Certificates	56,294	27.55%	57,420	14.80%
	204,352	100.00%	388,302	100.00%

27 OTHER EXPENSES

	Note	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Auditors' remuneration	27.1	2,218	1,703
Workers' Profit Participation Fund	17.1	73,749	66,111
Provision for impairment of trade debts		-	12,462
Workers' Welfare Fund		30,010	26,208
Donations	27.2	500	1,100
Others		-	3,481
		106,477	111,065

27.1 Auditors' remuneration

Audit fee	1,458	1,000
Fee for half yearly review	585	585
Special certifications and sundry services	100	100
Out of pocket expenses	75	18
	2,218	1,703

27.2 None of the directors or his spouse have any interest in any of the donees.

28 OTHER INCOME

Income from non-financial assets

Indenting commission - net of payment of Rs 1.989 million (2014: Rs 4.105 million)	3,015	5,339
Sale of scrap	15,963	8,494
Gain on disposal of operating fixed assets	160	56
	19,138	13,889

Income from financial assets

Income from investment	-	4,133
	19,138	18,022

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

29 FINANCE COSTS	Note	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Interest on:			
Workers' Profit Participation Fund	17.3	3,425	1,497
Mark-up on :			
- Finance lease obligation		3,054	-
- Running finance under FE-25 Export and Import Scheme		337	-
- Short-term running finances		49,952	22,543
- Export refinance facility		1,609	-
- Short-term loans		29,906	18,212
- Deposits by employees society		1,200	1,432
Exchange loss / (gain) - net		15,351	(50,142)
Bank charges and other costs		20,793	13,836
		125,627	7,378
30 TAXATION - NET			
Current - for the period		325,003	297,244
- for prior years		-	(60,000)
Deferred		(7,094)	(31,984)
		317,909	205,260

30.1 Relationship between income tax expense and accounting profit	30 September 2015 (Effective tax rate %)	Nine months ended 30 September 2014 (Effective tax rate %)	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Profit before taxation			1,371,212	1,258,668
Tax at the enacted tax rate	32.00	33.00	438,788	415,360
Effect of change in tax rate	1.18	0.00	16,112	-
Tax effect of rebate / credits	(1.28)	(1.08)	(17,584)	(13,581)
Tax effect on exports under Final Tax Regime	(8.83)	(7.43)	(121,062)	(93,554)
Tax effect of Items that are not deductible in determining taxable profit - permanent differences	0.00	0.33	-	4,112
Effect of change in prior years' tax	0.00	(4.77)	-	(60,000)
Others including the impact of allocation ratio of NTR and FTR and tax rebates	0.12	(3.74)	1,655	(47,077)
	23.19	16.31	317,909	205,260

30.2 Income tax assessments of the Company have been finalized upto and including tax year 2015 on the basis of the tax return filed under section 120 of the Income Tax Ordinance 2001 (the Ordinance). However, the return may be selected for detailed audit within five years from the date of filing of return and the Income Tax Commissioner may amend the assessment if any objection is raised in the audit.

The Company has filed the appeal before the learned Appellate tribunal Inland Revenue (ATIR) against the appellate order passed by the CIR(A) for the tax year 2009. The income tax department has also filed an appeal before the learned ATIR against the decision of the learned CIR(A) on remanding back of issues for certain disallowed expenses.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

Tax year 2013 of the Company was selected for tax audit under Section 177 of the Ordinance by the Commissioner Inland Revenue (CIR), Audit Division, Large Taxpayers Unit, Karachi. The CIR concluded the audit proceedings and passed an order that amended the assessment under section 122 of the Ordinance. The Company has filed appeal against the amended assessment order before the learned Commissioner Inland Revenue (Appeals) [CIR(A)], Karachi. On the appeal filed by the Company, the learned CIR(A) has confirmed the above actions of the CIR. The Company preferred an appeal before the ATIR which is pending for adjudication. The income tax department has also filed an appeal before the learned ATIR against the decision of the learned CIR(A) on remaining back of the issues of exchange loss and claim of shortage and breakage expense which were disallowed by taxation authority without considering the details and documentary evidences submitted during the proceedings of the amended assessment for the tax year 2009.

Both the appeals have been heard by the learned ATIR, however, the decision is yet to be received.

The cases of the Company for the tax year 2011 and 2014 have been selected for audit and the audit proceedings are still in progress.

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

The Board of Directors have recommended sufficient cash dividend for the year ended 30 September 2015 for the approval of shareholders in forth coming Annual General Meeting which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in these financial statements for the year ended 30 September 2015.

31 EARNINGS PER SHARE

31.1 Basic

Profit after taxation attributable to ordinary shareholders

1,053,303

1,053,408

Weighted average number of ordinary shares outstanding during the year / period

(Number of shares)

34,117,881

(Number of shares)

34,117,881

(Rupees)

(Rupees)

Earnings per share

30.87

30.88

31.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 30 September 2015 and 30 September 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

32 SEGMENT INFORMATION

	Textile		Emulsions		Paper		*Others		Total	
	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014
Net sales	7,039,299	5,518,731	952,302	795,040	200,697	155,291	283,025	403,215	8,475,323	6,872,277
Segment results based on 'management approach'	1,361,271	1,175,200	175,836	137,502	65,098	39,445	-	-	1,602,205	1,352,147
Other operating expenses - WPPF & WWF									(103,759)	92,319
Income from investments									-	4,133
Assets charged to profit and loss for internal reporting purposes based on group guidelines									(1,607)	2,085
Operating profit									1,496,839	1,266,046
Finance costs									(125,627)	7,378
Profit before taxation									1,371,212	1,258,668
32.1 Segment assets	5,141,106	4,000,267	475,689	476,400	52,096	41,410			5,668,891	4,518,077
Unallocated									2,409,670	2,210,567
32.2 Segment liabilities	1,198,416	1,262,718	126,448	268,808	16,222	8,689			8,078,561	6,728,644
Unallocated									1,341,086	1,540,215
32.3 Fixed capital expenditures	24,736	209,273	25	-	-	-			2,294,233	1,010,183
Unallocated									3,635,319	2,550,398
32.4 Depreciation	147,798	100,663	21	14	16	13			24,761	209,273
Unallocated									890	6,684
									25,651	215,957
									147,835	100,690
									10,988	1,661
									158,823	102,351

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

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

32.5 Geographical information

The Company's gross revenue from external customers by geographical location is detailed below:

Domestic sales

Export sales

	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Domestic sales	8,433,145	6,735,009
Export sales	1,007,259	887,859
	9,440,404	7,622,868

The Company exports its products to numerous countries.

32.6 As at 30 September 2015, all non-current assets of the Company are located in Pakistan.

32.7 31.22 % and 20.73% (collectively 51.95%) of the Company's gross sales for the year ended 30 September 2015 {30 September 2014: 26.45% and 13.26% (collectively 39.71%)} were made to two distributors. The segment wise sales to these two distributors is as follows:

	Textile		Emulsions		Paper		Total	
	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014
	-----%							
Distributor 1	31.22	26.45	-	-	-	-	31.22	26.45
Distributor 2	20.73	13.26	-	-	-	-	20.73	13.26

33 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Directors		Executives		Total	
	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014
	----- (Rupees in '000) -----							
Short-term employee benefits								
Managerial remuneration (including and leave pay)	18,961	12,267	9,365	6,020	168,191	107,926	196,517	126,213
Bonus	6,055	5,505	2,931	2,617	15,229	12,563	24,215	20,685
Housing and utilities	8,918	5,916	5,117	3,311	91,911	59,360	105,946	68,587
Medical	136	42	210	73	8,995	3,540	9,341	3,655
Post employment benefits								
Retirement benefits	5,260	3,271	2,617	1,605	39,589	26,885	47,466	31,761
	39,330	27,001	20,240	13,626	323,915	210,274	383,485	250,901
Number of persons	1	1	1	1	128	122	130	124

33.1 The remuneration for Executives also includes Rs 11.418 million (2014: Rs 7.658 million) paid to 1 (2014: 1) alternate Director.

33.2 The aggregate amount charged in these financial statements for fee to non-executive directors was Rs 0.100 million (2014: Rs 0.075 million).

33.3 The Chief Executive Officer is provided with free furnished accommodation. In addition, the Chief Executive Officer, Directors and certain Executives are also provided with free use of the Company cars, residential equipment, reimbursement of utilities and club memberships in accordance with their entitlements.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

34 TRANSACTIONS WITH RELATED PARTIES

	Parent Company		Other Related Parties		Key Management Personnel	
	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014
	----- (Rupees in '000) -----					
Sales	-	-	521,457	588,944	-	-
Purchases of goods and machinery	-	146,382	531,371	148,980	-	-
Indenting commission earned	-	-	4,258	8,916	-	-
Export commission paid	-	12,176	23,705	-	-	-
Royalty expense	-	12,052	14,615	-	-	-
Other charges	-	-	84,000	-	-	-
Dividend paid	639,713	1,279,420	-	-	-	-
Transaction with key management personnel:						
- Salaries, benefits and compensation	-	-	-	-	84,313	57,659
- Post employment benefits	-	-	-	-	13,383	8,180
- Share base payments	-	-	-	-	-	-

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. In the case of indenting business, the Company acts only as an agent for the supplier for which it receives indenting commission.

In addition, royalty for the use of technical know-how is also paid to Archroma Management, Reinach, Switzerland on the sales of such branded locally manufactured products as are included in the royalty agreement duly registered with the State Bank of Pakistan.

Balance outstanding with related parties as at the year end have been disclosed in the relevant balance sheet notes. All balances are interest free, unsecured and repayable on demand.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. 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. These transactions are disclosed in notes 3.4, and 33 to the financial statements. Particulars of transactions with Workers' Profit Participation Fund and staff retirement benefit funds are disclosed in notes 17.1, 25, 27 and 29 to the financial statements.

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For the year ended 30 September 2015

35 CAPACITY AND PRODUCTION

Production during the year was 34,449 tonnes (2014: 25,624 tonnes). The capacity is indeterminable because of multi-product plants involving varying processes of manufacture.

The Company's production was according to market demand.

	2015	2014
	No. of employees	No. of employees
36 STAFF STRENGTH		
Number of employees as at 30 September	<u>216</u>	<u>216</u>
Average number of employees during the year / period	<u>216</u>	<u>216</u>

37 CASH GENERATED FROM OPERATIONS

	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Profit before taxation	1,371,212	1,258,668
Adjustments for non-cash charges and other items:		
Depreciation	158,823	102,351
Provision for impairment of trade debts	-	-
Gain on disposal of operating fixed assets	(160)	(56)
Provision for staff gratuity	13,176	23,304
Interest / mark-up expense	81,804	40,755
Working capital changes	373,549	(482,203)
	<u>1,998,404</u>	<u>942,819</u>

37.1 Working capital changes

(Increase) / decrease in current assets

Stores and spares	5,911	(499)
Stock-in-trade	185,773	(124,108)
Trade debts	(105,482)	(170,996)
Loans and advances	11,567	(5,371)
Trade deposits and short-term prepayments	(7,681)	5,450
Other receivables	(24,200)	(168,887)
	<u>65,888</u>	<u>(464,411)</u>

Increase / (decrease) in current liabilities

Trade and other payables - net	307,661	(17,792)
	<u>373,549</u>	<u>(482,203)</u>

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

38 CASH AND CASH EQUIVALENTS

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

	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Cash and bank balances	12	316,085	406,769
Short-term running finances utilised under mark-up arrangements	19	(1,208,426)	(367,577)
		<u>(892,341)</u>	<u>39,192</u>

39 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities

Financial assets

Loans and receivables

Loans	23,360	39,752
Deposits	17,903	14,868
Trade debts	2,148,600	2,030,655
Other receivables	4,281	38,779
Investments	1,372,800	-
Cash and bank balances	316,085	406,769
	<u>3,883,029</u>	<u>2,530,823</u>

Financial liabilities

Financial liabilities at amortised cost

Short-term loans	-	525,000
Liabilities against assets subject to finance lease	50,751	-
Short-term running finances utilised under mark-up arrangements	1,643,426	367,577
Mark-up accrued	17,803	24,991
Trade and other payables	1,750,070	1,484,315
	<u>3,462,050</u>	<u>2,401,883</u>

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities are exposed to a variety of financial risks namely credit risk, foreign exchange risk, interest rate risk and liquidity risk. The Company is not exposed to any price risk as it does not hold any investments exposed to price risk. The Company has established adequate procedures to manage each of these risks as explained below:

40.1 Credit risk and concentration of credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk arises from bank balances, cheques in hand, deposits and credit exposures to customers, including trade debts and other receivables. Out of the total financial assets of Rs. 3,969.468 million (2014: Rs 2,530.823 million), the financial assets that are subject to credit risk amounted to Rs 2,592.868 million (2014: Rs 2,527.729 million).

The total bank balance of Rs. 9.544 million (2014: Rs 19.962 million) have been placed with banks having short-term credit rating ranging from A1+ to A-1+. Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. 86% of cheques in hand reported on balance sheet have been subsequently cleared.

Deposits are provided to counterparties as security for continued provision of services to the Company. Management does not expect to incur material losses as such amounts are provided based on agreement with counterparties and are refundable upon termination of related services.

Management does not expect to incur losses in other receivable and loans as significant amount in other receivable is due from provident fund, related party and loans are secured against provident fund balance of respective employees.

The most significant financial asset exposed to credit risk is the trade debts of the Company. For trade debts, individual credit limits are assigned to customers based on the recommendations from respective business unit heads keeping in view their payment history, financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. The concentration of credit risk lies in the top 5 (2014: 5) customers which constitute 56.7% (2014: 55.57%) of the Company's trade debts.

The breakup of amount due from customers other than related parties as disclosed in note 8 to these financial statements is presented below:

	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Due from customers other than related parties		
Direct customers	1,007,221	778,027
Distributors	1,161,642	1,174,805
	<u>2,168,863</u>	<u>1,952,832</u>

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

Out of the total trade debts of Rs. 2,252.38 million (2014: Rs. 2,151.37 million), the Company has made a provision for Rs 103.781 million (2014: Rs. 120.715 million) as the amounts being doubtful of recovery from customers. The aging profile of trade debts overdue but not impaired has been as follows:

	30 September 2015 Gross amount	30 September 2015 Impairment	30 September 2014 Gross amount	30 September 2014 Impairment
	----- (Rupees in '000) -----			
Not yet Due	1,731,643	-	1,696,389	-
Upto 3 months	326,552	-	285,759	-
3-6 Months	90,404	-	48,506	-
6-12 Months	17,978	17,978	20,744	20,744
1-2 years	18,948	18,948	22,996	22,996
Over 2 years	66,856	66,855	76,975	76,975
	<u>2,252,381</u>	<u>103,781</u>	<u>2,151,370</u>	<u>120,715</u>

40.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities. The Company aims to maintain flexibility in funding by keeping committed credit lines open.

The maturity profile of the Company's liabilities based on contractual maturities is as follows:

	30 September 2015				
	Carrying amount	On demand	Contractual cash flows	Upto one year	More than one year
	----- (Rupees) -----				
Financial liabilities					
Trade and other payables	1,727,819	-	(1,727,819)	(1,727,819)	-
Short term borrowings	1,643,426	(1,643,426)	-	-	-
Liabilities against assets subject to finance lease	50,751,045	-	(60,322,052)	(17,666,052)	(42,656,000)
	<u>54,122,290</u>	<u>(1,643,426)</u>	<u>(62,049,871)</u>	<u>(19,393,871)</u>	<u>(42,656,000)</u>
	31 September 2014				
	Carrying amount	On demand	Contractual cash flows	Upto one year	More than one year
	----- (Rupees) -----				
Financial liabilities					
Trade and other payables	1,507,372	-	(1,507,372)	(1,507,372)	-
Short term borrowings	892,577	(892,577)	-	-	-
	<u>2,399,949</u>	<u>(892,577)</u>	<u>(1,507,372)</u>	<u>(1,507,372)</u>	<u>-</u>

40.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

40.3.1 Currency Risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company primarily has foreign currency exposures in US Dollars (USD) and Euro. The details of balances are as follows:

	30 September 2015		
	(USD '000)	(EUR '000)	(CHF '000)
Trade debts	18	-	-
Other receivables	-	-	-
Trade payables	(75)	(10)	(1)
Other payables	(706)	-	-
Net foreign currency exposure	<u>(763)</u>	<u>(10)</u>	<u>(1)</u>
	31 September 2014		
	(USD '000)	(EUR '000)	(CHF '000)
Trade debts	14	-	-
Trade payables	(66)	(5)	(2)
Net foreign currency exposure	<u>(52)</u>	<u>(5)</u>	<u>(2)</u>

At 30 September 2015, if the Pakistani Rupee had weakened / strengthened by 1% against the US Dollar, Euro and Swiss Franc with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs0.809 million (30 September 2014: Rs0.062 million).

40.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the interest rate exposure arises from short and long term borrowings from banks.

At the balance sheet date, the interest rate profile of the Company's interest-bearing financial instrument is:

	Carrying amount 30 September 2015 (Rs '000)	Carrying amount 31 September 2014 (Rs '000)
Fixed rate instruments		
Financial liabilities	<u>435,000</u>	<u>-</u>
Variable rate instruments		
Financial liabilities	<u>1,259,178</u>	<u>892,577</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through the profit and loss account. Therefore a change in interest rates at the reporting date would not affect the profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and the profit by Rs. 8.56 million (2014: Rs. 55.7 million) with the corresponding effect on the carrying amount of the liability. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2014.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2015

40.4 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates. As at 30 September 2015 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

40.5 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

41 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on 17 December, 2015 has proposed a cash dividend in respect of the year ended 30 September 2015 of Rs 25 per share (2014: cash dividend of Rs 25). Further, the Board has also announced appropriation of Rs 265 million (2014: Rs 180 million) from unappropriated profit to revenue reserves. These appropriations will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended 30 September 2015 do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending 30 September 2016.

42 CORRESPONDING FIGURES

Corresponding figures have been restated / rearranged and reclassified, wherever necessary, for the purpose of comparison. There have been no significant reclassifications / restatements in these financial statements. The comparative period reported in profit and loss account, other comprehensive income and cash flow statement are for the nine months period ended 30 September 2014.

43 DATE OF AUTHORISATION

These financial statements were authorised for issue on 17 December, 2015 by the Board of Directors of the Company.



Mujtaba Rahim
Chairman and Chief Executive Officer



M Veqar Arif
Director and Chief Financial Officer

**CONSOLIDATED
FINANCIAL INFORMATION**

For the year ended 30 September 2015

ARCHROMA PAKISTAN LIMITED
and its Subsidiary Company



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Auditors' Report on Consolidated Financial Statements

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of **Archroma Pakistan Limited** ("the Holding Company") and its subsidiary company as at 30 September 2015 and the related consolidated Profit and Loss Account, consolidated Statement of Comprehensive Income, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the **Archroma Pakistan Limited** and its subsidiary company, **Archroma Textile Chemicals Pakistan (Private) Limited [formerly BASF Pakistan (Private) Limited]**. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the **Archroma Pakistan Limited** and its subsidiary company as at 30 September 2015 and the results of their operations for the year then ended.

Date: 17 December 2015

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

/ CONSOLIDATED BALANCE SHEET

As at 30 September 2015

	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,934,400	1,021,329
Intangible assets	4	-	-
Long term loans and advances	5	14,187	23,045
Long term deposits		4,796	2,639
Long term prepayments		2,184	2,472
		1,955,567	1,049,485
Current assets			
Stores and spares	6	38,580	24,923
Stock-in-trade	7	1,709,874	1,566,757
Trade debts	8	2,733,375	2,030,655
Loans and advances	9	16,294	22,872
Trade deposits and short-term prepayments	10	68,399	19,494
Other receivables	11	2,105,510	1,607,689
Taxation - net		92,312	-
Cash and bank balances	12	351,554	406,769
		7,115,898	5,679,159
TOTAL ASSETS		9,071,465	6,728,644
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	13	341,179	341,179
Revenue reserves		2,983,000	2,803,000
Unappropriated profit		1,308,729	1,034,067
Shareholders' equity		4,632,908	4,178,246
LIABILITIES			
Non-current liabilities			
Deferred taxation - net	14	263,349	44,953
Other long term employee benefits	15	9,481	-
Liabilities against assets subject to finance lease	16	37,311	-
		310,141	44,953
Current liabilities			
Trade and other payables	17	2,396,764	1,540,725
Mark-up accrued	18	19,472	24,991
Short-term borrowings	19	1,698,740	892,577
Current portion of liabilities against assets subject to finance lease	16	13,440	-
Taxation - net		-	47,152
		4,128,416	2,505,445
		4,438,557	2,550,398
Contingencies and commitments	20		
TOTAL EQUITY AND LIABILITIES		9,071,465	6,728,644

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.



Mujtaba Rahim
Chairman and Chief Executive Officer



M Veqar Arif
Director and Chief Financial Officer

/ CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2015

	Note	30 Septmeber 2015 (Rs '000)	Nine months period ended 30 September 2014 (Rs '000)
Sales		9,805,929	7,622,868
Discounts and commission		591,335	459,343
Sales tax		385,970	291,248
		977,305	750,591
Net sales	21	8,828,624	6,872,277
Cost of goods sold	22	6,295,488	4,945,833
Gross profit		2,533,136	1,926,444
Distribution and marketing expenses	23	642,111	443,448
Administrative expenses	24	237,827	123,907
Other expenses	27	110,028	111,065
		989,966	678,420
Other income	28	171,261	18,022
		1,714,431	1,266,046
Finance costs	29	134,367	7,378
Profit before taxation		1,580,064	1,258,668
Taxation - net	30	338,082	205,260
Profit for the year / period		1,241,982	1,053,408
Other comprehensive income			
<i>Items that will never be reclassified to profit and loss account:</i>			
Remeasurement of post-employment obligations		85,445	(30,258)
Related tax thereon		(19,818)	10,590
		65,627	(19,668)
Total comprehensive income for the year / period		1,307,609	1,033,740
		(Rupees)	(Rupees)
Earnings per share	31	36.40	30.88

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.



Mujtaba Rahim
Chairman and Chief Executive Officer



M Veqar Arif
Director and Chief Financial Officer

/ CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 September 2015

	Note	30 September 2015 (Rs '000)	Nine months period ended 30 September 2014 (Rs '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	1,994,272	942,819
Staff gratuity - paid		(15,622)	(53,562)
Mark-up paid		(88,603)	(15,764)
Income taxes paid		(499,294)	(180,862)
Movement in long-term loans and advances		8,858	8,095
Movement in long-term deposits and prepayments		(1,869)	(2,367)
Net cash generated from operating activities		1,397,742	698,359
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(30,214)	(215,957)
Proceeds from disposal of operating fixed assets		160	56
Acquisition of subsidiary, net of cash acquired		(1,372,800)	-
Net cash used in investing activities		(1,402,854)	(215,901)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments against finance lease obligations		(8,597)	-
Short-term borrowings - proceeds		1,535,000	1,031,000
- repayments		(1,625,000)	(506,000)
Dividend paid		(847,669)	(1,696,588)
Net cash used in financing activities		(946,266)	(1,171,588)
Net decrease in cash and cash equivalents		(951,378)	(689,130)
Cash and cash equivalents at beginning of the year / period		39,192	728,322
Cash and cash equivalents at end of the year / period	38	(912,186)	39,192

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.



