



HALF YEAR REPORT 2022 (Ended March 2022)



CONTENTS

Company Information

Directors' Report

Condensed Interim Statement of Financial Position

Condensed Interim Statement of Profit or Loss and other Comprehensive Income

Condensed Interim Statement of Cash Flows

Condensed Interim Statement of Changes in Equity

Notes to the Condensed Interim Financial Statements

COMPANY INFORMATION

Chairman	<ul style="list-style-type: none">• M Veqar Arif	
Board of Directors	<ul style="list-style-type: none">• Mujtaba Rahim• Marcos Furrer• Michel Zumstein• Shahid Ghaffar• Thomas Bucher• Yasmin Peermohammad	<ul style="list-style-type: none">- Chief Executive Officer (Alternate: Irfan Chawala) (Alternate