Mujtaba Rahim
Chairman and Chief Executive Officer




M Veqar Arif
Director and Chief Financial Officer

/ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2015

	Issued, subscribed and paid-up capital	Revenue reserves	Unappro- priated profit	Total
------(Rupees in '000)-----				
Balance as at 31 December 2013	341,179	2,605,000	1,904,214	4,850,393
<i>Transactions with owners of the Holding Company - Distribution</i>				
- Final dividend at 500% (i.e. Rs.50 per share) for the year ended 31 December 2013	-	-	(1,705,887)	(1,705,887)
Transfer to revenue reserves appropriated subsequent to year end	-	198,000	(198,000)	-
<i>Total comprehensive income for the nine months period ended 30 September 2014</i>				
Profit for the nine months period ended	-	-	1,053,408	1,053,408
Other comprehensive income - remeasurement of post employment obligation - net of tax	-	-	(19,668)	(19,668)
	-	-	1,033,740	1,033,740
Balance as at 30 September 2014	341,179	2,803,000	1,034,067	4,178,246
<i>Transactions with owners of the Holding Company - Distribution</i>				
- Final dividend at 250% (i.e. Rs.25 per share) for the year ended 30 September 2014	-	-	(852,947)	(852,947)
Transfer to revenue reserves appropriated subsequent to year end	-	180,000	(180,000)	-
<i>Total comprehensive income for the year ended 30 September 2015</i>				
Profit for the year	-	-	1,241,982	1,241,982
Other comprehensive income - remeasurement of post employment obligation - net of tax	-	-	65,627	65,627
	-	-	1,307,609	1,307,609
Balance as at 30 September 2015	341,179	2,983,000	1,308,729	4,632,908

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.


Mujtaba Rahim
Chairman and Chief Executive Officer


M Veqar Arif
Director and Chief Financial Officer

/ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

1 STATUS AND NATURE OF BUSINESS

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

The Parent Company is engaged in the manufacture and sale of chemicals, dyestuffs and emulsions. It also acts as an indenting agent.

1.1 ACQUISITION OF SUBSIDIARY

The Group, a global leader in specialty chemicals for the textile, paper and emulsions sectors, acquired BASF's global textile chemicals business. The acquisition further solidifies Group's position as a clear industry leader in supplying chemicals and dyes to the global textile industry. The acquisition strategically complements Group's product portfolio and geographical presence. Globally, the deal was an asset acquisition, however, on 31 July 2015, the Parent Company has acquired 100% shareholding in Archroma Textiles Chemicals Pakistan (Private) Limited (ATCPPL) [formerly BASF Pakistan (Private) Limited] for a total consideration of 12 million EUROS equivalent to Rs. 1,372.8 million which is paid in cash. The Subsidiary Company was incorporated in Pakistan on 18 January 1964 as a private limited company. The Subsidiary Company is engaged in the business of manufacturing and trading of chemicals for textile and leather industries. The registered office of the Subsidiary Company is located at Plot No. LX-10, 11, Landhi Industrial trading zone, Landhi Industrial Area, Karachi. Profit after tax amounting to Rs. 45.861 million has been recognised in these consolidated profit and loss account from 1 August 2015 to 30 September 2015. Had the business combination occurred on the first day of the reporting period, the amount of profit and loss incorporated in these consolidated financial statements would have been different.

1.2 Identifiable assets acquired and liabilities assumed-

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Rupees in '000
Property, plant and equipment	997,923
Intangible assets	111
Long term loans	3,478
Long term deposits	2,143
Stores and spares	16,518
Stock-in-trade	344,042
Trade debts	614,328
Other receivables	361,076
Cash and bank balances	(26,906)
Deferred taxation	(206,218)
Trade and other payables	(573,962)
Taxation	(16,634)
Markup accrued	(447)
Total identifiable net assets acquired	<u>1,515,452</u>

/ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

1.3 Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	Valuation of property, plant and equipment have been carried out by M/s. Surval valuer considering the market valuation of respective assets. This valuation of assets is based on market information from relevant sources, including recent sale / purchase of similar assets, and manufacturing and construction cost of such assets presently. The present condition of the asset, the level of maintenance and the remaining useful life of the asset has also been considered, deterioration as well as functional and economic obsolescence.
Inventories	Inventories mainly comprises of raw material. The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.
Provision, trade payable and other liabilities	Provision related to gratuity and similar obligations was revalued at date of acquisition and the reported balance was adjusted to reflect its fair value. Rest all provisions were carried at fair value at the date of acquisition. Trade and other payable are valued at amounts contractually due to counterparties.
Trade debts	Trade debts is valued at amount expected to be realized and reported net of provision for doubtful allowance.

1.4 Gain on bargain purchase (Negative goodwill)

Gain on bargain purchase (negative goodwill) arising from the acquisition has been recognised as follows.

	Rupees in '000
Consideration transferred	1,372,800
Fair value of identifiable net assets	<u>(1,515,452)</u>
Gain on bargain purchase / negative goodwill	<u>(142,652)</u>

Acquisition related cost amounting to Rs. 15.466 million has been charged of to consolidated profit and loss account.

1.5 Basis of preparation

These consolidated financial statements have been prepared from the information available in the audited financial statement of the Parent Company and the audited financial statements of Subsidiary Company for the period ended 30 September 2015. The financial year of the Subsidiary Company is from January to December which is different from the Parent Company's, however, financial information for the period ended 30 September 2015 have been drawn up which were audited to facilitate the preparation of consolidated financial statement for the year ended 30 September 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

1.5.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

1.5.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for certain staff retirement benefits and other long term employee benefits which are carried at present value.

1.5.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees which is the Group's functional and presentation currency. All amounts have been rounded to the nearest thousand Rupee.

1.5.4 Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have a significant effect on the financial statements and estimates with significant risk of material judgment in the next financial year are set forth below:

- i) estimation of useful lives and residual values of operating fixed assets (notes 2.2 and 3.1);
- ii) estimation in writing down items of stores and spares to their net realisable value (notes 2.4 and note 6);
- iii) estimation in writing down items of stock-in-trade to their net realisable value (notes 2.5 and 7);
- iv) estimation of provision for impairment of trade debts (notes 2.6 and 8);
- v) provision for taxation (notes 2.7 and 30); and
- vi) calculation of provision for staff retirement gratuity and other long term employee benefits (notes 2.11.1b and 25).

/ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

1.5.5 Standards, amendments or interpretations which became effective during the year

During the year, certain amendments to standards became effective. However, they did not have material effect on these consolidated financial statements.

New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015. The Group either does not expect to have any effect or any material / significant effect on its accounting policy due to their application when become effective other than increase in disclosures, if any.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016).
- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015).
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015).
- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015).
- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015).
- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016).
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016].
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:
 - IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"
 - IFRS 7 'Financial Instruments- Disclosures'
 - IAS 19 'Employee Benefits'
 - IAS 34 'Interim Financial Reporting'

/ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1 Basis of consolidation

(i) Business Combination

Business combinations are accounted for using the acquisition method at acquisition date. The consideration transferred on the acquisition is measured at fair value, as are the identifiable net assets acquired. Goodwill arising on acquisition date is measured as the excess of the purchase consideration, including the acquisition date fair value of the acquirer's previously held equity interest in the acquiree in case of step acquisition, over the fair value of the identifiable assets acquired and liabilities assumed including contingent liabilities less impairment losses, if any. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised immediately in consolidated profit and loss account.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in consolidated profit and loss account. Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities.

(ii) Subsidiaries

Subsidiaries are entities in which the Parent Company has control and / or ownership of more than half or fifty percent, of the voting power. Control exists when the Parent Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the accounting policies adopted by the Parent Company. The assets and liabilities of subsidiary companies have been consolidated on a line-by-line basis. The carrying value of investments held by the Parent Company is eliminated against the subsidiary's shareholders' equity in these consolidated financial statements.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners.

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in consolidated profit and loss account. These consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in full. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

/ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

2.2 Property, plant and equipment

2.2.1 Operating fixed assets

Owned assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except freehold land and capital work-in-progress which are stated at cost less accumulated impairment losses, if any.

Depreciation is charged using the straight line method, whereby the depreciable amount of an asset is written off over its estimated useful life. The cost of leasehold land is amortised equally over the lease period. The asset's residual values and useful lives are reviewed, and adjusted if required, at each balance sheet date.

Depreciation is charged on additions from the month the asset is available for use and on disposals up to the month preceding the month of disposal. The rates of depreciation are stated in respective note in these financial statements.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated profit and loss account as and when incurred.

Gains / losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated profit and loss account in the year in which they arise.

Leased assets

Upon initial recognition, an asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments, each determined at the inception of the lease. Subsequent to initial recognition, the asset is stated at the amount determined at initial recognition less accumulated depreciation and impairment losses, if any. Depreciation is charged on the same basis as used for owned assets.

2.2.2 Capital work-in-progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these are available for use.

2.2.3 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful lives.

Costs that are directly associated with identifiable software products and have probable economic benefit beyond one year are recognized as intangible assets.

Costs associated with maintaining computer software products are recognized as an expense as incurred.

/ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

2.2.4 Impairment

The Group assesses at each balance sheet date whether there is objective evidence that property, plant and equipment may be impaired. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount and the differences are recognised in the consolidated profit and loss account.

2.2.5 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except in cases where such costs are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) in which case such costs are capitalised as part of the cost of that asset.

2.3 Loans, advances and deposits

These are stated at cost less estimates made for any doubtful receivables based on a review of all outstanding amounts at the balance sheet date. Balances considered bad and irrecoverable are written off when identified.

2.4 Stores and spares

Stores and spares are valued at the lower of cost determined on the moving average method and net realisable value. Cost in respect of items in transit includes the invoice values and other charges incurred thereon.

Provision for obsolete and slow moving stores and spares is determined based on the management's assessment regarding their future usability.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated costs necessarily to be incurred to make the sale.

2.5 Stock-in-trade

Stock-in-trade are valued at the lower of cost determined on the moving average / weighted average method and net realisable value.

Cost of work-in-process and manufactured finished goods comprises cost of direct materials, direct labour and an appropriate portion of production overheads. Cost in respect of items in transit includes the invoice values and other charges incurred thereon.

Provision for obsolete and slow moving inventories is determined based on the management's assessment regarding their future usability.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated costs necessarily to be incurred to make the sale.

2.6 Trade and other receivables

Trade and other receivables are carried at original invoice amount less an estimate for doubtful balances which is determined based on review of outstanding amounts and previous repayment pattern. Balances considered bad and irrecoverable are written off when identified.

/ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

2.7 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any and taxes paid under Final Tax Regime. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the period.

Deferred

Deferred taxation is recognised using the balance sheet liability method on all major temporary differences arising between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

2.8 Financial instruments

2.8.1 Financial assets

2.8.1.1 Classification

The Group determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39), "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets. The financial assets of the Group is categorized as follows:

a) Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loans and receivables comprise of trade debts, loans and advances, deposits, cash and bank balances, investments and other receivables in the balance sheet.

c) Held-to-maturity

These are financial assets with fixed or determinable payments and fixed maturity which the Group has the positive intent and ability to hold to maturity.

/ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

d) Available-for-sale financial assets

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified either as (a) loans and receivables (b) held to maturity (c) financial assets at fair value through profit or loss.

2.8.1.2 Initial recognition and measurement

All financial assets are recognised at the time the Group becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the consolidated profit and loss account.

2.8.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial asset at fair value through profit or loss' and 'available-for-sale'

'Financial assets at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the consolidated profit and loss account in the period in which these arise.

'Available-for-sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income.

b) 'Loans and receivables' and 'held-to-maturity'

Loans and receivables and held-to-maturity financial assets are carried at amortised cost.

2.8.1.4 Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of a equity securities below its cost is also an objective evidence of impairment. Provision for impairment in the value of financial assets, if any, is taken to the consolidated profit and loss account.

2.8.1.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

2.8.2 Financial liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument.

/ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

2.8.3 Derecognition

Financial assets are derecognised at the time when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

2.9 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash in hand, cash in transit, cheques and drafts in hand and in transit, balances held with banks in current accounts, short term highly liquid investments having maturity of three months and short-term running finances. Short-term running finances are shown within short-term borrowings in current liabilities on the balance sheet.

2.10 Trade and other payables

Liability for trade and other amounts payable are carried at cost, which is the fair value of consideration to be paid in the future for goods and services whether or not billed to the Company.

2.11 Staff benefits

2.11.1 Retirement benefits

The Group operates:

- a) an approved contributory provident fund for all eligible employees; and
- b) an approved gratuity fund for all employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the actual period to the then - net defined benefit liability / (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in the consolidated profit and loss account. The latest actuarial valuation was conducted at the balance sheet date by the ultimate Parent Company's actuary.

Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

- c) The Parent Company's net obligation in respect of other long-term employee benefits (i.e. long service award), other than defined benefit obligation, are the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in consolidated profit and loss account in the period in which they arise.

2.11.2 Compensated absences

The liability in respect of compensated absences of employees on unavailed leave balances is accounted for in the period in which the leave is earned.

/ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

2.12 Foreign currency transactions

Transactions in foreign currencies are translated to Pakistani Rupees at the foreign exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rates of exchange approximating those at the balance sheet date. Exchange gains / losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to the consolidated profit and loss account.

2.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.14 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

2.15 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Sales are recognised as revenue when goods are delivered and invoiced.
- Indenting commission is recognised on receipt of shipment confirmation from suppliers and income from professional services are recognised on accrual basis at rates agreed with counterparties.
- Interest income is accrued on a time apportion basis on the principal outstanding at the rates applicable.
- Insurance agency commissions, export rebates and miscellaneous income are recognized on receipt basis.
- Miscellaneous income is recognized on receipt basis.

2.16 Expenses

All expenses are recognized in the consolidated profit and loss account on an accrual basis.

2.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases including leases under ijarah financing.

/ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

Assets held under finance leases along with corresponding lease liabilities are initially recognized at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in the profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized. Leased assets which are obtained under Ijarah agreement are not recognized in the Company's balance sheet and are treated as operating lease based on Islamic Financial Accounting Standard (IFAS) 2 issued by the Institute of Chartered Accountants of Pakistan and notified by Securities and Exchange Commission of Pakistan vide S.R.O. 43(1)/ 2007 dated 22 May 2007. Payments made under operating lease are charged to profit and loss account on a straight line basis over the lease term.

Payments made under operating leases and Ijarah financing (net of any incentives received from the lessor) are charged to profit and loss account on straight line basis over the period of the lease / Ijarah term.

2.18 Segment reporting

Operating segments are determined and presented in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

The Group has determined operating segments using business units. The business units have been established on the basis of products offered to external customers. The Group's Chief Executive Officer reviews the financial performance of the Group by business units.

In accordance with the Group's internal reports, that are regularly reviewed by the entity's chief operating decision-maker to allocate resources to the segments and assess their performance, function costs (comprising those with respect to finance, procurement, other administration, legal, information technology, human resources, etc.) are allocated to the respective operating segments.

2.19 Dividend and appropriation to reserve

Dividend distribution to the shareholders and appropriation to reserves are recognized in the consolidated financial statements in the period in which these are approved.

The Parent Company measures the liability to distribute non-cash assets as a dividend to the shareholders at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date. On settlement of the transaction, the Parent Company recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in consolidated profit and loss account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

3 PROPERTY, PLANT AND EQUIPMENT

Note

	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Operating fixed assets	1,929,326	832,190
Capital work-in-progress	5,074	189,139
	<u>1,934,400</u>	<u>1,021,329</u>

3.1 Operating fixed assets:

	30 September 2015									
	Freehold land	Leasehold land	Buildings on leasehold land	Buildings on freehold land	Plant and machinery	Furniture, fixtures and equipment		Vehicles		Total
						Owned	Leased	Owned	Leased	
	(Rupees in '000)									
At 1 October 2014										
Cost	47	-	-	447,522	1,253,050	432,824	-	96	-	2,133,539
Accumulated depreciation	-	-	-	(222,126)	(737,687)	(341,440)	-	(96)	-	(1,301,349)
Net book value	47	-	-	225,396	515,363	91,384	-	-	-	832,190
Year ended 30 September 2015										
Opening net book value	47	-	-	225,396	515,363	91,384	-	-	-	832,190
Additions	-	-	-	54,947	99,662	57,249	27,180	-	32,168	271,206
Acquisition through business combination										
- Cost	-	392,232	159,593	-	691,783	33,668	-	42,341	-	1,319,617
- Accumulated depreciation	-	(1,866)	(36,819)	-	(237,374)	(22,157)	-	(23,478)	-	(321,694)
	-	390,366	122,774	-	454,409	11,511	-	18,863	-	997,923
Disposals / write-offs										
Cost	-	-	-	-	88	3,087	-	-	-	3,175
Accumulated depreciation	-	-	-	-	(88)	(3,087)	-	-	-	(3,175)
	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	(2,683)	(839)	(21,395)	(104,099)	(31,116)	(5,029)	(3,078)	(3,754)	(171,993)
Closing net book value	47	387,683	121,935	258,948	965,335	129,028	22,151	15,785	28,414	1,929,326
At 30 September 2015										
Cost	47	392,232	159,593	502,469	2,044,407	520,654	27,180	42,437	32,168	3,721,187
Accumulated depreciation	-	(4,549)	(37,658)	(243,521)	(1,079,072)	(391,626)	(5,029)	(26,652)	(3,754)	(1,791,861)
Net book value	47	387,683	121,935	258,948	965,335	129,028	22,151	15,785	28,414	1,929,326
Depreciation rate: % per annum	-	1.00%	3.33%	2.5 - 10%	10 - 50%	10 - 33.33%	33.33%	20%	20 - 25%	

	30 September 2014					
	Freehold land	Buildings on freehold land	Plant and machinery	Furniture, fixtures and equipment	Vehicles	Total
	(Rupees in '000)					
At 1 January 2014						
Cost	47	447,522	1,190,400	407,729	666	2,046,364
Accumulated depreciation	-	(207,753)	(672,921)	(325,820)	(666)	(1,207,160)
Net book value	47	239,769	517,479	81,909	-	839,204
Period ended 30 September 2014						
Opening net book value	47	239,769	517,479	81,909	-	839,204
Additions	-	-	62,650	32,687	-	95,337
Disposals / write offs:						
Cost	-	-	-	7,592	570	8,162
Accumulated depreciation	-	-	-	(7,592)	(570)	(8,162)
	-	-	-	-	-	-
Depreciation charge for the period	-	(14,373)	(64,766)	(23,212)	-	(102,351)
Closing net book value	47	225,396	515,363	91,384	-	832,190
At 30 September 2014						
Cost	47	447,522	1,253,050	432,824	96	2,133,539
Accumulated depreciation	-	(222,126)	(737,687)	(341,440)	(96)	(1,301,349)
Net book value	47	225,396	515,363	91,384	-	832,190
Depreciation rate: % per annum	-	2.5 & 5	10 - 50%	10 - 33.33	20	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

3.2	The depreciation charge for the year has been allocated as follows:	Note	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
	Cost of goods sold	22	149,197	90,716
	Distribution and marketing expenses	23	14,315	9,787
	Administrative expenses	24	8,481	1,848
			<u>171,993</u>	<u>102,351</u>

3.3 Details of property, plant and equipment disposed of / written off during the year:

Description	Mode of disposal	Cost	Accumulated depreciation	Book value	Sale proceeds	Particulars of buyers
----- (Rupees in '000) -----						
Furniture, fixtures disposed off having book values below Rs 50,000	Negotiation/ Company policy	2,393	2,393	-	160	Various / scrapped
Furniture, fixtures written off having zero book value		782	782	-	-	Write off

3.4 The above disposal include equipment having Rs. Nil book value disposed of to key management personnel for Rs. Nil (2014: Rs 0.034 million) as per Group's policy.

3.5	Capital work-in-progress	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	Civil works		-	54,947
	Plant and machinery		-	95,671
	Equipment		5,074	38,521
			<u>5,074</u>	<u>189,139</u>

4 INTANGIBLE ASSETS

Acquisitions through business combinations

Cost	399	-
Accumulated amortization	(288)	-
	111	-
Amortization charge for the period	(111)	-
Closing net book value	-	-

Closing balance

Cost	399	-
Accumulated amortization	(399)	-
Net book value	-	-
Amortization rates (% per annum)	33%	-

5 LONG TERM LOANS AND ADVANCES

Due from:				
	Executives		18,312	33,347
	Employees		8,192	6,405
		5.1	<u>26,504</u>	<u>39,752</u>
Less: Receivable within one year		9	<u>(12,317)</u>	<u>(16,707)</u>
			<u>14,187</u>	<u>23,045</u>

5.1 Loans to executives and employees are provided by the Group for the purchase of motor vehicles, furniture and for house building assistance in accordance with the terms of their employment. These interest free loans are secured against provident fund and are repayable over varying periods ranging between two to five years.

5.2 Reconciliation of carrying amount of loans to Executives

		30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	Executives		Executives
Opening balance		33,347	40,534
Disbursements / transfers during the year / period		-	4,240
Repayments during the year / period		(15,035)	(11,427)
Closing balance		<u>18,312</u>	<u>33,347</u>

5.3 The maximum aggregate amount due from the Executives at the end of any month during the year were Rs. 28.299 million (2014: Rs 44.230 million).

/ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

6	STORES AND SPARES	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	Stores		29,920	4,784
	Spares		7,853	18,200
	In transit		807	1,939
			<u>38,580</u>	<u>24,923</u>
7	STOCK-IN-TRADE			
	Raw and packing materials including goods in transit of Rs 356.043 million (2014: Rs 276.407 million)		1,026,297	828,234
	Work-in-process	22	96,964	80,729
	Finished goods including goods in transit of Rs 27.82 million (2014: Rs 44.935 million)	7.1 & 22	586,613	657,794
			<u>1,709,874</u>	<u>1,566,757</u>
7.1	This includes imported finished goods amounting to Rs 134.730 million (2014: Rs 184.585 million).			
8	TRADE DEBTS		30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	Related parties - considered good			
	- Archroma Turkey Kimya		3,408	-
	- PT Archroma Indonesia		-	4,718
	- Archroma (Thailand) Limited		4,907	7,279
	- Archroma Germany GmbH		-	7,467
	- Archroma Argentina SAS		3,976	-
	- Archroma Japan K.K.		-	1,274
	- Archroma France SAS		-	1,857
	- Archroma Hong Kong (Private) Limited		3,708	3,888
	- Archroma Singapore (Pte) Limited		59,858	40,679
	- Archroma Chemicals China Limited		1,943	-
	- Archroma India (Private) Limited		1,524	10,661
	- PT Archroma Specialties		4,819	-
			<u>84,143</u>	<u>77,823</u>
	Others - considered good:			
	- Secured		122,339	65,915
	- Unsecured		2,526,893	1,886,917
			<u>2,733,375</u>	<u>2,030,655</u>
	Others - considered doubtful		390,992	120,715
			<u>3,124,367</u>	<u>2,151,370</u>
	Less: Provision for impairment against trade debts	8.1	(390,992)	(120,715)
			<u>2,733,375</u>	<u>2,030,655</u>
8.1	Reconciliation of provision for impairment against trade debts			
	Opening provision		120,715	108,253
	Acquisition through business combination		287,211	-
	Charge for the period - net of reversal		-	12,462
	Write-off during the year		(16,934)	-
	Closing provision		<u>390,992</u>	<u>120,715</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

8.2 The aging of the trade debts receivable from related parties as at the balance sheet date is as under:

	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Not past due		56,826	77,823
Past due 1-60 days		27,317	-
Total		<u>84,143</u>	<u>77,823</u>
9 LOANS AND ADVANCES			
Considered good - secured			
Current portion of loans and advances			
Amounts due from:			
- Executives		9,152	14,205
- Employees		3,165	2,502
	5	<u>12,317</u>	<u>16,707</u>
Considered good - unsecured			
Advances for supplies and services			
		3,977	6,165
		<u>16,294</u>	<u>22,872</u>
10 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits		55,817	12,229
Short-term prepayments		12,582	7,265
		<u>68,399</u>	<u>19,494</u>
11 OTHER RECEIVABLES			
Due from the Government:			
- Sales tax		2,001,962	1,565,113
- Others (rebates)		2,737	3,797
		<u>2,004,699</u>	<u>1,568,910</u>
Indent commission due from:			
- Related parties - group companies	11.1	1,520	4,244
- Others		600	1,244
Receivable from Gratuity fund (related party)	25.1.3	86,439	-
Receivable from provident fund (related party)		514	29,520
Others		11,738	3,771
		<u>2,105,510</u>	<u>1,607,689</u>

11.1 The names of group companies and the corresponding amounts due from them in respect of indenting commission are as follows:

	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Archroma Management GmbH	965	1,493
P.T. Archroma Indonesia	14	122
Archroma India (Pvt) Limited	132	65
Archroma Thailand	-	78
Archroma Hong Kong	409	155
Archroma Singapore (Pte) Limited	-	2,331
	<u>1,520</u>	<u>4,244</u>

11.1.1 The above balances are current and not past due.

/ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

12	CASH AND BANK BALANCES	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	With banks in current accounts	44,771	19,962
	Cash in hand	4,042	3,094
	Cheques in hand	<u>302,741</u>	<u>383,713</u>
		<u>351,554</u>	<u>406,769</u>
13	SHARE CAPITAL		
13.1	Authorised capital		
	2015 2014 (Number of shares)		
	<u>50,000,000</u> <u>50,000,000</u> Ordinary shares of Rs 10 each	<u>500,000</u>	<u>500,000</u>
13.2	Issued, subscribed and paid-up capital		
	2015 2014 (Number of shares)	2015 (Rs '000)	2014 (Rs '000)
	7,441,639 7,441,639 Ordinary shares of Rs. 10 each issued for consideration other than cash	74,416	74,416
	26,676,242 26,676,242 Ordinary shares of Rs. 10 each issued as fully paid bonus shares	<u>266,763</u>	<u>266,763</u>
	<u>34,117,881</u> <u>34,117,881</u>	<u>341,179</u>	<u>341,179</u>
13.3	Archroma Textiles S.a.r.l., Luxembourg held 25,588,533 (2014: 25,588,533) ordinary shares of Rs 10 each at 30 September 2015.		
14	DEFERRED TAXATION - NET	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
	<i>Deferred tax liabilities arising on taxable temporary differences:</i>		
	Accelerated tax depreciation allowance and others	384,890	86,808
	Employees retirement benefits - net	<u>10,881</u>	-
		395,771	<u>86,808</u>
	<i>Deferred tax assets arising on deductible temporary differences:</i>		
	Provision for impairment against trade debts	<u>116,151</u>	<u>31,265</u>
	Provision for slow moving inventory items	2,200	-
	Other long term employee benefits	2,215	-
	Obligation under Finance Lease	11,856	-
	Employees retirement benefits - net	-	10,590
		<u>132,422</u>	<u>41,855</u>
		<u>263,349</u>	<u>44,953</u>
15	OTHER LONG TERM EMPLOYEE BENEFITS		

This represent long service awards operated by the Parent Company for eligible employees. The Parent Company's obligation is determined by the Groups' actuary using projected unit credit method. Remeasurement amounting to Rs. 7.009 million (2014: Rs. Nil) has been recognised in consolidated profit and loss account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

16 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments		Future finance costs		Present value of minimum lease payments	
	2015	2014	2015	2014	2015	2014
	----- (Rupees in '000) -----					
Not later than one year	17,666	-	4,226	-	13,440	-
Later than one year and not later than five years	42,656	-	5,345	-	37,311	-
	<u>60,322</u>	<u>-</u>	<u>9,571</u>	<u>-</u>	<u>50,751</u>	<u>-</u>
Less: Current portion shown under current liabilities					13,440	-
					<u>37,311</u>	<u>-</u>

The lease rentals carry markup ranging from 6 months KIBOR +1% to 6 months KIBOR + 1.5%, with a floor of 10% and ceiling of 22%. The said markup rates are revised on a biannual and quarterly basis, and payable monthly in arrears by the Parent Company.

These assets has been leased from various financial institutions under leasing arrangements for three, four and five years as the case may be. After the completion of the term of the lease, the assets are to be transferred to the Company upon the payment of 20% and 25% of the cost of the asset. For Ijarah arrangements entered during the year, the Company intends to acquire such assets at the end of lease term and has consequently recorded such arrangements under IAS 17 "Leases".

17 TRADE AND OTHER PAYABLES

	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Creditors		550,286	300,158
Accrued liabilities	17.1	463,234	304,321
Bills payable:			
- Related Parties		274,882	107,154
- Others		801,485	688,585
Export commission payable to Archroma Management GmbH		38,504	16,194
Unclaimed dividend		32,466	27,188
Workers' Profit Participation Fund	17.2	39,317	12,608
Workers' Welfare Fund		109,064	43,802
Royalty payable to Archroma Management GmbH		7,294	20,770
Payable to employees cooperative society (related party)	17.3	17,946	13,332
Employee retirement benefits	25.2	29,098	-
Royalty Payable		18,692	-
Deduction from employees against leased vehicles		6,082	-
Others		8,414	6,613
		<u>2,396,764</u>	<u>1,540,725</u>

17.1 Included in accrued liabilities is an amount of Rs 47.836 million (30 September 2014: Rs 69.044 million) in respect of employees compensated absences of Parent Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

17.2 Workers' Profit Participation Fund	Note	30 September 2015	30 September 2014 (Rs '000)
Balance at 1 January		12,608	14,187
Acquisition through business combination		30,498	-
Allocation for the year / period	27	<u>75,497</u>	<u>66,111</u>
		118,603	80,298
Interest on funds utilised in the Group's business	29	<u>3,425</u>	<u>1,497</u>
		122,028	81,795
Less: Amounts paid to and on behalf of the fund		<u>82,711</u>	<u>69,187</u>
Balance at 30 September		<u>39,317</u>	<u>12,608</u>

17.3 This represent amount with respect to voluntary contributions made by labour employees in terms of Bye Laws of Archroma Employees Co-operative Credit Society Limited payable by the Parent Company.

18 MARK-UP ACCRUED		30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Mark-up accrued on:			
Secured short-term loans		-	15,080
Short-term running finances utilised under mark-up arrangements		17,864	9,911
Short term borrowing under Export Refinance Scheme		<u>1,608</u>	<u>-</u>
		<u>19,472</u>	<u>24,991</u>
19 SHORT-TERM BORROWINGS - SECURED			
From banking companies			
Short-term loans	19.1	-	525,000
Short-term running finances utilised under mark-up arrangements	19.2	1,208,426	367,577
Short term borrowing under Export Refinance Scheme	19.3	435,000	-
Running finance under FE-25 Export and Import Scheme	19.4	-	-
Short term running finance from bank	19.5	<u>55,314</u>	<u>-</u>
		<u>1,698,740</u>	<u>892,577</u>

19.1 The facilities for short term loans are available for Parent Company from a commercial bank amounted to Rs. 800 million. (2014: Rs. 1,400 million). The rates of mark-up on these finances range from 7.96 % to 10.51 % per annum (2014: 10.47 % to 11.6 % per annum). The whole facility is unavailed at the year end (2014: Rs. 875 million). This also include Short term loan obtained by ATCPPL, Subsidiary Company, from an associated undertaking amounting to Nil was secured against hypothecation of stock in trade and trade receivables and carried interest @ 8.2% per annum that matured on 11 May 2015.

19.2 Short term running finance facilities are available for Parent Company from various commercial banks, under mark-up arrangements, amounting to Rs. 1,800 million (2014: Rs. 1,800 million), These facilities have various maturity dates upto 31 May 2016. These arrangements are secured against a pari passu charge of hypothecation of the Parent Company's stock-in-trade and trade debts with minimum 16.5% margin. These running finance facilities carry mark-up ranging from 1 month KIBOR + 0.5% to 3 month KIBOR + 0.8 % per annum calculated on a daily product basis, that is payable monthly and quarterly. The aggregate amount of these facilities which have not been availed as at the balance sheet date amounts to Rs. 591.57 million (2014: 1,275 million).

19.3 The Parent Company has borrowed short term running finance under the Export Refinance Scheme of the State Bank of Pakistan (SBP). The facility available is for an amount of Rs. 435 million (2014: Rs. 1,000 million). The rate of mark-up on this facility was 4.5 % per annum.

/ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

19.4 The Parent Company has also borrowed short term running finance under Foreign Exchange Circular No.25 dated 20 June 1998 of the SBP for the purpose of meeting import requirements. The facility available is for amounts aggregating to Rs. 800 million (2014: Rs. 800 million) The rates of mark-up on these finances range from 2.66% to 2.67%.

19.5 The Subsidiary Company has obtained the facilities for short term running finances available from a bank amounting to Rs. 600 million (2014: Rs. 300 million). These are secured against hypothecation charge over stock-in-trade and trade debts. The rates of mark-up is 3 month KIBOR + 0.035% per annum (2014: 10.25% to 12.37% per annum) and the facilities expire by 31 December 2015.

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

Parent Company

20.1.1 Octroi levies amounting to Rs. 31.319 million are in dispute with a contractor. A petition has been filed by the Parent Company in the Court challenging the above levies which was decided in favor during the year ended 31 December 2012. However, an appeal has been filed by the counter party which is pending for hearing. Group management is confident that the decision will be in their favour, accordingly no provision has been made in these consolidated financial statements in respect of the aforesaid amount.

20.1.2 During the year ended 31 December 2007, damages and compensation case was filed in the Civil Court, Lahore against Parent Company and one of its affiliates for claim of USD 148,509 and Rs. 41.1 million on account of short supplies and late shipment. The Parent Company acted as an indenting agent for this supply. Group management is confident that the matter will be decided in their favour and it will not be exposed to any loss on account of this claim. Accordingly, no provision has been made in these consolidated financial statements in respect of claim.

20.1.3 During the year ended 31 December 2009, the Parent Company had received notices from the sales tax authorities demanding payment of Rs 233.424 million on account of sales tax along with the default surcharges on supply of the products to its customers as zero rated by the Parent Company from June 2007 to June 2009. Group management has filed a case in the High Court of Sindh against which the Court has issued restrained orders to the authorities from proceeding with the matter till the decision of the suit. Management of Parent Company is confident, based on the legal advice, that the matter will be decided in their favour as the zero rating status of the supplies is available in view of S.R.O. 163(1)/2011 dated 2 March 2011. Accordingly, management is of the opinion that it will not be exposed to any loss on account of this action. Therefore, no provision has been made in these consolidated financial statements in this respect.

20.1.4 During the year ended 31 December 2013, a group of shareholders of the Parent Company filed a suit for recovery of Rs. 522 by claiming that Clariant Pakistan Limited (now Archroma Pakistan Limited) sold assets to Clariant Chemical Pakistan (Private) Limited on non-arms length basis and that the assets were under priced. The shareholders filed a stay application against the Parent Company on 1 November 2013. The stay application was decided in the favour of the Parent Company vide order dated 5 June 2015. The petition is under review of the Honourable High Court of Sindh. Management is confident that the case will be decided in their favour Accordingly, no provision has been made in these consolidated financial statements in respect of this case.

20.1.5 During the year, Government has passed a new law "Gas Infrastructure Development Cess Act 2015", by virtue of which all prior enactments have been declared infructuous. The said Act levies GIDC at Rs. 200/MMBTU on captive power consumption effective 1 July 2011 and at Rs. 100/MMBTU on industrial connection from the date of passing that Act. Certain companies have obtained a stay order on the retrospective application of the Act from The Honourable High Court of Sindh and also contesting the case. In view of uncertainties regarding applicability of the Act retrospectively, Group management has therefore not recognised provision approximately amounting to Rs. 48.73 million pertaining to period from 1 July 2011 to 30 September 2014 in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

20.2 Commitments

Parent Company

20.2.1 Commitments for rentals under operating lease agreements in respect of vehicles and equipment amounted to Rs. 10.760 million (2014: Rs. 20.985 million). The amounts payable over the next five years and are as follows:

Year	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Not later than one year	4,002	7,539
Later than one year but not later than five years	6,758	13,446
	<u>10,760</u>	<u>20,985</u>

20.2.2 Commitments for rentals under operating lease agreements in respect of rented property amounted to Rs. 50.209 million (2014: Rs. 17.161 million). The amounts payable over the next five years and onwards are as follows:

Year	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
2014 - 2015	-	660
2015 - 2016	9,020	3,976
2016- 2017	11,625	4,261
2017- 2018	6,139	4,154
2019 and onwards	23,425	4,110
	<u>50,209</u>	<u>17,161</u>

20.2.3 Commitments for ljarah rentals in respect of ljarah transactions amounted to Rs 36.513 million (2014: Rs 74.439 million).

	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Not later than one year	20,249	28,723
Later than one year but not later than five years	16,264	45,716
	<u>36,513</u>	<u>74,439</u>

20.2.4 Commitments for capital expenditure as at 30 September 2015 aggregated Nil (2014: Rs 12.993 million).

20.2.5 The Parent Company has provided bank guarantees of Rs 88.532 million (2014: Rs 56.766 million) in favour of various parties.

20.2.6 The Parent Company has provided post dated cheques amounting to Rs. 148.88 million (2014: Rs. 201.938 million) in favour of the Collector of Customs and which are, in the normal course of business, to be returned to the Parent Company after fulfillment of certain conditions.

Subsidiary Company

20.2.7 Outstanding commitments under letters of credit amounting to Rs. 37.129 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

21. NET SALES

	Textile		Emulsion		Paper		Others		Total	
	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014
	(Rupees in '000)									
Sales										
Local	7,112,685	5,190,877	1,146,614	950,598	233,198	181,072	305,548	412,462	8,798,045	6,735,009
Export	1,006,250	885,458	-	1,633	1,634	768	-	-	1,007,884	887,859
Total sales	8,118,935	6,076,335	1,146,614	952,231	234,832	181,840	305,548	412,462	9,805,929	7,622,868
Discounts and commission	567,605	442,814	23,534	16,331	196	198	-	-	591,335	459,343
Sales tax	174,981	114,790	170,778	140,860	33,939	26,351	6,272	9,247	385,970	291,248
	742,586	557,604	194,312	157,191	34,135	26,549	6,272	9,247	977,305	750,591
Net sales	7,376,349	5,518,731	952,302	795,040	200,697	155,291	299,276	403,215	8,828,624	6,872,277

22. COST OF GOODS SOLD

	Note	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Raw and packing materials consumed		4,425,830	3,590,900
Stores, spares and supplies consumed		49,329	57,977
Salaries, wages and benefits	22.1	367,510	254,673
Fuel and power		131,157	99,371
Legal and professional charges		60	496
Royalty		18,034	12,052
Traveling and entertainment		1,601	8,489
Communication		25,966	20,999
Rent, rates and taxes		11,939	8,938
Insurance		6,942	17,163
Repairs and maintenance		33,446	36,121
Depreciation and amortisation	3.2 & 4	149,308	90,716
Printing and stationery		4,382	3,815
Miscellaneous		750	-
Opening stock of work-in-process		80,729	97,541
Closing stock of work-in-process	7	(96,964)	(80,729)
Cost of goods manufactured		5,210,019	4,218,522
Opening stock of finished goods		657,794	618,845
Finished goods purchased		941,058	772,474
Included under distribution and marketing expenses:		80,196	
Cost of samples issued	23	(8,580)	(4,163)
Cost of shortages and breakages	23	(973)	(137)
Rebate on exports		(1,068)	(1,914)
Closing stock of finished goods	7	(582,958)	(657,794)
		6,295,488	4,945,833

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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22.1 Staff retirement benefits

Salaries, wages and benefits include Rs 13.509 million and Rs 13.544 million (2014: Rs 34.466 million and Rs 5.344 million) in respect of defined benefit scheme and defined contribution plan respectively.

23 DISTRIBUTION AND MARKETING EXPENSES	Note	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Salaries and benefits	23.1	250,715	154,207
Traveling and entertainment		58,447	53,202
Repairs and maintenance		13,788	10,980
Business event participation		17,495	17,861
Rent, rates and taxes		25,775	18,850
Communication		10,912	8,268
Printing and stationery		26,509	14,635
Insurance		5,067	4,096
Legal and professional charges		13,215	8,775
Fuel and power		23,271	11,782
Depreciation and amortisation	3.2	14,315	9,787
Outward freight and handling		170,891	125,266
Shortages and breakages	22	973	137
Samples issued	22	8,580	4,163
Fees and subscription		194	1,370
Books and periodicals		85	69
Service charges		1,183	-
Indenting commission expense		696	-
		642,111	443,448

23.1 Staff retirement benefits

Salaries and benefits include Rs. 4.010 million and Rs 12.213 million (2014: Rs 14.513 million and Rs 5.789 million) in respect of defined benefit scheme and defined contribution plan respectively.

24 ADMINISTRATIVE EXPENSES		30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Salaries and benefits	24.1	170,629	93,645
Traveling and entertainment		3,460	796
Repairs and maintenance		6,711	4,054
Rent, rates and taxes		12,228	11,803
Communication		6,338	4,954
Printing and stationery		4,176	1,883
Insurance		877	421
Legal and professional charges		17,577	2,086
Fuel and power		2,214	456
Depreciation and amortisation	3.2	8,481	1,848
Fees and subscription		2,059	1,830
Books and periodicals		249	131
Provision against slow moving stocks		2,793	-
Others		35	-
		237,827	123,907

24.1 Staff retirement benefits

Salaries and benefits include Rs. 5.319 million and Rs 7.342 million (2014: Rs 4.582 million and Rs 3.291 million) in respect of defined benefit scheme and defined contribution plan respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

25 STAFF RETIREMENT BENEFIT

25.1 Defined benefit plan - approved gratuity fund - Parent Company

25.1.1 Salient features

The Parent Company offers an approved gratuity fund for all eligible employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The gratuity is governed under the Trusts Act, 1882, Trust Deed and Rules of Fund, Companies Ordinance, 1984, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

The Parent Company faces the following risks on account of gratuity fund:

Final salary risks

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility

Most assets are invested in risk free investments. However, investments in mutual fund units, are subject to adverse fluctuation as a result of change in market price.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets

This is managed by making regular contribution to the Fund as advised by the actuary.

25.1.2 Valuation results

Actuarial valuation is carried out every year and the latest valuation was carried out as at 30 September 2015 by the Ultimate Parent Company's appointed actuary. The information provided in notes 25.1.3 to 25.1.13 has been obtained from the actuarial valuation carried out as at 30 September 2015. The following significant assumptions have been used for valuation of this scheme:

	30 September 2015	30 September 2014
<i>Financial assumptions</i>		
a) Expected rate of increase in salary level	9.0%	13.5%
b) Discount rate	13.0%	13.0%
c) Expected return on plan assets	13.0%	13.0%
d) Price inflation	8.0%	-
<i>Demographic assumptions</i>		
Mortality rate	SLIC (2001-05)	SLIC (2001-05)
Rates of employee turnover	Low	Low

/ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

25.1.3 Amounts recognised in the balance sheet:	Note	30 September 2015 (Rs '000)	30 September 2014 (Rs '000)
Present value of defined benefit obligation	25.1.4	655,608	664,254
Less: Fair value of plan assets	25.1.5	(742,047)	(664,254)
Surplus		<u>(86,439)</u>	<u>-</u>
25.1.4 Movement in present value of defined benefit obligation:			
Obligation at the beginning of the year		664,254	554,973
Current service cost		23,245	25,088
Interest cost		88,636	53,705
Benefits paid		(35,927)	(8,309)
Actuarial (gain) / loss		(84,600)	38,797
Obligation at the end of the year		<u>655,608</u>	<u>664,254</u>
25.1.5 Movement in fair value of plan assets:			
Fair value at the beginning of the year		664,254	554,973
Return on plan assets		98,705	55,489
Company contributions		15,622	53,562
Benefits paid		(35,927)	(8,309)
Actuarial (loss) / gain		(607)	8,539
Fair value at the end of the year		<u>742,047</u>	<u>664,254</u>
25.1.6 Movement in the net defined benefit liability / (asset)			
Opening balance		-	-
Net periodic cost for the year		(13,176)	23,304
Contribution paid during the year		15,622	(53,562)
Re-measurements recognized in other comprehensive income during the year		83,993	30,258
Closing balance		<u>86,439</u>	<u>-</u>
25.1.7 Amounts recognised in total comprehensive income:			
The following amounts have been charged in respect of these benefits to profit and loss account and other comprehensive income:			
<i>Component of defined benefit costs recognised in profit and loss account</i>			
- Current service cost		23,245	25,088
- Net interest		(10,069)	(1,784)
		<u>13,176</u>	<u>23,304</u>
<i>Component of defined benefit costs (re-measurement) recognised in other comprehensive income</i>			
Actuarial loss / (gain) on defined benefit obligation for the year			
- Loss / (gain) due to change in experience adjustments		84,600	(38,797)
Actuarial (gain) / loss on fair value of plan assets during the year			
- (Gain) / loss due to change in experience adjustments		(607)	8,539
Net re-measurement recognised in other comprehensive income		83,993	(30,258)
Total defined benefit cost recognised in profit and loss account and other comprehensive income		<u>97,169</u>	<u>(6,954)</u>

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For the year ended 30 September 2015

25.1.8 Actual return on plan assets during the year was Rs. 151.66 million (30 September 2014: Rs. 64.028 million).

25.1.9 Sensitivity analysis

The impact of 0.5% change in following variables on defined benefit obligation is as follows:

	Change in assumption (Percentage) %	Increase / Decrease in assumption (Rupees in '000)
Discount rate	0.5%	45,893

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions, same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability.

25.1.10 The weighted average duration of the defined benefit obligation is 15 years.

25.1.11 Plan assets comprise of the following:

	30 September 2015 (Rs '000)	Percentage composition	30 September 2014 (Rs '000)	Percentage composition
Term finance certificates	42,026	5.66%	97,736	14.71%
Sukuk certificates	27,372	3.69%	-	0.00%
Investments in units of mutual funds	668,594	90.10%	543,422	81.81%
Balances with banks	4,055	0.55%	23,096	3.48%
	742,047	100.00%	664,254	100.00%

25.1.12 As per the actuarial recommendations, the expected return on plan assets was taken as 13% (2014:13.5%), which is representative of yields on long-term Government bonds. Due to the increased volatility of share prices in recent months, there is no clear indication of return on equity. It is therefore assumed that the yield on equity matches the return on debt.

25.1.13 Based on actuarial advice, the Parent Company intends to charge an amount of Rs 14.412 million in the the year ending 30 September 2016.

25.2 Defined benefit plan - staff gratuity fund - ATCPPL, Subsidiary Company

The Subsidiary Company operates gratuity scheme for employees completing 5 years of services.

Financial assumptions

Rate of discount
Expected rate of salary increase

Demographic assumptions

Mortality rate
Rates of employee turnover

The amounts recognized in balance sheet are as follows:

Present value of defined benefit obligation
Fair value of plan assets

30 September 2015 (Percentage)
9.25%
9.25%
SLIC (2001-05) Moderate
(Rupees in '000)
110,312
(81,214)
29,098

/ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

Movement in net defined benefit liability

Acquisition through business combination	28,830
Charge for the period	1,720
Re-measurement: Actuarial (gain) / loss recognized in other comprehensive income	(1,452)
Closing balance	<u>29,098</u>

30 September
2015
(Rs '000)

28,830
1,720
(1,452)
29,098

Movement in present value of defined benefit obligation

Acquisition through business combination	107,381
Service cost	1,275
Interest cost	1,656
Present value of defined benefit obligation at end of period	<u>110,312</u>

107,381
1,275
1,656
110,312

Movement in fair value of plan assets

Acquisition through business combination	78,551
Interest income on plan assets	1,211
Re-measurements: Return on plan assets over interest income gain / (loss)	1,452
Fair value of plan assets at end of the period / year	<u>81,214</u>

78,551
1,211
1,452
81,214

Amounts recognized in total comprehensive income

The following amounts have been charged in respect of these benefits to profit and loss account and other comprehensive income:

Component of defined benefit costs recognized in profit and loss account

Current service cost	1,275
Net interest cost	
- Interest cost on defined benefit obligation	1,656
- Interest income on plan assets	(1,211)
	<u>1,720</u>

1,275

1,656
(1,211)
1,720

Net re-measurement recognized in other comprehensive income

(1,452)

Total defined benefit cost recognized in profit and loss account and other comprehensive income

268

(Rupees in '000)

Sensitivity analysis

The impact of 0.5% change in following variables on defined benefit obligation is as follows:

	Change in assumption (Percentage) %	Increase / Decrease in assumption (Rupees in '000)
Discount rate	0.5%	1,573

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions, same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability. Duration of Subsidiary Company Gratuity plan liability is around 15 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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26 Defined contribution plan - Employees Provident Fund

Parent Company

The Board of Trustees of the Provident Funds have decided to merged the "Senior Provident Fund" and Junior Provident Fund" under a consolidated Provident Fund namely "Employees Provident Fund".

The following information is based upon the latest audited financial statements of the provident fund as at 30 June 2015 and as at 30 June 2014:

	30 June 2015 (Rs '000)	30 June 2014 (Rs '000)
Size of the Fund	489,628	415,491
Cost of investments made	191,646	356,708
Fair value of investments	204,352	388,302
Percentage of investment made	41.74%	93.46%

Investments out of the provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

Subsidiary Company

The Subsidiary Company has set up provident fund for its permanent employees and the contributions were made by the Subsidiary Company to the Trust in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. The total charge against provident fund for the period ended 30 September 2015 was Rs. 1.160 million. The net assets based on audited financial statements of provident fund as at 31 December 2014 were Rs. 184.226 million out of which 77% were invested in different financial instruments categories as provided in Section 227 of the Companies Ordinance, 1984 and rules formulated for the purpose. The fair value and cost of investments of provident fund as at 31 December 2014 was Rs. 141.92 million and Rs. 141.92 million respectively. The above investments out of provident fund have been made in accordance with the requirement of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

The breakup value of the investments is as follows:

	2014 (Rupees)
Special saving certificates	-
Pakistan Investment Bond	141,920,950
	<u>141,920,950</u>

26.1 The break-up of investments is as follows:

	30 June 2015 Rupees in '000	30 June 2015 Percentage	30 June 2014 Rupees in '000	30 June 2014 Percentage
Certificate of Investments	25,350	12.40%	12,596	3.20%
Debts Securities	5,618	2.75%	6,474	1.70%
Investment in Units of mutual funds	117,090	57.30%	311,812	80.30%
Sukuk Certificates	56,294	27.55%	57,420	14.80%
	204,352	100.00%	388,302	100.00%

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27 OTHER EXPENSES	Note	30 September 2015 (Rs '000)	Nine months period ended 30 September 2014 (Rs '000)
Auditors' remuneration	27.1	3,168	1,703
Workers' Profit Participation Fund	17.2	75,497	66,111
Provision for impairment of trade debts		-	12,462
Workers' Welfare Fund		30,863	26,208
Donations	27.2	500	1,100
Others		-	3,481
		110,028	111,065
27.1 Auditors' remuneration			
Audit fee		2,408	1,000
Fee for half yearly review		585	585
Special certifications and sundry services		100	100
Out of pocket expenses		75	18
		3,168	1,703
27.2 None of the directors or his spouse have any interest in any of the donees.			
28 OTHER INCOME			
<i>Income from non-financial assets</i>			
Negative goodwill written off on acquisition of Subsidiary Company	1.4	142,652	-
Indenting commission - net of payment of Rs 1.989 million (2014: Rs 4.105 million)		3,015	5,339
Export rebate		1,217	-
Sale of scrap		15,963	8,494
Gain on disposal of operating fixed assets		160	56
Others		8,254	-
		171,261	13,889
<i>Income from financial assets</i>			
Income from investment		-	4,133
		171,261	18,022
29 FINANCE COSTS			
Interest on:			
Workers' Profit Participation Fund	17.2	3,425	1,497
Mark-up on :			
- Finance lease obligation		3,054	-
- Running finance under FE-25 Export and Import Scheme		337	-
- Short-term running finances		51,232	22,543
- Export refinance facility		1,609	-
- Short-term loans		29,906	18,212
- Deposits by employees cooperative society		1,200	1,432
Exchange loss / (gain) - net		21,383	(50,142)
Bank charges and other costs		22,221	13,836
		134,367	7,378

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30 TAXATION - NET	30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
Current - for the period	359,830	297,244
- for prior years	-	(60,000)
Deferred	<u>(21,748)</u>	<u>(31,984)</u>
	<u>338,082</u>	<u>205,260</u>

30.1 Relationship between income tax expense and accounting profit	30 Sept. 2015 (Effective tax rate %)	Nine months ended 30 Sept. 2014 (Effective tax rate %)	30 Sept. 2015 (Rs '000)	Nine months ended 30 Sept. 2014 (Rs '000)
Profit before taxation			<u>1,580,064</u>	<u>1,258,668</u>
Tax at the enacted tax rate	32.00	33.00	505,621	415,360
Effect of change in tax rate	1.02	0.00	16,112	-
Tax effect of rebate / credits	(1.28)	(1.08)	(20,151)	(13,581)
Tax effect on exports under Final Tax Regime	(7.66)	(7.43)	(121,062)	(93,554)
Tax effect of Items that are not deductible in determining taxable profit - permanent differences	0.00	0.33	-	4,112
Effect of change in prior years' tax	0.11	(4.77)	1,761	(60,000)
Others including the impact of allocation ratio of NTR and FTR and tax rebates	(2.80)	(3.74)	(44,199)	(47,077)
	<u>21.39</u>	<u>16.31</u>	<u>338,082</u>	<u>205,260</u>

30.2 Parent Company (ARPL)

30.2.1 Income tax assessments of the Parent Company have been finalized upto and including tax year 2015 on the basis of the tax return filed under section 120 of the Income Tax Ordinance 2001 (the Ordinance). However, the return may be selected for detailed audit within five years from the date of filing of return and the Income Tax Commissioner may amend the assessment if any objection is raised in the audit.

The ARPL has filed the appeal before the learned Appellate tribunal Inland Revenue (ATIR) against the appellate order passed by the CIR(A) for the tax year 2009. The income tax department has also filed an appeal before the learned ATIR against the decision of the learned CIR(A) on remanding back of issues for certain disallowed expenses.

Tax year 2013 of the ARPL was selected for tax audit under Section 177 of the Ordinance by the Commissioner Inland Revenue (CIR), Audit Division, Large Taxpayers Unit, Karachi. The CIR concluded the audit proceedings and passed an order that amended the assessment under section 122 of the Ordinance. The ARPL has filed appeal against the amended assessment order before the learned Commissioner Inland Revenue (Appeals) [CIR(A)], Karachi. On the appeal filed by the ARPL, the learned CIR(A) has confirmed the above actions of the CIR. The ARPL preferred an appeal before the ATIR which is pending for adjudication. The income tax department has also filed an appeal before the learned ATIR against the decision of the learned CIR(A) on remaining back of the issues of exchange loss and claim of shortage and breakage expense which were disallowed by taxation authority without considering the details and documentary evidences submitted during the proceedings of the amended assessment for the tax year 2009.

Both the appeals have been heard by the learned ATIR, however, the decision is yet to be received.

The cases of the ARPL for the tax year 2011 and 2014 have been selected for audit and the audit proceedings are still in progress.

/ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

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

The Board of Directors of ARPL have recommended sufficient cash dividend for the year ended 30 September 2015 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in these consolidated financial statements for the year ended 30 September 2015.

30.3 Subsidiary Company (ATCPPL)

Income tax assessments of the Subsidiary Company have been finalized upto and including the tax year 2014. However, the Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select the deemed assessment order for audit. During the period, an assessment order in respect of tax year 2013 was issued by Deputy Commissioner Inland Revenue creating a tax demand of Rs. 20 million which has been paid by the Subsidiary Company during the period. The Subsidiary Company filed an appeal against the order before Commissioner of Income Tax-(Appeals) on 21 April 2015. The decision of this appeal was made on 23 July 2015. However, ATCPPL has preferred second appeal before the appellate tribunal inland Revenue against the actions of the Commissioner Of Income tax-(Appeals) which is pending for hearing.

31 EARNINGS PER SHARE

31.1 Basic

Profit after taxation attributable to ordinary shareholders

30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
1,241,982	1,053,408
(Number of shares)	(Number of shares)
34,117,881	34,117,881
(Rupees)	(Rupees)
36.40	30.88

Weighted average number of ordinary shares outstanding during the year / period

Earnings per share

31.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 30 September 2015 and 30 September 2014.

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For the year ended 30 September 2015

32 SEGMENT INFORMATION

	Textile		Emulsions		Paper		*Others		Total	
	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014	30 Sept. 2015	Nine Months period ended 30 Sept. 2014
Net sales	7,376,349	5,518,731	952,302	795,040	200,697	155,291	299,276	403,215	8,828,624	6,872,277
Segment results based on 'management approach'	1,597,898	1,175,200	175,836	137,502	65,098	39,445	10,308	-	1,849,140	1,352,147
Other operating expenses - WPPF & WWF									(106,360)	92,319
Income from Investments									-	4,133
Assets charged to profit and loss for internal reporting purposes based on group guidelines									(1,607)	2,085
Operating profit									1,741,173	1,266,046
Finance costs									(134,367)	7,378
Profit before taxation									1,606,806	1,258,668
32.1 Segment assets	7,535,399	4,000,267	475,689	476,400	52,096	41,410	-	-	8,063,184	4,518,077
Unallocated									1,008,281	2,210,567
32.2 Segment liabilities	2,012,606	1,262,718	126,448	268,808	16,222	8,689	-	-	9,071,465	6,728,644
Unallocated									2,155,276	1,540,215
32.3 Fixed capital expenditures	27,157	209,273	25	-	-	-	-	-	27,182	209,273
Unallocated									3,032	6,684
									30,214	215,957
32.4 Depreciation	147,798	100,663	21	14	16	13	-	-	147,835	100,690
Unallocated									24,158	1,661
									171,993	102,351

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

32.5 Geographical information

The Group's gross revenue from external customers by geographical location is detailed below:

Domestic sales
Export sales

30 September 2015 (Rs '000)	Nine months ended 30 September 2014 (Rs '000)
8,798,045	6,735,009
1,007,884	887,859
9,805,929	7,622,868

The Group exports its products to numerous countries.

32.6 As at 30 September 2015, all non-current assets of the Group are located in Pakistan.

32.7 31.22% and 20.73% (collectively 51.95%) of the Parent Company's gross sales for the year ended 30 September 2015 (30 September 2014: 26.45% and 13.26% (collectively 39.71%)) were made to two distributors. The segment wise sales to these two distributors is as follows:

	Textile		Emulsions		Paper		Total	
	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014
Distributor 1	31.22	26.45	-	-	-	-	31.22	26.45
Distributor 2	20.73	13.26	-	-	-	-	20.73	13.26

33 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Directors		Executives		Total	
	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014
	(Rupees in '000)							
Short-term employee benefits								
Managerial remuneration (including and leave pay)	18,961	12,267	9,365	6,020	176,834	107,926	205,160	126,213
Bonus	6,055	5,505	2,931	2,617	16,417	12,563	25,403	20,685
Housing and utilities	8,918	5,916	5,117	3,311	96,122	59,360	110,157	68,587
Medical	136	42	210	73	8,995	3,540	9,341	3,655
Post employment benefits								
Retirement benefits	5,260	3,271	2,617	1,605	40,453	26,885	48,330	31,761
	39,330	27,001	20,240	13,626	338,821	210,274	398,391	250,901
Number of persons	1	1	1	1	161	122	163	124

33.1 The remuneration for Executives also includes Rs 11.418 million (2014: Rs 7.658 million) paid to 1 (2014: 1) alternate Director.

33.2 The aggregate amount charged in these consolidated financial statements for fee to non-executive directors was Rs 0.100 million (2014: Rs. 0.075 million).

33.3 The Chief Executive Officer is provided with free furnished accommodation. In addition, the Chief Executive Officer, Directors and certain Executives are also provided with free use of the Group cars, residential equipment, reimbursement of utilities and club memberships in accordance with their entitlements.

/ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

34 TRANSACTIONS WITH RELATED PARTIES

	Ultimate Parent Company		Other Related Parties		Key Management Personnel	
	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014	30 September 2015	Nine months ended 30 September 2014
	----- (Rupees in '000) -----					
Sales	-	-	522,082	588,944	-	-
Purchases of goods and machinery	-	146,382	510,240	148,980	-	-
Indenting commission earned	-	-	4,258	8,916	-	-
Export commission paid	-	12,176	23,705	-	-	-
Royalty and technical fee	-	12,052	14,615	-	-	-
Other charges	-	-	84,000	-	-	-
Dividend paid	639,713	1,279,420	-	-	-	-
Transaction with key management personnel:						
- Salaries, benefits and compensation	-	-	-	-	84,313	57,659
- Post employment benefits	-	-	-	-	13,383	8,180

The Group 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. In the case of indenting business, the Group acts only as an agent for the supplier for which it receives indenting commission.

In addition, royalty for the use of technical know-how is also paid to Archroma Management, Reinach, Switzerland on the sales of such branded locally manufactured products as are included in the royalty agreement duly registered with the State Bank of Pakistan.

Balance outstanding with related parties as at the year end have been disclosed in the relevant balance sheet notes. All balances are interest free, unsecured and repayable on demand.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Group 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. These transactions are disclosed in notes 3.4 and 33 to the consolidated financial statements. Particulars of transactions with Workers' Profit Participation Fund and staff retirement benefit funds are disclosed in notes 17.1, 25, 27 and 29 to the financial statements.

/ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

35	CAPACITY AND PRODUCTION	Note	30 September 2015	Nine months ended 30 September 2014
	Parent Company (ARPL)		(Tonnes)	(Tonnes)
	Actual production		34,449	25,624
	The capacity is indeterminable because of multi-product plants involving varying processes of manufacture.			
	The Parent Company's production was according to market demand.			
	Subsidiary Company (ATCPPL)			
	Total installed capacity		24,750	
	Actual production		15,457	
	Production is demand driven, hence, the variance in installed capacity and actual production is mainly attributed to reduced demand.			
36	STAFF STRENGTH		2015	2014
	ARPL, Parent Company		No. of employees	No. of employees
	Number of employees as at 30 September		216	216
	Average number of employees during the year / period		216	216
	ATCPPL, Subsidiary Company			
	Number of employees as at 30 September		108	
	Average number of employees during the year / period		123	
37	CASH GENERATED FROM OPERATIONS		30 September 2015	Nine months ended 30 September 2014
			(Rs '000)	(Rs '000)
	Profit before taxation		1,580,064	1,258,668
	Adjustments for non-cash charges and other items:			
	Depreciation / amortisation		171,993	102,351
	Gain on disposal of operating fixed assets		(160)	(56)
	Provision for staff gratuity		13,176	23,304
	Interest / mark-up expense		43,604	40,755
	Gain on bargain purchase		(142,652)	-
	Provision against slow moving inventory		2,793	-
	Working capital changes	37.1	325,454	(482,203)
			1,994,272	942,819

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For the year ended 30 September 2015

37.1 Working capital changes	Note	30 September 2015 (Rs '000)	Nine months period ended 30 September 2014 (Rs '000)
(Increase) / decrease in current assets			
Stores and spares		(13,657)	(499)
Stock-in-trade		(143,117)	(124,108)
Trade debts		(977,468)	(170,996)
Loans and advances		6,578	(5,371)
Trade deposits and short-term prepayments		(48,905)	5,450
Other receivables		(411,382)	(168,887)
		<u>(1,587,951)</u>	<u>(464,411)</u>
Increase / (decrease) in current liabilities			
Trade and other payables - net		1,913,405	(17,792)
		<u>325,454</u>	<u>(482,203)</u>
38 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:			
Cash and bank balances	12	351,554	406,769
Short-term running finances utilised under mark-up arrangements	19	(1,208,426)	(367,577)
Short term running finance from bank		(55,314)	-
		<u>(912,186)</u>	<u>39,192</u>
39 FINANCIAL INSTRUMENTS BY CATEGORY			
Financial assets and financial liabilities			
Financial assets			
Loans and receivables			
Loans		26,504	39,752
Deposits		75,379	14,868
Trade debts		2,733,375	2,030,655
Other receivables		100,811	38,779
Cash and bank balances		351,554	406,769
		<u>3,287,623</u>	<u>2,530,823</u>
Financial liabilities			
Financial liabilities at amortised cost			
Short-term loans		-	525,000
Liabilities against assets subject to finance lease		50,751	-
Short term borrowing under Export Refinance Scheme		435,000	-
Short-term running finances utilised under mark-up arrangements		1,208,426	367,577
Short term running finance from bank		55,314	-
Mark-up accrued		19,472	24,991
Trade and other payables		2,269,544	1,484,315
		<u>4,038,507</u>	<u>2,401,883</u>

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40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities are exposed to a variety of financial risks namely credit risk, foreign exchange risk, interest rate risk and liquidity risk. The Group is not exposed to any price risk as it does not hold any investments exposed to price risk. The Group has established adequate procedures to manage each of these risks as explained below:

40.1 Credit risk and concentration of credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

Credit risk arises from bank balances, cheques in hand, deposits and credit exposures to customers, including trade debts and other receivables. Out of the total financial assets of Rs. 3,287.62 million (2014: Rs 2,530.823 million), the financial assets that are subject to credit risk amounted to Rs Rs. 3,283.58 million (2014: Rs 2,527.729 million).

The total bank balance of Rs. 44.771 million (2014: Rs 19.962 million) have been placed with banks having short-term credit rating ranging from A1+ to A-1+. Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Group. 86% of cheques in hand reported on balance sheet have been subsequently cleared.

Deposits are provided to counterparties as security for continued provision of services to the Group. Management does not expect to incur material losses as such amounts are provided based on agreement with counterparties and are refundable upon termination of related services.

Management does not expect to incur losses in other receivable and loans as significant amount in other receivable is due from provident fund, related party and loans are secured against provident fund balance of respective employees.

The most significant financial asset exposed to credit risk is the trade debts of the Group. For trade debts, individual credit limits are assigned to customers based on the recommendations from respective business unit heads keeping in view their payment history, financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. The concentration of credit risk lies in the top 5 (2014: 5) customers which constitute 44.56% (2014: 55.57%) of the Company's trade debts.

The breakup of amount due from customers other than related parties as disclosed in note 8 to these financial statements is presented below:

	2015 (Rs '000)	2014 (Rs '000)
Due from customers other than related parties		
Direct customers	1,878,582	778,027
Distributors	1,161,642	1,174,805
	<u>3,040,224</u>	<u>1,952,832</u>

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Out of the total trade debts of Rs. 2,733.38 million (2014: Rs. 2,151.37 million), the Group has made a provision for Rs 390.992 million (2014: Rs. 120.715 million) as the amounts being doubtful of recovery from customers. The aging profile of trade debts overdue but not impaired has been as follows:

	30 September 2015 Gross amount	30 September 2015 Impairment	30 September 2014 Gross amount	30 September 2014 Impairment
	----- (Rupees in '000) -----			
Not yet Due	1,991,574	-	1,696,389	-
Upto 3 months	651,397	-	285,759	-
3-6 Months	90,404	-	48,506	-
6-12 Months	17,977	17,977	20,744	20,744
Over 1 year	373,015	373,015	22,996	22,996
	3,124,367	390,992	2,074,395	43,740

40.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines open.

The maturity profile of the Group's liabilities based on contractual maturities is as follows:

	30 September 2015				
	Carrying amount	On demand	Contractual cash flows	Upto one year	More than one year
	----- (Rupees) -----				
Financial liabilities					
Trade and other payables	2,237,078	-	(2,237,078)	(2,237,078)	-
Short term borrowings	1,643,426	(1,643,426)	-	-	-
Liabilities against assets subject to finance lease	50,751,045	-	(60,322,052)	(17,666,052)	(42,656,000)
	54,631,549	(1,643,426)	(62,559,130)	(19,903,130)	(42,656,000)
	31 September 2014				
	Carrying amount	On demand	Contractual cash flows	Upto one year	More than one year
	----- (Rupees) -----				
Financial liabilities					
Trade and other payables	1,507,372	-	(1,507,372)	(1,507,372)	-
Short term borrowings	892,577	(892,577)	-	-	-
	2,399,949	(892,577)	(1,507,372)	(1,507,372)	-

40.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

40.3.1 Currency Risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company primarily has foreign currency exposures in US Dollars (USD) and Euro. The details of balances are as follows:

	30 September 2015			
	(USD '000)	(EUR '000)	(CHF '000)	(JPY '000)
Trade debts	10,522	-	-	-
Trade payables	(235,523)	(23,909)	(1)	(5,353)
Other payables	(706)	-	-	-
Net foreign currency exposure	<u>(225,707)</u>	<u>(23,909)</u>	<u>(1)</u>	<u>(5,353)</u>
	30 September 2014			
	(USD '000)	(EUR '000)	(CHF '000)	
Trade debts	14	-	-	
Trade payables	(66)	(5)	(2)	
Net foreign currency exposure	<u>(52)</u>	<u>(5)</u>	<u>(2)</u>	

At 30 September 2015, if the Pakistani Rupee had weakened / strengthened by 1% against the US Dollar, Euro and Swiss Franc with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs. 263.64 million (30 September 2014: Rs 0.062 million).

40.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the interest rate exposure arises from short and long term borrowings from banks.

At the balance sheet date, the interest rate profile of the Group's interest-bearing financial instrument is:

	Carrying amount 2015 (Rs '000)	Carrying amount 2014 (Rs '000)
Fixed rate instruments		
Financial liabilities	<u>435,000</u>	<u>-</u>
Variable rate instruments		
Financial liabilities	<u>1,259,178</u>	<u>892,577</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through the profit and loss account. Therefore a change in interest rates at the reporting date would not affect the profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and the profit by Rs. 8.939 million (2014: Rs. 5.980 million) with the corresponding effect on the carrying amount of the liability. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2014.

/ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

40.4 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates. As at 30 September 2015 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

40.5 Capital risk management

The Group's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

41 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Parent Company in its meeting held on 17 December, 2015 has proposed a cash dividend in respect of the year ended 30 September 2015 of Rs 25 per share (2014: cash dividend of Rs 25). Further, the Board has also announced appropriation of Rs 265 million (2014: Rs 180 million) from unappropriated profit to revenue reserves. These appropriations will be approved in the forthcoming Annual General Meeting. The consolidated financial statements for the year ended 30 September 2015 do not include the effect of these appropriations which will be accounted for in the consolidated financial statements for the year ending 30 September 2016.

42 CORRESPONDING FIGURES

Corresponding figures have been restated / rearranged and reclassified, wherever necessary, for the purpose of comparison. There have been no significant reclassifications / restatements in these consolidated financial statements. The comparative period reported in consolidated profit and loss account, consolidated other comprehensive income and consolidated cash flow statement are for the nine months period ended 30 September 2014 and represent financial information of the Parent Company.

43 DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on 17 December, 2015 by the Board of Directors.



Mujtaba Rahim
Chairman and Chief Executive Officer



M Veqar Arif
Director and Chief Financial Officer

**CONDENSED INTERIM
FINANCIAL INFORMATION**

For the Three Months Ended 31 December 2015

ARCHROMA PAKISTAN LIMITED

/ CONDENSED INTERIM BALANCE SHEET (UNAUDITED)

As at 31 December 2015

	Note	Unaudited 31 December 2015	Audited 30 September 2015
----- (Rupees in '000) -----			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	920,029	947,505
Investment in subsidiary		1,372,800	1,372,800
Long-term loans and advances		10,474	12,055
Long-term deposits		988	2,939
Long-term prepayments		-	2,184
		<u>2,304,291</u>	<u>2,337,483</u>
Current Assets			
Stores and spares		18,411	19,012
Stock-in-trade		1,566,604	1,380,984
Trade debts		1,814,355	2,148,600
Loans and advances		17,708	11,305
Trade deposits and short-term prepayments		19,704	27,175
Other receivables		1,638,992	1,718,328
Taxation - net		153,781	119,589
Cash and bank balances		458,313	316,085
		<u>5,687,868</u>	<u>5,741,078</u>
Total Assets		<u><u>7,992,159</u></u>	<u><u>8,078,561</u></u>
EQUITY AND LIABILITIES			
Share Capital and reserves			
Authorised share capital 50,000,000 ordinary shares of Rs. 10 each		<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid-up capital		341,179	341,179
Revenue reserves		2,983,000	2,983,000
Unappropriated profit		1,346,698	1,119,063
		<u>4,670,877</u>	<u>4,443,242</u>
Shareholders' Equity			
LIABILITIES			
Non-Current Liabilities			
Deferred tax - net		67,802	67,802
Other long term employee benefits		9,481	9,481
Liabilities against assets subject to finance lease		39,446	37,311
		<u>116,729</u>	<u>114,594</u>
Current Liabilities			
Trade and other payables		1,748,173	1,846,056
Mark-up accrued		20,197	17,803
Short-term borrowings		1,415,334	1,643,426
Current portion of liabilities against assets subject to finance lease		20,849	13,440
Taxation - net		-	-
		<u>3,204,553</u>	<u>3,520,725</u>
Total Liabilities		<u>3,321,282</u>	<u>3,635,319</u>
Contingencies and Commitments	6		
Total Equity and Liabilities		<u><u>7,992,159</u></u>	<u><u>8,078,561</u></u>

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



Mujtaba Rahim
Chairman & Chief Executive Officer



M Veqar Arif
Director & Chief Financial Officer

/ CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

For the Three Months Ended 31 December 2015

	Note	31 December 2015	31 December 2014
(Rupees '000)			
Sales	8	2,132,253	2,075,882
Discount & Commission	8	124,034	127,766
Sales tax	8	107,112	82,446
		<u>231,146</u>	<u>210,212</u>
Net Sales	8	1,901,107	1,865,670
Cost of goods sold		<u>1,307,330</u>	<u>1,393,488</u>
Gross profit		593,777	472,182
Distribution and marketing expenses		156,698	156,803
Administrative expenses		102,200	62,342
Other operating expenses		21,474	26,205
		<u>280,372</u>	<u>245,350</u>
		313,405	226,832
Other operating income		9,449	7,159
		<u>322,854</u>	<u>233,991</u>
Finance cost / (Income)		30,656	3,495
Profit before taxation		<u>292,198</u>	<u>230,496</u>
Taxation - net		64,563	53,262
Profit after taxation		<u>227,635</u>	<u>177,234</u>
Other comprehensive Income		-	-
Total Comprehensive Income for the Period		<u><u>227,635</u></u>	<u><u>177,234</u></u>
		(Rupees)	
Earnings per share	9.1	<u>6.67</u>	<u>5.19</u>

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



Mujtaba Rahim
Chairman & Chief Executive Officer




M Veqar Arif
Director & Chief Financial Officer

/ CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

For the Three Months Ended 31 December 2015

	Note	31 DECEMBER	
		2015	2014
----- (Rupees in '000) -----			
Cash flows from operating activities			
Cash generated from operations	10	509,546	241,276
Staff gratuity paid		(22,227)	(26,631)
Mark-up paid		(17,802)	(29,793)
Income taxes paid		(98,755)	(176,475)
Movement in long-term loans and advances		1,581	3,017
Movement in long-term deposits and prepayments		4,135	72
Net cash generated from operating activities		376,478	11,466
Cash flows from investing activities			
Fixed capital expenditure		(2,139)	(8,829)
Net cash used in investing activities		(2,139)	(8,829)
Cash flows from financing activities			
Payment against finance lease obligations		(3,946)	-
Short-term loans - proceeds		-	130,144
- repayments		-	(125,000)
Dividend paid		(73)	(96)
Net cash used in / generated from financing activities		(4,019)	5,048
Net decrease in cash and cash equivalents		370,320	7,685
Cash and cash equivalents at beginning of the period		(892,341)	39,192
Cash and cash equivalents at end of the period	11	(522,021)	46,877

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


Mujtaba Rahim
Chairman & Chief Executive Officer


M Veqar Arif
Director & Chief Financial Officer

/ CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the Three Months Ended 31 December 2015

	Issued, subscribed and paid- up capital	Revenue reserves	Unappropri- ated profit	Total shareholders' equity
	----- (Rupees in '000) -----			
Balance as at 30 September 2014	341,179	2,803,000	1,034,067	4,178,246
Transfer to revenue reserves appropriated subsequent to year end	-	180,000	(180,000)	-
Final cash dividend for the year ended 30 September 2014 declared subsequent to year end	-	-	(852,947)	(852,947)
Total comprehensive income for the three months ended 31 December 2014	-	-	177,234	177,234
Balance as at 31 December 2014	<u>341,179</u>	<u>2,983,000</u>	<u>178,354</u>	<u>3,502,533</u>
Balance as at 30 September 2015	341,179	2,983,000	1,119,063	4,443,242
Transfer to revenue reserves appropriated subsequent to year end	-	-	-	-
Final cash dividend for the year ended 30 September 2015 declared subsequent to year end	-	-	-	-
Total comprehensive income for the three months ended 31 December 2015	-	-	227,635	227,635
Balance as at 31 December 2015	<u>341,179</u>	<u>2,983,000</u>	<u>1,346,698</u>	<u>4,670,877</u>

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



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 Three Months Ended 31 December 2015

1. THE COMPANY AND ITS OPERATIONS

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

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

2. STATEMENT OF COMPLIANCE

This condensed interim financial information have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of the International Accounting Standard 34 - "Interim Financial Reporting" issued by the International Accounting Standards Board the requirement of the Companies Ordinance 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where the requirement of the Companies Ordinance, 1984 and the directives issued by the SECP differ with the requirements of IAS 34, requirements of or directives issued under the Companies Ordinance, 1984 have been followed.

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

3. ACCOUNTING POLICIES

3.1 The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those applied in preparation of the published annual financial information of the Company for the year ended 30 September 2015.

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 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 financial statements of the Company for the year ended 30 September 2015.

5. PROPERTY, PLANT AND EQUIPMENT

5.1 The following operating assets have been added during the first quarter ended 31 December 2015:

	Building	Plant and machinery	Furniture, fixtures and	Vehicles	Total December 2015	Total December 2014
	(Rupees in '000)					
Additions for the upto 31 December 2015	-	-	6,161	13,490	19,651	8,829
Total	-	-	6,161	13,490	19,651	8,829

5.2 Disposal of property, plant and equipment has been made during the quarter ended 31 December 2015:

	Building	Plant and machinery	Furniture, fixtures and	Vehicles	Total December 2015	Total December 2014
	(Rupees in '000)					
Cost	-	-	1,909	-	1,909	-
Accumulated depreciation	-	-	(1,909)	-	(1,909)	-
Net book value	-	-	-	-	-	-

5.3 No Major addition to Capital work- in- progress during the quarter ended 31 December 2015.

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

For the Three Months Ended 31 December 2015

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

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

6.1.2 The Company has provided bank guarantees amounting to Rs. 66.122 million (30 September 2015: Rs 88.532 million) in favour of third parties.

6.1.3 The Company has provided post dated cheques amounting to Rs. 181.71 million (30 September 2015:148.88 million) in favour of the collector of customs and which are, in the normal course of business, to be returned to the Company after fulfillment of certain conditions.

6.2 Commitments

6.2.1 Commitments for rentals under operating lease agreements in respect of vehicles and equipment amounted to Rs 21.482 million (30 September 2015: Rs 10.760 million) payable as following:

	Unaudited December 31, 2015	Audited September 30, 2015
	----(Rupees in '000)----	
Not later than one year	6,372	4,002
Later than one year but not later than five years	<u>15,110</u>	<u>6,758</u>
	<u>21,482</u>	<u>10,760</u>

6.2.2 Commitments for rentals under operating lease agreement in respect of rented property amounted to Rs. 39.408 million (30 September 2015:Rs. 50.209 million).

	Unaudited December 31, 2015	Audited September 30, 2015
	----(Rupees in '000)----	
Year		
2015-2016	6,677	9,020
2016-2017	9,026	11,625
2017-2018	9,477	6,139
2018-2019	9,683	23,425
2020 and onwards	<u>4,545</u>	<u>-</u>
	<u>39,408</u>	<u>50,209</u>

6.2.3 Commitments for ijarah rentals in respected of ijarah transactions amount to Rs 79.826 million (30 September 2015:Rs. 36.513 million).

	Unaudited December 31, 2015	Audited September 30, 2015
	----(Rupees in '000)----	
Not later than one year	33,704	20,249
Later than one year but not later than five years	<u>46,122</u>	<u>16,264</u>
	<u>79,826</u>	<u>36,513</u>

6.2.4 Commitments for capital expenditure as at 31 December 2015 aggregated Rs Nil (30 September 2015: Rs Nil).

7. FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to a variety of financial risk namely credit risk, foreign exchange risk, interest rate risk and liquidity risk. The Company is not exposed to any price risk as it does not hold any investment exposed to price risk. The Company has established adequate to manage these risks.

This condensed interim financial information does not include the financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with Company's annual financial statements as at 30 September 2015. There have been no changes in the risk management policies since the year end.

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

For the Three Months Ended 31 December 2015

8. Segment Information

Segment information for the three months ended 31 December 2015

	Textile		Emulsions		Paper		Others *		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
(Rs '000)										
Sales										
Local	1,492,948	1,377,626	327,859	279,768	69,972	56,530	47,067	70,731	1,937,846	1,784,655
Export	194,407	290,507	-	-	-	720	-	-	194,407	291,227
Total sales	1,687,355	1,668,133	327,859	279,768	69,972	57,250	47,067	70,731	2,132,253	2,075,882
Discount & commission	119,850	122,501	4,184	5,265	-	-	-	-	124,034	127,766
Sales tax	46,827	32,634	50,105	41,597	10,180	8,215	-	-	107,112	82,446
Net sales (from external customers)	1,520,678	1,512,998	273,570	232,906	59,792	49,035	47,067	70,731	1,901,107	1,865,670
Segment results based on 'management approach'	275,479	201,199	46,792	38,303	20,795	13,100	-	-	343,066	252,602
Other operating expenses - WPPF & WWF									(19,500)	(17,500)
Assets charged to profit and loss for internal reporting purposes based on group guidelines									(712)	(1,111)
Operating profit									322,854	233,991
Finance costs									30,656	3,495
Profit before taxation									292,198	230,496
Fixed Capital Expenditure	1,986	8,581	45	25	-	-	-	-	2,031	8,606
Unallocated									108	223
Depreciation / Amortisation									2,139	8,829
Unallocated	41,314	34,605	5	6	2	4	-	-	41,321	34,615
									1,784	609
									43,105	35,224
(Rs '000)										
Segment Assets										
Unallocated	4,465,166	5,141,106	506,379	475,689	56,284	52,096	-	-	5,027,829	5,668,891
Total Assets									7,964,330	2,409,670
									7,992,159	8,078,561
Segment Liabilities										
Unallocated	1,097,284	1,198,416	117,720	126,448	13,768	16,222	-	-	1,228,772	1,341,086
Total Liabilities									2,092,510	2,294,233
									3,321,282	3,635,319

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

For the Three Months Ended 31 December 2015

		Three months Ended 31 December	
		2015	2014
9. EARNINGS PER SHARE			
		(Rupees 000)	
9.1 Basic			
Profit after taxation attributable to ordinary shareholders		<u>227,635</u>	<u>177,234</u>
		Number of shares	
Weighted average number of ordinary shares outstanding during the period		<u>34,117,881</u>	<u>34,117,881</u>
		(Rupees)	
Earning per share		<u>6.67</u>	<u>5.19</u>
9.2 Diluted			
There were no convertible dilutive potential ordinary shares in issue as at 31 December 2015 and 2014.			
	Note	Three months Ended 31 December	
		2015	2014
		----- (Rupees in '000) -----	
10. CASH GENERATED FROM OPERATIONS			
Profit before taxation		292,198	230,496
Adjustment for non-cash charges and other items:			
Depreciation / amortisation		43,105	35,224
Provision for staff gratuity		3,906	10,569
Mark-up expense		20,196	19,349
Provision for impairment of trade receivables		-	8,015
Working capital changes	10.1	<u>150,141</u>	<u>(62,377)</u>
		<u>509,546</u>	<u>241,276</u>
10.1 Working capital changes			
(Increase) / decrease in current assets			
Stores and spares		601	2,972
Stock-in-trade		(185,620)	(252,895)
Trade debts		334,245	60,217
Loans and advances		(6,403)	4,655
Trade deposits and short-term prepayments		7,471	(5,663)
Other receivables		<u>97,657</u>	<u>(46,214)</u>
		247,951	(236,928)
Increase in current liabilities			
Trade and other payables-net		<u>(97,810)</u>	<u>174,551</u>
		<u>150,141</u>	<u>(62,377)</u>

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

For the Three Months Ended 31 December 2015

	Three months Ended 31 December	
	2015	2014
	----- (Rupees in '000) -----	
11. CASH AND CASH EQUIVALENT		
Cash and bank balances	458,313	352,023
Short-term running finance	(980,334)	(305,146)
Cash and Cash Equivalents at end of the period	<u>(522,021)</u>	<u>46,877</u>

	Parent Company Three months Ended 31 December	
	2015	2014
	----- (Rupees in '000) -----	
12. TRANSACTIONS WITH RELATED PARTIES		
Purchases of goods and machinery	-	-
Export commission expense	-	-
Dividend Paid	-	-

	Other Related Parties Three months Ended 31 December	
	2015	2014
	----- (Rupees in '000) -----	
Sales	111,781	127,783
Purchases of goods and machinery	116,306	184,637
Indenting commission income	352	2,314
Export commission expense	3,882	7,920
Royalty expenses	3,201	2,745
Other charges	31,476	-
Key management personnel:		
- Salaries benefits and compensations	22,287	21,053
- Post employment benefits	3,235	3,017

13. CORRESPONDING FIGURES

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

14. DATE OF AUTHORISATION

These financial statements were authorised for issue on 28 January 2016 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

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION**

For the Three Months Ended 31 December 2015

ARCHROMA PAKISTAN LIMITED
and its Subsidiary Company

/ CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 31 December 2015

	Note	Unaudited 31 December 2015	Audited 30 September 2015
----- (Rupees in '000) -----			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	1,910,298	1,934,400
Intangible assets		-	-
Long-term loans and advances		12,502	14,187
Long-term deposits		3,051	4,796
Long-term prepayments		-	2,184
		<u>1,925,851</u>	<u>1,955,567</u>
Current Assets			
Stores and spares		43,589	38,580
Stock-in-trade		1,941,610	1,709,874
Trade debts		2,478,741	2,733,375
Loans and advances		20,715	16,294
Trade deposits and short-term prepayments		61,539	68,399
Other receivables		2,044,034	2,105,510
Taxation - net		107,177	92,312
Cash and bank balances		478,258	351,554
		<u>7,175,663</u>	<u>7,115,898</u>
Total Assets		<u><u>9,101,514</u></u>	<u><u>9,071,465</u></u>
EQUITY AND LIABILITIES			
Share Capital and reserves			
Authorised share capital 50,000,000 ordinary shares of Rs. 10 each		<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid-up capital		341,179	341,179
Revenue reserves		2,983,000	2,983,000
Unappropriated profit		1,635,061	1,308,729
		<u>4,959,240</u>	<u>4,632,908</u>
Shareholders' Equity			
LIABILITIES			
Non-Current Liabilities			
Deferred tax - net		245,919	263,349
Other long term employee benefits		9,481	9,481
Liabilities against assets subject to finance lease		39,446	37,311
		<u>294,846</u>	<u>310,141</u>
Current Liabilities			
Trade and other payables		2,365,782	2,396,764
Mark-up accrued		20,492	19,472
Short-term borrowings		1,440,305	1,698,740
Current portion of liabilities against assets subject to finance lease		20,849	13,440
Taxation - net		-	-
		<u>3,847,428</u>	<u>4,128,416</u>
Total Liabilities		<u>4,142,274</u>	<u>4,438,557</u>
Contingencies and Commitments	6		
Total Equity and Liabilities		<u><u>9,101,514</u></u>	<u><u>9,071,465</u></u>

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



Mujtaba Rahim
Chairman & Chief Executive Officer



M Veqar Arif
Director & Chief Financial Officer

/ CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

For the Three Months Ended 31 December 2015

	Note	31 December 2015	31 December 2014
(Rupees '000)			
Sales	8	2,793,183	2,075,882
Discount & Commission	8	132,921	127,766
Sales tax	8	124,623	82,446
		<u>257,544</u>	<u>210,212</u>
Net Sales	8	2,535,639	1,865,670
Cost of goods sold		<u>1,669,687</u>	<u>1,393,488</u>
Gross profit		865,952	472,182
Distribution and marketing expenses		221,988	156,803
Administrative expenses		111,899	62,342
Other operating expenses		42,683	26,205
		<u>376,570</u>	<u>245,350</u>
		489,382	226,832
Other operating income		28,265	7,159
		<u>517,647</u>	<u>233,991</u>
Finance cost / (Income)		31,889	3,495
Profit before taxation		<u>485,758</u>	<u>230,496</u>
Taxation - net		159,426	53,262
Profit after taxation		<u>326,332</u>	<u>177,234</u>
Other comprehensive Income		-	-
Total Comprehensive Income for the Period		<u><u>326,332</u></u>	<u><u>177,234</u></u>
		(Rupees)	
Earnings per share	9.1	<u>9.56</u>	<u>5.19</u>

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



Mujtaba Rahim
Chairman & Chief Executive Officer




M Veqar Arif
Director & Chief Financial Officer

/ CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the Three Months Ended 31 December 2015

	Note	31 DECEMBER	
		2015	2014
----- (Rupees in '000) -----			
Cash flows from operating activities			
Cash generated from operations	10	634,742	241,276
Staff gratuity paid		(14,736)	(26,631)
Mark-up paid		(19,484)	(29,793)
Income taxes paid		(191,721)	(176,475)
Movement in long-term loans and advances		1,685	3,017
Movement in long-term deposits and prepayments		3,929	72
Net cash generated from operating activities		414,415	11,466
Cash flows from investing activities			
Fixed capital expenditure		(25,257)	(8,829)
Net cash used in investing activities		(25,257)	(8,829)
Cash flows from financing activities			
Payment against finance lease obligations		(3,946)	-
Short-term loans - proceeds		-	130,144
- repayments		-	(125,000)
Dividend paid		(73)	(96)
Net cash used in / generated from financing activities		(4,019)	5,048
Net decrease in cash and cash equivalents		385,139	7,685
Cash and cash equivalents at beginning of the period		(912,186)	39,192
Cash and cash equivalents at end of the period	11	(527,047)	46,877

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


Mujtaba Rahim
Chairman & Chief Executive Officer



M Veqar Arif
Director & Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the Three Months Ended 31 December 2015

	Issued, subscribed and paid- up capital	Revenue reserves	Unappropri- ated profit	Total shareholders' equity
	(Rupees in '000)			
Balance as at 30 September 2014	341,179	2,803,000	1,034,067	4,178,246
Transfer to revenue reserves appropriated subsequent to year end	-	180,000	(180,000)	-
Final cash dividend for the year ended 30 September 2014 declared subsequent to year end	-	-	(852,947)	(852,947)
Total comprehensive income for the three months ended 31 December 2014	-	-	177,234	177,234
Balance as at 31 December 2014	<u>341,179</u>	<u>2,983,000</u>	<u>178,354</u>	<u>3,502,533</u>
Balance as at 30 September 2015	341,179	2,983,000	1,308,729	4,632,908
Transfer to revenue reserves appropriated subsequent to year end	-	-	-	-
Final cash dividend for the year ended 30 September 2015 declared subsequent to year end	-	-	-	-
Total comprehensive income for the three months ended 31 December 2015	-	-	326,332	326,332
Balance as at 31 December 2015	<u>341,179</u>	<u>2,983,000</u>	<u>1,635,061</u>	<u>4,959,240</u>

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


Mujtaba Rahim
Chairman & Chief Executive Officer


M Veqar Arif
Director & Chief Financial Officer

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

For the Three Months Ended 31 December 2015

1. THE COMPANY AND ITS OPERATIONS

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

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

1.1 STATUS AND NATURE OF BUSINESS

The Group consists of:

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

2. STATEMENT OF COMPLIANCE

These condensed interim consolidated financial information have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of the International Accounting Standard 34 - "Interim Financial Reporting" issued by the International Accounting Standards Board the requirement of the Companies Ordinance 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where the requirement of the Companies Ordinance, 1984 and the directives issued by the SECP differ with the requirements of IAS 34, requirements of or directives issued under the Companies Ordinance, 1984 have been followed.

2.1 BASIS OF CONSOLIDATION:

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

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

3. ACCOUNTING POLICIES

- 3.1 The accounting policies adopted in the preparation of this condensed interim consolidated financial information are consistent with those applied in preparation of the published annual consolidated financial information of the Company for the year ended 30 September 2015.

4. CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENTS

The preparation of interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim consolidated financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements of the Company for the year ended 30 September 2015.

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

For the Three Months Ended 31 December 2015

5. PROPERTY, PLANT AND EQUIPMENT

5.1 The following operating assets have been added during the quarter ended 31 December 2015:

	Building	Plant and machinery	Furniture, fixtures and	Vehicles	Total December 2015	Total December 2014
	(Rupees in '000)					
Additions for the upto 31 December 2015	3,232	-	7,756	17,419	28,407	8,829
Total	<u>3,232</u>	<u>-</u>	<u>7,756</u>	<u>17,419</u>	<u>28,407</u>	<u>8,829</u>

5.2 Disposal / deletion of property, plant and equipment has been made during the quarter ended 31 December 2015:

	Building	Plant and machinery	Furniture, fixtures and	Vehicles	Total December 2015	Total December 2014
	(Rupees in '000)					
Cost	-	1,219	15,004	405	16,628	-
Accumulated depreciation	-	(1,219)	(14,985)	(405)	(16,609)	-
Net book value	<u>-</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>19</u>	<u>-</u>

5.3 No major addition to Capital work-in-progress during the quarter ended 31 December 2015.

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

6.1.1 There have been no changes in the contingencies as disclosed in the annual consolidated financial statements of the Company for the year ended 30 September 2015.

6.1.2 The Parent Company has provided bank guarantees amounting to Rs. 66.122 million (30 September 2015: Rs. 88.532 million) in favour of third parties.

6.1.3 The Parent Company has provided post dated cheques amounting to Rs. 181.71 million (30 September 2015: 148.88 million) in favour of the collector of customs and which are, in the normal course of business, to be returned to the Company after fulfillment of certain conditions.

6.2 Commitments

Parent Company

6.2.1 Commitments for rentals under operating lease agreements in respect of vehicles and equipment amounted to Rs 21.482 million (30 September 2015: Rs 10.760 million) payable as following:

	Unaudited December 31, 2015	Audited September 30, 2015
	----(Rupees in '000)----	
Not later than one year	6,372	4,002
Later than one year but not later than five years	<u>15,110</u>	<u>6,758</u>
	<u>21,482</u>	<u>10,760</u>

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

For the Three Months Ended 31 December 2015

6.2.2 Commitments for rentals under operating lease agreement in respect of rented property amounted to Rs. 39.408 million (30 September 2015:Rs. 50.209 million)

	Unaudited December 31, 2015	Audited September 30, 2015
	----(Rupees in '000)----	
Year		
2015-2016	6,677	9,020
2016-2017	9,026	11,625
2017-2018	9,477	6,139
2018-2019	9,683	23,425
2020 and onwards	4,545	-
	<u>39,408</u>	<u>50,209</u>

6.2.3 Commitments for ijarah rentals in respected of ijarah transactions amount to Rs 79.826 million (30 September 2015:Rs. 36.513 million).

	Unaudited December 31, 2015	Audited September 30, 2015
	----(Rupees in '000)----	
Not later than one year	33,704	20,249
Later than one year but not later than five years	46,122	16,264
	<u>79,826</u>	<u>36,513</u>

6.2.4 Commitments for capital expenditure as at 31 December 2015 aggregated Rs Nil (30 September 2015: Rs Nil).

Subsidiary Company

6.2.5 Outstanding commitments under letters of credit amounting to Rs. 127.374 million (30 September 2015: Rs 37.129 million)

7. FINANCIAL RISK MANAGEMENT

The Parent Company's activities are exposed to a variety of financial risk namely credit risk, foreign exchange risk, interest rate risk and liquidity risk. The Parent Company is not exposed to any price risk as it does not hold any investment exposed to price risk. The Parent Company has established adequate to manage these risks.

This condensed interim consolidated financial information does not include the financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with Company's annual consolidated financial statements as at 30 September 2015. There have been no changes in the risk management policies since the year end.

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

For the Three Months Ended 31 December 2015

8. Segment information

Segment information for the three months ended 31 December 2015

	Textile		Emulsions		Paper		Others *		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
----- (Rs '000) -----										
Sales										
Local	2,153,878	1,377,626	327,859	279,768	69,972	56,530	47,067	70,731	2,598,776	1,784,655
Export	194,407	290,507	-	-	-	720	-	-	194,407	291,227
Total sales	2,348,285	1,668,133	327,859	279,768	69,972	57,250	47,067	70,731	2,793,183	2,075,882
Discount & commission	128,737	122,501	4,184	5,265	-	-	-	-	132,921	127,766
Sales tax	64,338	32,634	50,105	41,597	10,180	8,215	-	-	124,623	82,446
	193,075	155,135	54,289	46,862	10,180	8,215	-	-	257,544	210,212
Net sales (from external customers)	2,155,210	1,512,998	273,570	232,906	59,792	49,035	47,067	70,731	2,535,639	1,865,670
Segment results based on 'management approach'	491,441	201,199	46,792	38,303	20,795	13,100	-	-	559,028	252,602
Other operating expenses - WPPF & WWF									(40,669)	(17,500)
Assets charged to profit and loss for internal reporting purposes based on group guidelines									(712)	(1,111)
Operating profit									517,647	233,991
Finance costs									31,889	3,495
Profit before taxation									485,758	230,496
Fixed Capital Expenditure	21,984	8,581	45	25	-	-	-	-	22,029	8,606
Unallocated									3,228	223
									25,257	8,829
Depreciation / Amortisation	61,058	34,605	5	6	2	4	-	-	61,065	34,615
Unallocated									1,784	609
									62,849	35,224
----- (Rs '000) -----										
Segment Assets	6,995,827	7,535,399	506,379	475,689	56,284	52,096	-	-	7,558,490	8,063,184
Unallocated									1,543,024	1,008,281
Total Assets									9,101,514	9,071,465
Segment Liabilities	1,915,957	2,012,606	117,720	126,448	13,768	16,222	-	-	2,047,445	2,155,276
Unallocated									2,094,829	2,283,281
Total Liabilities									4,142,274	4,438,557

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

For the Three Months Ended 31 December 2015

		Three months Ended 31 December	
		2015	2014
9. EARNINGS PER SHARE			
9.1 Basic		(Rupees 000)	
Profit after taxation attributable to ordinary shareholders		<u>326,332</u>	<u>177,234</u>
		Number of shares	
Weighted average number of ordinary shares outstanding during the period		<u>34,117,881</u>	<u>34,117,881</u>
		(Rupees)	
Earning per share		<u>9.56</u>	<u>5.19</u>
9.2 Diluted			
There were no convertible dilutive potential ordinary shares in issue as at 31 December 2015 and 2014.			

		Note	Three months Ended 31 December	
			2015	2014
			----- (Rupees in '000) -----	
10. CASH GENERATED FROM OPERATIONS				
Profit before taxation			485,758	230,496
Adjustment for non-cash charges and other items:				
Depreciation / amortisation			62,849	35,224
Provision for staff gratuity			5,363	10,569
Mark-up expense			20,504	19,349
Provision for impairment of trade receivables			-	8,015
Working capital changes	10.1		<u>60,268</u>	<u>(62,377)</u>
			<u>634,742</u>	<u>241,276</u>
10.1 Working capital changes				
(Increase) / decrease in current assets				
Stores and spares			(5,009)	2,972
Stock-in-trade			(231,736)	(252,895)
Trade debts			254,634	60,217
Loans and advances			(4,421)	4,655
Trade deposits and short-term prepayments			6,860	(5,663)
Other receivables			<u>79,797</u>	<u>(46,214)</u>
			100,125	(236,928)
Increase in current liabilities				
Trade and other payables-net			<u>(39,857)</u>	<u>174,551</u>
			<u>60,268</u>	<u>(62,377)</u>

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

For the Three Months Ended 31 December 2015

		Three months Ended 31 December	
		2015	2014
		------(Rupees in '000)-----	
11. CASH AND CASH EQUIVALENT			
	Cash and bank balances	478,258	352,023
	Short-term running finance	(1,005,305)	(305,146)
	Cash and Cash Equivalents at end of the period	<u>(527,047)</u>	<u>46,877</u>
12. TRANSACTIONS WITH RELATED PARTIES			
		Parent Company Three months Ended 31 December	
		2015	2014
		------(Rupees in '000)-----	
	Sales	2,040	-
	Purchases of goods and machinery	570	-
		Other Related Parties Three months Ended 31 December	
		2015	2014
		------(Rupees in '000)-----	
	Sales	116,695	127,783
	Purchases of goods and machinery	143,476	184,637
	Indenting commission income	352	2,314
	Export commission expense	3,882	7,920
	Royalty expenses	3,201	2,745
	Other charges	31,476	-
	Key management personnel:		
	- Salaries benefits and compensations	39,608	21,053
	- Post employment benefits	6,441	3,017

13. CORRESPONDING FIGURES

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

14. DATE OF AUTHORISATION

These financial statements were authorised for issue on 28 January 2016 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

FINANCIAL INFORMATION
For the year ended 31 December 2015

**ARCHROMA TEXTILES CHEMICALS
PAKISTAN PVT LIMITED**
(Formerly BASF Pakistan Pvt Ltd.)



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Chartered Accountants
Sheikh Sultan Trust Building No. 2
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Auditors' Report to the Members

We have audited the annexed balance sheet of **Archroma Textiles Chemicals Pakistan (Private) Limited** [formerly BASF Pakistan (Private) Limited] ("the Company") as at 31 December 2015 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in notes 2.5 and 3.1 with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of the profit, its total comprehensive income, cash flows and changes in equity for the year then ended; and



KPMG Taseer Hadi & Co.

- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Date: 18 March 2016

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Mahmood Hussain

/ BALANCE SHEET

As at 31 December 2015

	Note	31 December 2015 (Rs '000)	30 September 2014 (Rs '000)
ASSETS			
Non-current assets			
Property, plant and equipment	12	990,269	178,284
Intangible assets	13	-	189
Long term loans	14	2,028	2,157
Long term deposits	15	2,063	2,829
Deferred taxation	16	-	88,939
		994,360	272,398
Current assets			
Stores and spares	17	25,178	15,837
Stock-in-trade	18	417,511	400,552
Trade debts	19	666,381	756,377
Loans and advances	20	3,007	9,283
Trade deposits and short-term prepayments	21	41,835	2,253
Sales tax refundable		394,808	322,410
Taxation - net		-	12,780
Other receivables	22	10,233	617
Cash and bank balances	23	19,945	95,303
		1,578,898	1,615,412
TOTAL ASSETS		2,573,258	1,887,810
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital 25,000,000 ordinary shares of Rs. 10 each		250,000	250,000
Issued, subscribed and paid-up capital	4	88,452	88,452
Capital reserves		367	367
Unappropriated profit		1,006,405	660,087
Total equity		1,095,224	748,906
Surplus on Revaluation of Property, Plant and Equipment	6	576,489	-
LIABILITIES			
Non-Current Liabilities			
Deferred taxation	16	165,540	-
Current Liabilities			
Short term borrowings	8	24,971	355,000
Trade and other payables	9	649,289	783,058
Interest accrued	10	295	846
Taxation - net		61,450	-
		736,005	1,138,904
TOTAL EQUITY AND LIABILITIES		2,573,258	1,887,810
Contingencies and commitments	11		

The annexed notes 1 to 38 form an integral part of these financial statements.



Mujtaba Rahim
Chairman and Chief Executive Officer



M Veqar Arif
Director and Chief Financial Officer

/ PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2015

	Note	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
Net sales	24	2,439,461	2,834,389
Cost of sales	25	<u>(1,694,411)</u>	<u>(1,967,111)</u>
Gross profit		745,050	867,278
Selling and distribution expenses	26	(189,959)	(200,466)
Administrative expenses	27	<u>(78,584)</u>	<u>(147,042)</u>
		476,507	519,770
Other income	28	135,044	68,838
Financial and other charges	29	(33,754)	(24,117)
Other operating charges	30	<u>(43,591)</u>	<u>(41,037)</u>
		(77,345)	(65,154)
Profit before taxation		534,206	523,454
Taxation	31	(183,774)	(120,655)
Profit after taxation		<u>350,432</u>	<u>402,799</u>
Other comprehensive income			
Net re-measurement on defined benefit plan	9.1	(45,596)	(5,763)
Deferred tax thereon		14,591	2,271
		(31,005)	(3,492)
Total comprehensive income		<u>319,427</u>	<u>399,307</u>

The annexed notes 1 to 38 form an integral part of these financial statements.



Mujtaba Rahim
Chairman and Chief Executive Officer



M Veqar Arif
Director and Chief Financial Officer

/ CASH FLOW STATEMENT

For the year ended 31 December 2015

	Note	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		534,206	523,454
Adjustments for:			
- Depreciation		67,108	40,077
- Amortization		189	132
- Financial and other charges		33,754	29,175
- Provision / (reversal) against slow moving inventory		5,064	(17,573)
- Property, plant and equipment written off		3,073	-
- Inventory written off directly		549	4,375
- Provision / (reversal) against doubtful debts - net		(17,884)	(71,142)
- Bad debts written off directly		-	10,613
- (Gain) / loss on disposal of property, plant and equipment		(8,277)	303
		617,782	519,414
Changes in working capital:			
Decrease / (increase) in stores and spares		(9,341)	(9,039)
Decrease / (increase) in stock-in-trade		(22,572)	18,172
Decrease / (increase) in trade debts		107,880	88,776
Decrease / (increase) in loans, advances and prepayments		(115,320)	(128,892)
Increase / (decrease) in trade and other payables		(192,019)	(194,078)
		(231,372)	(225,061)
Long term loans - net		129	(577)
Long term deposits - net		766	(876)
Financial and other charges paid		(34,305)	(28,956)
Income tax paid		(111,764)	(138,520)
Net cash generated from operating activities		241,236	125,424
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(39,383)	(58,460)
Proceeds from disposal of property, plant and equipment		52,818	5,750
Net cash generated from / (used in) investing activities		13,435	(52,710)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings		(330,029)	205,000
Dividend paid		-	(254,742)
Net cash used in financing activities		(330,029)	(49,742)
Net increase in cash and cash equivalents		(75,358)	22,972
Cash and cash equivalents at beginning of the year		95,303	72,331
Cash and cash equivalents at end of the year	23.1	19,945	95,303

The annexed notes 1 to 38 form an integral part of these financial statements.



Mujtaba Rahim
Chairman and Chief Executive Officer



M Veqar Arif
Director and Chief Financial Officer

/ STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Issued subscribed and paid-up capital	Capital reserves Share premium	Revenue reserves Unappropriated profit	Total
	------(Rupees in '000)-----			
Balance as at 1 January 2014	88,452	367	515,522	604,341
Total comprehensive income for the year ended 31 December 2014				
Profit for the year	-	-	402,799	402,799
Other comprehensive income	-	-	(3,492)	(3,492)
	-	-	399,307	399,307
Transactions with owners, recorded directly in equity				
Final dividend @ Rs. 15.72 per share for the year ended 31 December 2013	-	-	(254,742)	(254,742)
Balance as at 31 December 2014	<u>88,452</u>	<u>367</u>	<u>660,087</u>	<u>748,906</u>
Total comprehensive income for the year ended 31 December 2015				
Profit for the year	-	-	350,432	350,432
Other comprehensive income	-	-	(31,005)	(31,005)
	-	-	319,427	319,427
Transactions with owners, recorded directly in equity				
Transferred from surplus on revaluation of property, plant and equipment (recognized directly in equity)	-	-	26,891	26,891
Balance as at 31 December 2015	<u>88,452</u>	<u>367</u>	<u>1,006,405</u>	<u>1,095,224</u>

The annexed notes 1 to 38 form an integral part of these financial statements.



Mujtaba Rahim
Chairman and Chief Executive Officer



M Veqar Arif
Director and Chief Financial Officer

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. STATUS AND NATURE OF BUSINESS

Archroma Textiles Chemicals Pakistan (Private) Limited, formerly known as BASF Pakistan (Private) Limited, ("the Company") is a subsidiary of Archroma Pakistan Limited. The Company was incorporated in Pakistan on 18 January 1964 as a private limited company. The Company is engaged in the business of manufacturing and trading of chemicals for textile and leather industries.

The registered office of the Company is located at Plot No. LX-10, 11, Landhi Industrial Trading Zone, Landi Industrial Area, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except for leasehold land, building thereon and plant and machinery which are stated at fair value and liability towards defined benefit plan which is stated at present value of defined benefit obligation less fair value of planned assets.

2.3 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the subsequent years are as follows:

Income taxes

In making the estimates for income taxes payable by the Company, the management looks at the applicable law and the decisions of appellate authorities on certain issues in the past.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 9.1 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Changes in these assumptions in future years may affect the liability under this scheme in those years.

Property, plant and equipment / intangible assets

The Company's management determines the estimated useful lives and related depreciation / amortization charge for its operating fixed assets / intangible assets. The Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of operating fixed assets / intangible assets and the profit and loss account.

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuer. The said recommendations also include estimates with respect to residual values and depreciable lives.

Stock-in-trade and stores and spares

The management continuously reviews its inventory for existence of any items which may have become obsolete. These estimates are based on historical experience and are continuously reviewed and the cost of such stocks is fully provided for.

Provision for doubtful debts

The management reviews its trade debtors on a continuous basis to identify receivables where collection of the amount is no longer probable. These estimates are based on historical experience and are subject to change in conditions at the time of actual recovery.

2.4 Functional currency and presentation currency

These financial statements are presented in Pak Rupees which is also the Company's functional currency and rounded to the nearest thousand rupee.

2.5 Standards, amendments or interpretations which became effective during the year

The following new or amended standards and interpretations became effective during the year which are considered not to be relevant to the Company's financial statements except for IFRS 13 'Fair Value Measurement' (IFRS 13 consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 does not have an impact on fair values except for disclosures which are included in Note 7 and Note 33.3 to these financial statements):

- Amendments to IAS 19 "Employee Benefits"
- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of Interest in Other Entities'
- IFRS 13 'Fair Value Measurement'

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

2.6 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2016:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on Company's financial statements.
- Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of the amended standard is not likely to have an impact on Company's financial statements.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on Company's financial statements.
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:
 - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
 - IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above amendments are not likely to have an impact on Company's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise disclosed.

3.1 Property, plant and equipment

-Owned

Plant and machinery is measured at revalued amounts, which is the fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses, if any. Other owned operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is charged to income on straight line basis at the rates specified in note 11 to these financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off. Normal repairs and maintenance are charged to profit and loss account as and when incurred. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. Gains and losses on disposal of assets are included in profit and loss account.

-Leased

Leased assets in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease are stated at amounts equal to the lower of their fair value and present value of minimum lease payments at inception of the lease. Depreciation on assets subject to finance lease is charged in the same manner as owned assets.

Leasehold land and building thereon are measured at revalued amounts, which is the fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses, if any. Other operating fixed assets subject to finance lease are stated at cost less accumulated depreciation and impairment losses, if any.

Finance cost under lease agreements are allocated to the periods during the lease term so as to produce a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

Leased assets which are obtained under Ijarah agreement are not recognized in the Company's balance sheet and are treated as operating lease based on Islamic Financial Accounting Standard (IFAS) 2 issued by the Institute of Chartered Accountants of Pakistan and notified by Securities and Exchange Commission of Pakistan vide S.R.O. 43(1)/ 2007 dated 22 May 2007. Payments made under operating lease are charged to profit and loss account on a straight line basis over the lease term.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

3.5 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances. Short term finances that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.6 Retirement and other service benefits

Defined contribution plan

The Company operates an approved contributory provident fund scheme for all its permanent staff. Contributions are made equally by the Company and employees at the rate of 10% of basic salary.

Defined benefit plan

The Company operates an approved funded gratuity scheme (the plan) for all employees of the Company. Company's obligation under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". Actuarial valuations are carried out annually and the latest valuation was conducted at the balance sheet date.

Amount recognized in the balance sheet with respect to defined benefit plan represent the present value of obligations under the plan as reduced by the fair value of plan assets, if any.

Remeasurements of net defined benefit liability / (asset) which comprises actuarial gains / (losses), return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest) are recognized immediately in other comprehensive income.

Net interest cost, calculated by applying discount rate at the beginning of reporting period to the net defined benefit liability or asset at the beginning of that reporting period adjusted for contribution and benefit payments.

Service cost, including past service cost and settlement gains / (losses), if any, are recognized in salaries, wages, benefits and allowances in profit and loss account.

Compensated absences

The liability for accumulated compensated absences of employees is recognized in the period in which employees render service that increases their entitlement to future compensated absences.

3.7 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

3.8 Revenue recognition

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. The Company records revenue from sale of goods on dispatch of goods to its customers.

Indenting commission and income from professional services are recognized on accrual basis at rates agreed with counterparties.

Insurance agency commissions, export rebates and miscellaneous income are recognized on receipt basis.

3.9 Taxation

Current

Provision for current taxation is based on taxable income at current rates of taxation, after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is provided using balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.10 Borrowing cost

Borrowing costs incurred on long term finances attributable for the construction of qualifying assets are capitalized up to the date the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

3.11 Expenses

All expenses are recognized in the profit and loss account on an accrual basis.

3.12 Provisions

Provisions are recognized in balance sheet when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

3.13 Impairment

The carrying amount of the Company's assets is reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

3.14 Foreign currency transactions

Foreign currency transactions are translated into Pak Rupees using the exchange rates ruling at the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange ruling at the balance sheet date. All exchange differences arising on the transaction are charged to income currently.

3.15 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities are taken to profit and loss account.

Financial assets and liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at fair value or amortized cost as the case may be.

3.16 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to offset the recognized amounts and the Company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.17 Dividend distribution

Dividend is recognized as a liability in the period in which it is approved.

3.18 Change in estimates

During the year, the company carried out reassessment of useful life of some of its buildings and plant and machinery. As a result the useful life of such plant and machinery and building has increased as follows:

Description	Reassessed life
Buildings	33 Years
Plant and machinery	10 Years

The impact of these changes on actual and expected depreciation expense included in cost of sales was as follows:

	2015	2016	2017	2018	2019	More than 5 years
	----- (Rupees in '000) -----					
Increase / (decrease) in depreciation expense	(404,724)	(30,795)	(30,795)	44,856	44,856	376,603

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	31 December 2015 (Number of shares)	31 December 2014 (Number of shares)	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
Ordinary shares of Rs.10 each fully paid in cash	80,000	80,000	800	800
Ordinary shares of Rs.10 each fully paid for consideration otherwise than cash	83,265	83,265	833	833
Ordinary shares of Rs.10 each issued as bonus shares	8,681,935	8,681,935	86,819	86,819
	8,845,200	8,845,200	88,452	88,452

As at 31 December 2015, Archroma Pakistan Limited, the Parent Company held 8,845,196 (2014:8,845,196) ordinary shares of the Company and 4 (2014: 4) ordinary shares are held by individuals nominated by the Parent Company.

5. CARVE OUT OF LEATHER AND CORPORATE ASSETS TO ASSOCIATED UNDERTAKING

As part of global strategy repositioning, BASF Societa Europaea ("BASF, SE"), based in the Federal Republic of Germany, the former Parent Company, holding 100% of the share capital of the Company, entered into agreement with Archroma Textiles S.a.r.l in October 2014 to sell its textile business globally including the legal entity, BASF Pakistan (Private) Limited.

Till the year ended 31 December 2014, the Company dealt in both leather and textile chemicals. As the abovementioned disposal does not include sale of leather business, the Company has carved out the business of selling and distribution of leather chemicals to BASF Chemicals and Polymers Pakistan (Private) Limited (BCPPL). Manufacturing assets being used for both textile and leather chemicals business were not transferred.

Further, in order to maintain the supply of leather chemicals, the Company has entered into contract manufacturing arrangement with BCPPL during this year whereby leather chemicals are produced by Company for BCPPL.

Due to this carve out, the assets and liabilities of leather business and all the employees associated with leather business were transferred to BCPPL effective January 1, 2015. Certain assets and liabilities associated with corporate functions and some of the employees from corporate functions were also transferred to BCPPL effective March 01, 2015.

Following is the list of assets and liabilities transferred to BCPPL:

	Book Value	Transfer value	Gain / Loss
-----Rupees in 000-----			
Leather Assets			
Plant and machinery	4,787	6,417	1,630
Furniture and fixtures	41	35	(6)
Office equipment	1,292	1,079	(213)
Computers and accessories	69	274	205
Vehicles	3,376	4,670	1,294
Prepayments and deposit	168	168	-
Leather Liabilities			
Employee benefits	(6,024)	(6,024)	-
Provision for volume rebate and discounts	(15,000)	(15,000)	-
Deduction from employees against leased vehicles	(760)	(760)	-
Corporate Assets			
Computers and accessories	993	1,610	617
Furniture and fixtures	2,525	2,187	(338)
Office equipment	10,014	9,410	(604)
Vehicles	18,622	24,526	5,904
Advances, deposits and prepayments	2,056	2,056	-
Corporate Liabilities			
Employee benefits	(54,939)	(54,939)	-
Deduction from employees against leased vehicles	(1,136)	(1,136)	-
	(33,916)	(25,427)	8,489

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents surplus arising on revaluation of plant and machinery, leasehold land and building thereon.

	Note	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
Surplus on revaluation carried out during the year	6.1	603,380	-
Transferred to accumulated profit in respect of incremental depreciation charged during the year		(39,545)	-
Related deferred tax liability		12,654	-
		(26,891)	-
		<u>576,489</u>	<u>-</u>

6.1. This includes surplus on revaluation and related deferred tax amounting to Rs 887.324 million and Rs 283.944 million.

7. MEASUREMENT OF FAIR VALUE

(i) Fair value hierarchy

The fair value of leasehold land, building thereon and plant and machinery was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. This fair value measurement has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Level 3 fair value

Note 12.1 and note 6 show the reconciliation from the opening balances to the closing balances for revalued property, plant and equipment and the related surplus.

Valuation technique and significant unobservable inputs

Valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used are described as under:

Land

Selected property brokers dealers and estate agents are contracted to ascertain the asking and selling prices for such property in the immediate neighbourhood and adjoining areas.

Neighbouring properties, which have been sold or purchased, are investigated to ascertain a reasonable selling/buying price. Properties that are up for sale are examined for asking price. An average of the above values is assigned to the land. In calculating these values it is of the utmost importance to ascertain the nature of the property, whether commercial, residential or industrial, since this status of the property has significance in determining its present market and forced sale values. The estimated fair value of land would increase (decrease) if selling prices for property of same nature in the immediate neighbourhood and adjoining areas increase/ decrease.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

Building

All sections of the building and civil work with regard to their existence, condition and level of maintenance are assessed and a market survey is conducted to obtain the present market rates of construction in the surrounding area. If mandatory to the valuation and depending upon the age of the building, depreciation is applied at usual rates to arrive at depreciated value. Rates of construction materials and present labour rates are given due consideration while calculating construction rate per unit area. The construction standard of the building also receives a detailed appraisal and each structure is analysed for features such as, RCC or ACC type construction, double t-roofing, pre-cast slabs, shell structure, north light roofing, height, spans of columns, machinery foundations, pipelines, ducting, etc., as these are cost determinants. Special care is taken to establish whether the building or structure has been carefully constructed to house only a specific type of machinery. Assessed Value is determined through a computation of the remaining useful life of an asset with the present market value.

The estimated fair value of building would increase (decrease) if age of the project increases / (decreases), economic conditions of the area, region or country becomes favourable / (adverse), marketability/viability of the manufactured goods improves / (impairs), conditions of the asset improves / (impairs).

Plant and machinery

A site visit is made to check all machines with regard to existence, level of maintenance and assessment of value of the machinery on the basis of its present conditions. If the plant is not in operational position an assessment is carefully made to establish if the machinery can be put into operation after routine maintenance. A complete list of machinery is prepared on the basis of physical existence, condition and level of maintenance. The total assessed value of the plant is obtained on the basis of manufacturing cost of individual machines on the basis of material and technology used for manufacturing of the machine on international engineering standard and practice. Rates of manufacturing of similar kinds of machinery are acquired from different manufacturers. Depreciation is applied and additional depreciation may be applied due maintenance and idle period. The total production capacity of the project and all ancillary and peripheral machines, which form integral part of the production unit and facilitate the entire process, is taken in to consideration. Assessed Value is determined through a computation of the remaining useful life of the asset with the present market value. The estimated fair value of plant and machinery would increase/(decrease) if rates of manufacturing of similar kinds of machinery acquired from different manufacturers increase / (decrease).

	Note	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
8. SHORT TERM BORROWINGS			
Short term running finance	8.1	24,971	-
Short term loan - secured	8.2	-	355,000
		<u>24,971</u>	<u>355,000</u>

8.1 The Company has obtained facilities for short term running finance from a bank amounting to Rs. 600 million (2014: Rs. 1,250 million). These are secured against hypothecation charge over stock-in-trade and trade debts. The rate of mark-up is 3 month KIBOR + 0.035% per annum (2014: 10.25% to 11.90% per annum) and the facilities will expire by 30 April 2016.

8.2 Short term loan obtained from an associated undertaking amounting to Nil (2014:Rs. 355 million) was secured against hypothecation of stock in trade and trade receivables and carried interest @ 8.2% (2014: 9.66%) per annum that matured on 11 May 2015.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

9. TRADE AND OTHER PAYABLES	Note	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
Trade creditors			
- Parent Company		6,132	80,892
- Associated undertakings		38,689	211,428
- Local		80,884	-
- Foreign		248,955	103,972
		<u>374,660</u>	<u>396,292</u>
Due to parent company - Royalty and technical fee		-	31,103
Due to an associated undertaking - SAP connectivity charges		-	34,327
Due to an associated undertaking - shared service center charges		-	19,216
Accrued liabilities		112,042	141,045
Advances from customers		-	3,376
Provision for volume rebate and discounts		10,643	60,504
Employee retirement benefit	9.1	87,946	34,140
Workers' Profit Participation Fund	9.2	28,954	28,007
Workers' Welfare Fund		11,489	24,271
Royalty payable		14,954	-
Deduction from employees against leased vehicles		6,518	7,122
Withholding tax payable		2,083	2,709
Payable to provident fund		-	946
		<u>649,289</u>	<u>783,058</u>

9.1 Defined benefit plan - staff gratuity fund

The Company's Employees Gratuity Fund is a defined benefit gratuity fund which provides benefits based on final basic salary and years of service. Minimum service requirement is 5 years.

	31 December 2015 (Percentage)	31 December 2014 (Percentage)
Financial assumptions		
Rate of discount	9.00%	11.00%
Expected rate of salary increase	15.00%	11.00%
Demographic assumptions		
Mortality rate	SLIC (2001-05)	SLIC (2001-05)
Rates of employee turnover	Moderate	Moderate

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

The amounts recognized in balance sheet are as follows:

	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
Present value of defined benefit obligation	173,941	139,327
Fair value of plan assets	<u>(85,995)</u>	<u>(105,187)</u>
	<u>87,946</u>	<u>34,140</u>
Movement in net defined benefit liability		
Opening balance	34,140	26,827
Charge for the year	13,285	10,223
Contribution to fund	(5,075)	(8,673)
Re-measurement: Actuarial (gain) / loss recognized in other comprehensive income	45,596	5,763
Closing balance	<u>87,946</u>	<u>34,140</u>
Movement in present value of defined benefit obligation		
Present value of defined benefit obligation at beginning of the year	139,327	154,539
Service cost	9,720	6,942
Interest cost	15,316	17,134
Benefits paid	(2,115)	(42,187)
Transfers (to) / from BASF Chemical and Polymers Pakistan (Private) Limited (BCPPL)	(37,257)	1,837
Re-measurement: Actuarial (gain) / loss on obligation	48,950	1,062
Present value of defined benefit obligation at end of the year	<u>173,941</u>	<u>139,327</u>
Movement in fair value of plan assets		
Fair value of plan assets at beginning of the year	105,187	127,712
Interest income on plan assets	11,751	13,853
Contribution to fund	5,075	8,673
Benefits paid	(2,115)	(42,187)
Transfers (to) / from BCPPL	(37,257)	1,837
Re-measurements: Return on plan assets over interest income gain / (loss)	3,354	(4,701)
Fair value of plan assets at end of the year	<u>85,995</u>	<u>105,187</u>

Amounts recognized in total comprehensive income

The following amounts have been charged in respect of these benefits to profit and loss account and other comprehensive income:

	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
Component of defined benefit costs recognized in profit and loss account		
Current service cost	9,720	6,942
Net interest cost		
- Interest cost on defined benefit obligation	15,316	17,134
- Interest income on plan assets	<u>(11,751)</u>	<u>(13,853)</u>
	<u>13,285</u>	<u>10,223</u>
Net re-measurement recognized in other comprehensive income	<u>45,596</u>	<u>5,763</u>
Total defined benefit cost recognized in profit and loss account and other comprehensive income	<u>58,881</u>	<u>15,986</u>

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	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
Actuarial (gains) / losses recognized in other comprehensive income		
Actuarial (gain) / loss arising on defined benefit obligation	48,950	1,062
Actuarial loss arising on plan assets	<u>(3,354)</u>	<u>4,701</u>
	<u>45,596</u>	<u>5,763</u>

Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation is as follows:

	Change in assumption (Percentage)	Increase in assumption (Rupees in '000)	Decrease in assumption (Rupees in '000)
Discount rate	1%	13,758	(15,914)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions, same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied as when calculating the gratuity liability. Duration of the Company's Gratuity plan is around 11 years.

	Note	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
9.2 Workers' Profit Participation Fund			
Opening balance		28,007	18,485
Allocation for the year	30	<u>28,721</u>	<u>28,007</u>
		56,728	46,492
Payment during the year		<u>(27,774)</u>	<u>(18,485)</u>
Closing balance		<u>28,954</u>	<u>28,007</u>
10. INTEREST ACCRUED			
Mark - up accrued on:			
Short-term running finances utilized under mark-up arrangements		295	846
Secured short-term loans		<u>-</u>	<u>-</u>
		<u>295</u>	<u>846</u>
11. CONTINGENCIES AND COMMITMENTS			
11.1 Contingencies			
Counter guarantees given to banks		<u>-</u>	<u>83,471</u>
11.2 Commitments			
Outstanding commitments under letters of credit		<u>37,129</u>	<u>21,488</u>
12. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	12.1	976,624	178,284
Capital Work-in-progress	12.4	<u>13,645</u>	<u>-</u>
		<u>990,269</u>	<u>178,284</u>

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For the year ended 31 December 2015

12.1 Operating fixed assets:

	31 December 2015						Total
	Leasehold land	Building on leasehold land	Plant and machinery	Vehicles	Furniture and fixtures	Office equipment	
	----- (Rupees in '000) -----						
As at 1 January 2015							
Cost	496	79,514	299,945	77,563	12,528	51,119	521,165
Accumulated depreciation	(230)	(40,519)	(222,980)	(35,618)	(9,468)	(34,066)	(342,881)
Net book value	266	38,995	76,965	41,945	3,060	17,053	178,284
During the year 2015							
Additions	-	3,232	13,346	6,558	431	2,171	25,738
Revaluation surplus	391,736	90,927	404,661	-	-	-	887,324
Disposals							
Cost	-	(4,803)	(18,867)	(38,256)	(5,355)	(38,586)	(105,867)
Depreciation	-	2,999	7,102	14,763	4,469	31,993	61,326
Net book value	-	(1,804)	(11,765)	(23,493)	(886)	(6,593)	(44,541)
Write off							
Cost	-	(6,045)	(8,053)	-	(452)	(456)	(15,006)
Depreciation	-	3,216	8,053	-	452	212	11,933
Net book value	-	(2,829)	-	-	-	(244)	(3,073)
Depreciation charge for the year	(3,302)	(5,021)	(48,448)	(7,164)	(663)	(2,510)	(67,108)
Closing net book value	388,700	123,500	434,759	17,846	1,942	9,877	976,624
As at 31 December 2015							
Cost/ Revalued amounts	392,232	162,825	691,032	45,865	7,152	14,248	1,313,354
Accumulated depreciation	(3,532)	(39,325)	(256,273)	(28,019)	(5,210)	(4,371)	(336,730)
Net book value	388,700	123,500	434,759	17,846	1,942	9,877	976,624
Depreciation rates (% per annum)	1%	3.33%	10%	20%	10%	10% to 33.33%	
	31 December 2014						
	Leasehold land	Building on leasehold land	Plant and machinery	Vehicles	Furniture and fixtures	Office equipment	Total
	----- (Rupees in '000) -----						
As at 1 January 2014							
Cost	496	78,714	291,509	73,911	13,586	59,613	517,829
Accumulated depreciation	(225)	(39,120)	(218,730)	(40,524)	(9,850)	(43,426)	(351,875)
Net book value	271	39,594	72,779	33,387	3,736	16,187	165,954
During the year 2014							
Additions	-	2,536	21,497	25,671	229	8,527	58,460
Disposals							
Cost	-	(1,736)	(13,061)	(22,019)	(1,287)	(17,021)	(55,124)
Depreciation	-	1,113	11,573	18,713	1,242	16,430	49,071
Net book value	-	(623)	(1,488)	(3,306)	(45)	(591)	(6,053)
Depreciation charge for the year	(5)	(2,512)	(15,823)	(13,807)	(860)	(7,070)	(40,077)
Closing net book value	266	38,995	76,965	41,945	3,060	17,053	178,284
As at 31 December 2014							
Cost	496	79,514	299,945	77,563	12,528	51,119	521,165
Accumulated depreciation	(230)	(40,519)	(222,980)	(35,618)	(9,468)	(34,066)	(342,881)
Net book value	266	38,995	76,965	41,945	3,060	17,053	178,284
Depreciation rates (% per annum)	1%	3.33%	10%	20%	10%	10%	

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	Original Cost	Accumulated Depreciation	Written Down Value	Sales proceeds	Gain/ (Loss) on Disposal	Mode of Disposal	Particulars of Buyer
	(Rupees in '000)						
BUILDINGS							
Glass Doors, Partitions, Windows	(2,200)	1,142	(1,059)	910	(149)	Negotiation/Company Policy	Sale to BCPPL
Reception Centre	(760)	532	(228)	197	(31)	Negotiation/Company Policy	Sale to BCPPL
Boundary Wall Safety Grills. At Md Resid	(160)	7	(153)	132	(21)	Negotiation/Company Policy	Sale to BCPPL
Installatoin New Gate Transfer To Leased Hold Impo	(296)	176	(119)	103	(17)	Negotiation/Company Policy	Sale to BCPPL
Fibre Glass Sheets With Steel Structure Fixing	(130)	37	(93)	-	(93)	Negotiation/Company Policy	Sale to BCPPL
Others	(1,258)	1,106	(152)	131	(21)	Negotiation/Company Policy	Various
	(4,803)	2,999	(1,804)	1,472	(332)		
PLANT & MACHINERY							
Ss Automatic Testing Milling Drum	(3,783)	503	(3,280)	3,379	99	Negotiation/Company Policy	Sale to BCPPL
Cummins Diesel Generator Sets Of 227kva For Ho	(3,785)	536	(3,249)	3,607	358	Negotiation/Company Policy	Sale to BCPPL
Ss Comparision Lab Drum Model R-80-2 In	(871)	109	(762)	778	16	Negotiation/Company Policy	Sale to BCPPL
Ss Single Lab Testing Drum Model R 100	(769)	93	(676)	687	11	Negotiation/Company Policy	Sale to BCPPL
Diesel Generator Set(I 5-20 Kva) For It Dept With	(934)	304	(631)	641	10	Negotiation/Company Policy	Sale to BCPPL
Meter Panel / Kwh Panel	(533)	89	(444)	299	(145)	Negotiation/Company Policy	Sale to BCPPL
Ats Panel	(459)	77	(383)	684	301	Negotiation/Company Policy	Sale to BCPPL
L.T. Panel	(423)	71	(353)	-	(353)	Negotiation/Company Policy	Sale to BCPPL
Canopy For 227 Kva Generator Of Ho	(222)	31	(191)	128	(63)	Negotiation/Company Policy	Sale to BCPPL
Terminal Box	(158)	26	(131)	-	(131)	Negotiation/Company Policy	Sale to BCPPL
Pfi Panel	(118)	20	(98)	-	(98)	Negotiation/Company Policy	Sale to BCPPL
Pfi Panel	(118)	20	(98)	85	(13)	Negotiation/Company Policy	Sale to BCPPL
Pfi Panel	(118)	20	(98)	85	(13)	Negotiation/Company Policy	Sale to BCPPL
Pfi Panel	(118)	20	(98)	43	(55)	Negotiation/Company Policy	Sale to BCPPL
Gate Db	(63)	11	(53)	-	(53)	Negotiation/Company Policy	Sale to BCPPL
Ats Panel For It Generator 20Kva	(58)	6	(52)	43	(9)	Negotiation/Company Policy	Sale to BCPPL
Others	(6,336)	5,167	(1,169)	3,020	1,851	Negotiation/Company Policy	Various
	(18,867)	7,102	(11,765)	13,480	1,715		
VEHICLE							
Mercedes Benz For Md Mr Faisal Akhtar	(11,935)	2,387	(9,548)	9,500	(48)	Negotiation/Company Policy	Sale to BCPPL
Toyota Fortuner 2.7 For Head Office	(4,972)	497	(4,475)	4,500	25	Negotiation/Company Policy	Sale to BCPPL
Honda City 1300 Cc For Mubasshir Ahmed	(1,512)	428	(1,084)	1,300	216	Negotiation/Company Policy	Sale to BCPPL
Car For Mr M Atif Branch Office Kasur	(1,059)	18	(1,041)	994	(48)	Negotiation/Company Policy	Sale to BCPPL
Honda Civic I - Vtec Pt For Malik Jawed Iqbal	(1,863)	963	(901)	1,700	799	Negotiation/Company Policy	Sale to BCPPL
Honda Civic Vtec For Mr. Rizwan Rauf	(1,994)	1,163	(831)	1,800	969	Negotiation/Company Policy	Sale to BCPPL
Suzuki Cultus 1000 Cc For M Farhan	(1,074)	304	(769)	850	81	Negotiation/Company Policy	Sale to BCPPL
Honda City Automatic For Ghazi-Ur-Rehman	(1,481)	716	(765)	1,250	485	Negotiation/Company Policy	Sale to BCPPL
Honda Civic Vti Oriel For Mr. Ashraf Chaudhry	(1,521)	837	(685)	1,200	515	Negotiation/Company Policy	Sale to BCPPL
Suzuki Mehran For Saqib Shafique Lhr Off	(720)	81	(638)	-	(638)	Negotiation/Company Policy	Sale to BCPPL
Suzuki Cultus Vxr-20.12 For Bpl Pool Car	(1,007)	436	(571)	800	229	Negotiation/Company Policy	Sale to BCPPL
Toyotabelta Model:2008-Mr.Abdul Sattar Rind 1000Cc	(970)	485	(485)	900	415	Negotiation/Company Policy	Sale to BCPPL
Daihatsu Coure Automatic For Mr. Naeem Najmi	(938)	547	(391)	-	(391)	Negotiation/Company Policy	Sale to BCPPL
Toyota Vitz Model- 2007 For Mr.Jabir Husain	(970)	631	(340)	900	561	Negotiation/Company Policy	Sale to BCPPL
Daihatsu Coure Cx Cng For Mr.Khurrum Shahzad	(874)	597	(277)	-	(277)	Negotiation/Company Policy	Sale to BCPPL
Toyota Belta Model 2007 1000Cc M. Jamil	(911)	698	(213)	900	687	Negotiation/Company Policy	Sale to BCPPL
Daihatsu Coure Cng Model 2011 800Cc For Fareed Nia	(809)	620	(189)	-	(189)	Negotiation/Company Policy	Sale to BCPPL
Daihatsu Coure Cx Cng Eco - Bpl Lahore	(709)	614	(95)	450	355	Negotiation/Company Policy	Sale to BCPPL
Motor Bike For Kasur Office	(86)	13	(73)	70	(3)	Negotiation/Company Policy	Sale to BCPPL
Motor Bike For Maqsood Hassan App Lab	(70)	2	(68)	68	-	Negotiation/Company Policy	Sale to BCPPL
Tracker For Toyota Fortuner 2.7	(60)	3	(57)	57	-	Negotiation/Company Policy	Sale to BCPPL
Others	(2,721)	2,721	-	1,958	1,958	Negotiation/Company Policy	Various
	(38,256)	14,763	(23,493)	29,196	5,703		
FIXTURES & FITTING							
45W High Bright Led Solar Light (+Service Chg) Adm	(300)	85	(215)	179	(36)	Negotiation/Company Policy	Sale to BCPPL
Conference Table For Finance Department	(62)	10	(52)	45	(7)	Negotiation/Company Policy	Sale to BCPPL
Others	(4,993)	4,374	(619)	1,570	950	Negotiation/Company Policy	Various
	(5,355)	4,469	(886)	1,794	908		
COMPUTERS & EQUIPMENT							
40Kva Generator Along With Electric Pane	(1,610)	148	(1,462)	1,282	(180)	Negotiation/Company Policy	Sale to BCPPL
40Kva Generator Along With Electric Pane	(1,029)	506	(523)	385	(138)	Negotiation/Company Policy	Sale to BCPPL
Generator (Diesel 60 Kva For Lahore Office)	(329)	38	(291)	235	(56)	Negotiation/Company Policy	Sale to BCPPL
Electric Panel For Head Office Building	(642)	356	(285)	128	(157)	Negotiation/Company Policy	Sale to BCPPL
Structured Cabling For Ho Khi	(203)	39	(164)	77	(87)	Negotiation/Company Policy	Sale to BCPPL
Generator 5 Kva- (Rizwan Rauf)	(192)	53	(139)	77	(62)	Negotiation/Company Policy	Sale to BCPPL
Honda 5 Kva Generator For Kasur Office	(225)	87	(137)	30	(107)	Negotiation/Company Policy	Sale to BCPPL
Lexmark Printer Ms510Dn For Hr Corporate	(184)	52	(132)	77	(55)	Negotiation/Company Policy	Sale to BCPPL
5Kva Generator For Mr Ashraf Chaudry	(217)	90	(127)	51	(75)	Negotiation/Company Policy	Sale to BCPPL
Dell Laptop For Abdul Sattar Rind	(217)	90	(127)	51	(75)	Negotiation/Company Policy	Sale to BCPPL
Laptop Dell Lattitude E6330 & Dell Pro	(217)	90	(127)	51	(75)	Negotiation/Company Policy	Sale to BCPPL
Laptop Dell Lattitude E6330 & Dell Pro	(160)	36	(124)	77	(47)	Negotiation/Company Policy	Sale to BCPPL
Generator 5 Kva For Sialkot Office	(160)	37	(123)	77	(46)	Negotiation/Company Policy	Sale to BCPPL
Generator 5 Kva For Malik Jawaid Iqbal	(115)	13	(102)	88	(14)	Negotiation/Company Policy	Sale to BCPPL
Cabling Cost For Cctv At Ho	(85)	3	(82)	71	(11)	Negotiation/Company Policy	Sale to BCPPL
3M Safety S-70, Anti-Shatter/Anti Blast	(84)	4	(80)	51	(29)	Negotiation/Company Policy	Sale to BCPPL
Airconditioner For Md Office	(83)	6	(77)	68	(9)	Negotiation/Company Policy	Sale to BCPPL
Auto Transfer System Ats Pannel For Md R	(109)	32	(77)	60	(17)	Negotiation/Company Policy	Sale to BCPPL
Photocopier Machine:Toshiba E-Studio Mr Qazi Sajid	(164)	91	(73)	28	(45)	Negotiation/Company Policy	Sale to BCPPL
Installation Of Ho It Network Infrastruc	(78)	6	(72)	51	(21)	Negotiation/Company Policy	Sale to BCPPL
2.5 Tons Air Condition For Md	(95)	26	(69)	56	(13)	Negotiation/Company Policy	Sale to BCPPL
Polycom Sound Station 2 (Expandable) Wit	(105)	39	(66)	30	(36)	Negotiation/Company Policy	Sale to BCPPL
Lexmark Printer Ms510Dn For Finance De	(105)	41	(64)	30	(34)	Negotiation/Company Policy	Sale to BCPPL
Lexmark Printer Ms510Dn For Textile Dept	(105)	41	(64)	30	(34)	Negotiation/Company Policy	Sale to BCPPL
Lexmark Printer Ms510Dn For Textile Dept	(73)	10	(63)	30	(33)	Negotiation/Company Policy	Sale to BCPPL
2 Ton Split Air Conditioner Application Lab Ev9 Kh	(73)	10	(63)	30	(33)	Negotiation/Company Policy	Sale to BCPPL
2 Ton Split Air Conditioner Application Lab Ev9 Kh	(73)	10	(63)	30	(33)	Negotiation/Company Policy	Sale to BCPPL
2 Ton Split Air Conditioner Application Lab Ev9 Kh	(80)	22	(58)	43	(15)	Negotiation/Company Policy	Sale to BCPPL
Sound Station 2 (Expandable) Without Ex	(55)	3	(52)	38	(14)	Negotiation/Company Policy	Sale to BCPPL
Air Condition Window Ac For Kasur Offic	(80)	29	(51)	51	0	Negotiation/Company Policy	Sale to BCPPL
Others	(31,639)	29,983	(1,657)	3,494	1,837	Negotiation/Company Policy	Various
	(38,586)	31,993	(6,594)	6,878	283		
	(105,867)	61,326	(44,541)	52,818	8,277		

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12.2 Depreciation have been allocated as follows:

	Note	Year Ended 31 December 2015 (Rs '000)	Year Ended 31 December 2014 (Rs '000)
Depreciation for the year	12	67,108	40,077
Amortization for the year	13	189	132
		<u>67,297</u>	<u>40,209</u>
Cost of sales	25	63,201	23,570
Selling and distribution expenses	26	2,163	7,624
Administrative expenses	27	1,933	9,015
		<u>67,297</u>	<u>40,209</u>

12.3 The valuation was carried out on 28 February 2015 by an independent valuer, M/s Surval valuer on the basis of market value. This valuation of assets is based on market information from relevant sources, including recent sale / purchase of similar assets, and manufacturing and construction cost of such assets presently. The present condition of the asset, the level of maintenance and the remaining useful life of the asset has also been considered.

Had there been no revaluation, the related figures of plant and machinery, leasehold land and building thereon as at 31 December 2015 would have been as follows:

Plant and machinery	63,819
Leasehold land	262
Building on leasehold land	39,559
	<u>103,640</u>

12.4 This represents capital work in progress relating to renovation of administration block in factory.

13. INTANGIBLE ASSETS

	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
Opening Balance		
Cost	1,095	1,928
Accumulated amortization	(906)	(1,607)
Net book value	<u>189</u>	<u>321</u>
Amortization charge for the year	(189)	(132)
Written off during the year		
Cost	695	833
Accumulated amortization	(695)	(833)
	-	-
Closing net book value	<u>-</u>	<u>189</u>
Closing balance		
Cost	400	1,095
Accumulated amortization	(400)	(906)
Net book value	<u>-</u>	<u>189</u>
Amortization rates (% per annum)	33%	33%

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14. LONG TERM LOANS	Note	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
Due from employees - considered good	14.1	3,176	3,132
Recoverable within one year shown under current assets	20	<u>(1,148)</u>	<u>(975)</u>
		<u>2,028</u>	<u>2,157</u>
Outstanding for period exceeding 3 years		95	600
Others		<u>1,933</u>	<u>1,557</u>
		<u>2,028</u>	<u>2,157</u>
14.1 Interest free loans are provided to employees. These are granted in accordance with the terms of their employment and are recoverable in monthly installments over a period ranging between two to five years.			
15. LONG TERM DEPOSITS			
Long term deposits		<u>2,063</u>	<u>2,829</u>
This includes security deposits against utility amounting to Rs. 1.902 million (2014: Rs. 2.048 million).			
16. DEFERRED TAXATION			
		31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
Deductible temporary differences			
- provision in respect of doubtful debts		91,907	87,937
- provision for slow moving inventory items		2,200	2,170
- provision for staff retirement benefits		<u>28,143</u>	<u>10,916</u>
		<u>122,250</u>	<u>101,023</u>
Taxable temporary differences			
- accelerated tax depreciation allowance		(16,500)	(12,084)
- on surplus on revaluation of fixed assets		<u>(271,290)</u>	<u>-</u>
		<u>(165,540)</u>	<u>88,939</u>
17. STORES AND SPARES			
Stores and spares		29,259	19,705
Provision against slow moving stores and spares		<u>(4,081)</u>	<u>(3,868)</u>
		<u>25,178</u>	<u>15,837</u>
18. STOCK-IN-TRADE			
Raw materials		193,034	222,816
Provision for slow moving and obsolescence		<u>(4,256)</u>	<u>(322)</u>
		<u>188,778</u>	<u>222,494</u>
Raw material-in-transit		100,833	45,728
Packing materials		9,515	11,121
Work-in-process		2,338	-
Finished goods			
- Own manufactured		109,494	87,855
- Purchased products		7,144	35,364
- Finished goods in-transit		217	-
Provision for slow moving and obsolescence		<u>(808)</u>	<u>(2,010)</u>
		<u>116,047</u>	<u>121,209</u>
		<u>417,511</u>	<u>400,552</u>

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19. TRADE DEBTS	Note	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
Considered good - unsecured	19.1	614,985	462,584
Considered good - secured		51,396	293,793
Considered doubtful		287,211	251,249
		<u>953,592</u>	<u>1,007,626</u>
Provision for doubtful debts		<u>(287,211)</u>	<u>(251,249)</u>
		<u><u>666,381</u></u>	<u><u>756,377</u></u>
19.1	This includes a sum of Rs. 6.340 million (2014: Rs. 35.417 million) due from related parties as follows:		
BASF Chemicals and Polymers Pakistan (Private) Limited		-	19,104
Archroma Pakistan Limited		1,425	-
Archroma India (Pvt) Limited		1,715	-
Archroma Singapore (Pte) Limited		3,200	-
BASF India Limited		-	16,313
		<u>6,340</u>	<u>35,417</u>

The ageing of the trade debts receivable from related parties as at the balance sheet date are as under:

	31 December 2015 Gross amount	31 December 2015 Impairment	31 December 2014 Gross amount	31 December 2014 Impairment
	------(Rupees in '000)-----		------(Rupees in '000)-----	
Not past due	1,425	-	15,723	-
Past due 1-90 days	4,915	-	11,938	-
Past due 90-365 days	-	-	3,333	-
Past more than 365 days			4,423	
	<u>6,340</u>	<u>-</u>	<u>35,417</u>	<u>-</u>

20. LOANS AND ADVANCES	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
Current portion of long term loans to employees - considered good	1,148	975
Advances to suppliers	1,859	8,308
	<u>3,007</u>	<u>9,283</u>
21. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Deposits against LC margin	40,854	-
Short term prepayments	981	2,253
	<u>41,835</u>	<u>2,253</u>
22. OTHER RECEIVABLES		
Due from BCPPL	8,254	-
Others	1,979	617
	<u>10,233</u>	<u>617</u>

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

23. CASH AND BANK BALANCES	Note	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
Balances with banks in current accounts		19,611	94,869
Cash in hand		334	434
		<u>19,945</u>	<u>95,303</u>
23.1 CASH AND CASH EQUIVALENTS			
Cash and bank balances		19,945	95,303
Short term running finance		(24,971)	-
		<u>(5,026)</u>	<u>95,303</u>
24. NET SALES			
Gross sales		2,508,528	2,896,414
Less: sales discounts and rebates		(10,721)	(3,462)
Less: sales tax		(58,346)	(58,563)
		<u>2,439,461</u>	<u>2,834,389</u>
25. COST OF SALES			
Raw and packing material consumed	25.1	1,268,272	1,429,006
Salaries, wages, benefits and allowances	25.2	156,148	138,052
Electricity, gas and water		39,726	43,482
Depreciation and amortization	12.2	63,201	23,570
Royalty expenses		40,901	31,103
Stores consumed		17,223	18,075
Inventory written off		549	4,375
Repairs and maintenance		9,920	5,831
Rent, rates and taxes		717	-
Printing, stationery and other supplies		2,575	889
Insurance		1,060	2,920
Telecommunication		1,744	-
Travelling and entertainment		4,985	1,208
Miscellaneous		3,151	1,275
Opening WIP		-	-
Closing WIP		(2,338)	-
Cost of goods manufactured		<u>1,607,834</u>	<u>1,699,786</u>
Finished goods			
Opening stock		87,855	100,348
Closing stock		(109,494)	(87,855)
		<u>(21,639)</u>	<u>12,493</u>
Cost of goods sold - own manufactured products		1,586,195	1,712,279
Cost of goods sold - purchased products	25.3	108,216	254,832
		<u>1,694,411</u>	<u>1,967,111</u>

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

25.1 Raw and packing material consumed	Note	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
Opening stock		233,937	209,702
Purchases		1,236,884	1,453,241
Closing stock		(202,549)	(233,937)
Raw and packing materials consumed		<u>1,268,272</u>	<u>1,429,006</u>
25.2	Includes a sum of Rs. 3.891 million (2014: Rs. 8.352 million) in respect of staff retirement benefits.		
25.3 Cost of goods sold - purchased products			
Opening stock		35,364	46,604
Purchases		80,213	243,592
Closing stock		(7,361)	(35,364)
		<u>108,216</u>	<u>254,832</u>
26. SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages, benefits and allowances	26.1	97,245	73,557
Service charges		7,257	31,471
Outward freight		46,684	42,814
Fuel and power		2,811	1,345
Depreciation and amortization	12.2	2,163	7,624
Travelling and entertainment		4,404	6,652
Rent, rates and taxes		2,661	5,296
Insurance		3,947	1,148
Legal professional charges		375	-
Indenting commission expense		9,614	13,860
Advertising		-	3,636
Business events - conferences and seminars		530	1,725
Samples		210	1,490
Repairs and maintenance		3,593	965
Printing and stationery and other supplies		2,286	1,386
Communication - postage, telephone and telegram		6,179	5,287
Others		-	2,210
		<u>189,959</u>	<u>200,466</u>

26.1 Includes a sum of Rs 2.432 million (2014: Rs. 5.313 million) in respect of staff retirement benefits.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

27. ADMINISTRATIVE EXPENSES	Note	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
Salaries, wages, benefits and allowances	27.1	33,721	121,253
Legal and professional charges		4,101	7,241
Service charges		18,701	23,900
Travelling and entertainment		127	7,912
Ijarah rental payments		-	534
Insurance		84	4,820
Communication		17,873	35,229
Fixed assets written off		3,074	-
Depreciation and amortization	12.2	1,933	9,015
Fuel and power		1,548	7,233
Repairs and maintenance		3,320	2,703
Rent, rates and taxes		2,551	4,488
Printing and stationery		3,063	-
Fee & subscription		1,160	-
Book and periodicals		10	-
Reversal of provision against doubtful debts		(17,884)	(71,142)
Bad debts written off directly		-	10,613
Provision against slow moving and obsolescence stock		5,064	(17,573)
Others		138	816
		78,584	147,042
27.1	Includes a sum of Rs. 1.783 million (2014: Rs. 5.952 million) in respect of staff retirement benefits.		
28. OTHER INCOME			
Professional services to related parties		12,941	43,407
Indenting commission		2,916	14,562
Export rebate		2,479	6,133
Cost sharing income - BCPPL		53,542	-
Sale of scrap		-	1,802
Insurance agency commission		-	478
Gain on disposal of property, plant and equipment		8,277	-
Others		-	2,456
Intercompany payables write off		54,889	-
		135,044	68,838
29. FINANCIAL AND OTHER CHARGES			
Finance cost on short term borrowings		10,598	29,175
Exchange loss - net		13,553	(18,611)
Bank charges		9,603	13,553
		33,754	24,117

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

30. OTHER OPERATING CHARGES	Note	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
Auditor's remuneration	30.1	3,182	1,459
Workers' Profit Participation Fund	9.2	28,721	28,007
Workers' Welfare Fund		11,488	10,643
Loss on disposal of property, plant and equipment		-	303
Donation		200	625
		43,591	41,037

30.1 This represents amount charged in respect of Audit Fee, special certifications and sundry services and out of pocket expenses amounting to Rs. 2.709 million, Rs. 0.12 million and Rs. 0.313 million respectively.

31. TAXATION	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
Current tax		
Current year	165,994	134,959
Prior year	20,000	(39,100)
	185,994	95,859
Deferred tax		
Current year	16,564	24,796
Prior year	(18,784)	-
	(2,220)	24,796
	183,774	120,655
Reconciliation between tax expense and accounting profit		
Profit before taxation	534,206	523,454
Tax at the applicable tax rate of 32% (2014: 33%)	170,946	172,740
Prior year tax	11,443	(39,100)
Tax effect of income subject to final tax regime	5,052	(16,248)
Tax effect of tax rebates	(3,895)	-
Others	228	3,263
	183,774	120,655

31.1 Income tax assessments of the Company have been finalized upto and including the tax year 2015. However, the Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select the deemed assessment order for audit. During the year, an assessment order in respect of tax year 2013 was issued by Deputy Commissioner Inland Revenue creating a tax demand of Rs. 20 million which has been paid by the Company during the year. The Company filed an appeal against the order before Commissioner of Income Tax-(Appeals) on 21 April 2015. The decision of this appeal was made on 23 July 2015. However, Company has preferred second appeal before the appellate tribunal inland Revenue against the actions of the Commissioner of Income tax-(Appeals) which is pending for hearing.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

32. PRODUCTION CAPACITY

	31 December 2015 (Tonnes)	31 December 2014 (Tonnes)
Total installed capacity	33,000	33,000
Actual production	20,224	20,529

Production is demand driven, hence, the variance in installed capacity and actual production is mainly attributed to reduced demand.

33. FINANCIAL INSTRUMENTS

The Company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board of Directors is also responsible for developing and monitoring the Company's risk management policies.

33.1 Credit risk

Exposure to credit risk

Credit risk represents the financial loss that would be recognized at the balance sheet date if counterparties fail completely to perform as contracted, fail to discharge an obligation or commitment that it has entered into with the Company. It arises principally from trade debts, loans and deposits and bank balances.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the balance sheet date is as follows:

	Carrying amount 31 December 2015 (Rs '000)	Carrying amount 31 December 2014 (Rs '000)
Trade debts	666,381	756,377
Loans, deposits and other receivables	56,326	6,578
Bank balances	19,611	94,869
	742,318	857,824

Trade Debts

To manage exposure of credit risk, the Company applies credit limits to its customers and ensures that the sale of products are made to the customers having appropriate credit history. The Company seeks to minimize the credit risk exposure through having exposure only to customers considered credit worthy, obtaining securities where applicable and makes provision against those balances considered doubtful of recovery.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

Management considers that the major concentration of credit risk before any credit enhancements for trade debts at the reporting date is mainly in textile division amounting to Rs. 893.117 million (2014: Rs. 711.432 million).

The aging of trade debts at the reporting date is:

	31 December 2015 Gross amount	31 December 2015 Impairment	31 December 2014 Gross amount	31 December 2014 Impairment
	------(Rupees in '000)-----		------(Rupees in '000)-----	
Not past due	280,186	-	590,882	(1,153)
Past due 1-90 days	325,720	-	171,031	(11,576)
Past due 91-365 days	-	-	15,328	(12,558)
Past more than 365 days	287,211	(287,211)	230,385	(225,962)
	893,117	(287,211)	1,007,626	(251,249)

The movement in the allowance for impairment in respect of trade debts is as follows:

	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
Opening balance	251,249	322,390
Reversals during the year - net	(17,884)	(71,141)
Write off through provision	(4,854)	-
Write backs through provision	58,700	-
Closing balance	287,211	251,249

There was no impairment loss for the year. However based on the past experience and subsequent recoveries, the management believes that the unimpaired amounts are recoverable.

Bank balances

The Company kept its surplus funds with banks having good credit rating. Currently the surplus funds are kept with banks having following ratings:

Bank

Deutsche Bank AG
Meezan Bank Limited
Habib Bank Limited

Rating agency	Rating	
	Short term	Long term
Standard and Poor's	A-2	BBB+
JCR-VIS	A-1+	AA
JCR-VIS	A-1+	AAA

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

33.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments and at the reporting date it has running finance facilities.

The following are the contractual maturities of financial liabilities.

	31 December 2015			
	Carrying amount	Contractual cash flows	1 year or less	1-5 years
	----- (Rupees in '000) -----			
Trade and other payables	518,817	(518,817)	(518,817)	-
Interest accrued	295	(295)	(295)	-
Short term borrowing	24,971	(24,971)	(24,971)	-
	544,083	(544,083)	(544,083)	-

	31 December 2014			
	Carrying amount	Contractual cash flows	1 year or less	1-5 years
	----- (Rupees in '000) -----			
Trade and other payables	724,695	(724,695)	(724,695)	-
Interest accrued	846	(846)	(846)	-
Short term borrowing	355,000	(355,000)	(355,000)	-
	1,080,541	(1,080,541)	(1,080,541)	-

33.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

Currency risk

The Company is mainly exposed to currency risk on import of raw materials, merchandise, services received from group companies and export of goods denominated in Euro and US dollars.

The company's exposure to foreign currency risk was as follows based on notional amounts:

	31 December 2015			31 December 2014		
	Euro	USD	JPY	Euro	USD	JPY
	----- (Rupees in 000) -----			----- (Rupees in 000) -----		
Trade receivables	-	10,550	-	-	60,872	-
Trade payables	(23,899)	(273,347)	(5,353)	(5,798)	(242,848)	-
Gross balance sheet exposure	(23,899)	(262,797)	(5,353)	(5,798)	(181,977)	-

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

The following significant exchange rates applied during the year:

	31 December 2015 Average rate	31 December 2015 Reporting date Spot rate	31 December 2014 Average rate	31 December 2014 Reporting date Spot rate
Euro	114.30	114.67	134.24	121.95
USD	102.12	104.92	101.00	100.60
JPY	0.84	0.87	0.96	0.84

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the Euro and US Dollar with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign currency payables and trade receivables.

Effect on profit or loss	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
Euros	(1,625)	377
US Dollars	17,870	19,742
JPY	(364)	-
	<u>15,881</u>	<u>20,119</u>

The weakening of the PKR against above currencies would have had an equal but opposite impact on the post tax profits.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

Interest rate risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Effective Interest Rate 2015 (In Percent)	Carrying amount 2015 (Rs '000)	Effective Interest Rate 2014 (In Percent)	Carrying amount 2014 (Rs '000)
Fixed rate instruments				
Financial liabilities				
Short term loan	-	-	9.66%	355,000
Variable rate instruments				
Short term running finance facility	3 month KIBOR + 0.035%	24,971	-	-

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. As at 31 December 2015, the Company has no fixed rate financial assets and financial liabilities that exposes the Company to fair value interest rate risk.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

Cashflow interest rate risk

Cash flow interest rate risk is the risk of loss arising from changes in variable interest rates. The sensitivity analyses below have been determined based on the exposure to interest rates for floating rate assets and liabilities, the analysis is prepared assuming the amount of average assets and liabilities outstanding at the balance sheet date was outstanding for the whole year.

If interest rates had been 10 basis points higher/ lower and all other variables were held constant, the Company's profit for the year ended 31 December 2015 would increase / decrease by Rs 9.219 million (2014: Nil). This is mainly attributable to the bank's exposure to variable interest rate on short term running finance facility.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). At reporting date the Company does not have financial instruments exposed to other price risk.

Fair values

Financial assets not measured at fair value

Long term loans	2,028	-
Long term deposits	2,063	-
Short term loans, advances, deposits and other receivables	52,235	-
Trade debts - unsecured	666,381	-
Cash and bank balances	19,945	-
	742,652	-

Financial liabilities not measured at fair value

Trade and other payables	-	649,289
	-	649,289
	742,652	(649,289)

Carrying amount 31 December 2015	
Loans and receivables	Other financial liabilities
2,028	-
2,063	-
52,235	-
666,381	-
19,945	-
742,652	-
-	649,289
-	649,289
742,652	(649,289)

Financial assets not measured at fair value

Long term loans	2,157	-
Long term deposits	2,829	-
Short term loans, advances, deposits and other receivables	1,592	-
Trade debts - unsecured	756,377	-
Cash and bank balances	95,303	-
	858,258	-

Financial liabilities not measured at fair value

Trade and other payables	-	783,058
	-	783,058
	858,258	(783,058)

Carrying amount 31 December 2014	
Loans and receivables	Other financial liabilities
----- (Rupees in '000) -----	
2,157	-
2,829	-
1,592	-
756,377	-
95,303	-
858,258	-
-	783,058
-	783,058
858,258	(783,058)

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

34. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support the sustained development of its businesses.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors also monitors the level of dividends to the ordinary shareholders.

The Company is not subject to externally imposed capital requirements.

35. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Parent Company Archroma Pakistan Limited, group companies (associated companies), directors and their close family members, retirement benefit plans and key management personnel. Transactions with related parties are entered into at rates negotiated with them. However, contributions to retirement benefit plans are made in accordance with the terms of the plan. Details of transactions and balances with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	Note	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
Parent company			
Sales		22,556	-
Purchases		570	-
Associated companies			
Sales		26,056	8,748
Purchases		27,606	191,130
Other previous related parties			
Royalty and technical fee	34.1	18,692	31,103
Sales		168,570	88,602
Purchases	34.2	318,747	685,933
Services rendered		12,942	43,407
Service charges		23,471	55,371
Software maintenance cost		13,856	60,442
Indenting commission income		2,287	14,562
Indenting commission expense		5,276	13,860
Interest expense on short term loan		7,506	29,176
Other related parties			
Key management personnel remuneration		22,062	51,774
Contribution to provident fund		6,831	9,395
Contribution to gratuity fund		4,878	8,673

35.1 This amount represents royalty payable to BASF SE, previous parent company

35.2 This amount includes purchase from BASF SE, previous parent company amounting to Rs.65.52 million (2014: Rs.122.836 million)

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

36. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

	Chief Executive Officer		Directors		Executives	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	----- (Rupees in '000) -----					
Fees	7,480	14,239	5,142	-	43,441	-
Commission or bonus	-	10,945	3,737	-	17,180	-
Retirement benefits	748	2,611	514	-	4,344	-
Other perquisites and benefits	1,870	(6,049)	2,571	-	25,982	-
Total	10,098	21,746	11,964	-	90,947	-
Number of person(s)	2	1	2	-	32	-

Apart from the Chief Executive, all the directors are non-executive directors.

37. CORRESPONDING FIGURES

The comparative year reported in profit and loss account, other comprehensive income and cash flow statement are for the year ended 31 December 2014.

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of better presentation and comparison. Significant reclassifications are as follows:

FROM	TO	(Rs '000)
Transportation and Relocation - Cost of sales	Salaries, wages, benefits and other allowances - Cost of Sales	<u>8,596</u>
Security Services - Cost of sales	Salaries, wages, benefits and other allowances - Cost of Sales	<u>4,907</u>
Software maintenance cost - Cost of sales	Salaries, wages, benefits and other allowances - Cost of Sales	<u>14,828</u>
Electricity and Gas - Selling and distribution expenses	Fuel and Power - Selling and distribution expenses	<u>1,345</u>
Software maintenance cost - Selling and distribution expenses	Salaries, wages, benefits and other allowances - Selling and Distribution expenses	<u>10,385</u>
Security Service - Selling and Distribution Expenses	Salaries, wages, benefits and other allowances - Selling and Distribution expenses	<u>3,627</u>
Software maintenance cost - Administrative expenses	Communication - Administrative expenses	<u>35,229</u>
Computer and accessories - Net book value	Office equipment - net book value	<u>3,842</u>

/ NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

FROM	TO	(Rs '000)
Auditor's remuneration - Administrative expenses	Auditor's remuneration - Other charges	<u>1,459</u>
Donations - Administrative expenses	Donations - Other charges	<u>625</u>
Electricity and Gas - Administrative expenses	Fuel and Gas - Administrative expenses	<u>7,233</u>
Loans, advances, deposits prepayments and other receivables	Sales tax refundable	<u>322,410</u>
Loans, advances, deposits prepayments and other receivables	Other receivables	<u>617</u>
Loans, advances, deposits prepayments and other receivables	Trade deposits and short term prepayments	<u>2,253</u>

38. GENERAL

38.1 The Company has set up provident fund for its permanent employees and the contributions were made by the Company to the Trust in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. The total charge against provident fund for the year ended 31 December 2015 was Rs. 5.494 million (31 Dec 2014: Rs. 9.395 million). The net assets based on audited financial statements of provident fund as at 31 December 2015 were Rs. 134.747 million out of which 85% (Dec 14: 77%) were invested in different financial instruments categories as provided in Section 227 of the Companies Ordinance, 1984 and rules formulated for the purpose. The fair value and cost of investments of provident fund as at 31 December 2015 was Rs. 114.92 million (Dec 14: 141.92) and Rs. 114.92 million (Dec 14: 141.92) respectively. The above investments out of provident fund have been made in accordance with the requirement of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

The breakup value of the investments is as follows:

	31 December 2015 (Rs '000)	31 December 2014 (Rs '000)
Pakistan Investment Bond	<u>114,921</u>	<u>141,921</u>

38.2 The number of employees including contractual employees of the Company as at 31 December 2015 were 108 (2014: 137) and average number of employees were 123 (2014: 140).

38.3 These financial statements were authorized for issue in the Board of Directors meeting held on 08 March 2016.



Mujtaba Rahim
Chairman and Chief Executive Officer



M Veqar Arif
Director and Chief Financial Officer

/ FORM OF PROXY

Please quote Folio
Number

I/We _____

of _____

being a member of ARCHROMA PAKISTAN LIMITED, hereby appoint _____

of _____

or failing him/her _____

of _____
as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be held on Friday, 03 June 2016 at 10:00 a.m. and at any adjournment thereof.

Revenue Stamp

Signed by the said _____

Witness 1

Signature _____

Name _____

CNIC No. _____

Address _____

Witness 2

Signature _____

Name _____

CNIC No. _____

Address _____

Place: _____

Date _____

NOTES:

1. This form of proxy duly completed, must be deposited at the Company's Registered Office at 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi not later than 48 hours before the meeting.
2. In pursuance of Circular No. 1 of 2000 of Securities and Exchange Commission of Pakistan (SECP) dated 26 January 2000, the beneficial owners of the shares registered in the name of Central Depository Company (CDC) and/or their proxies are required to produce their original National Identity Card (NIC) or Passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and NIC numbers must be mentioned on the form, alongwith attested copies of the NIC or the Passport of the beneficial owner and the proxy.

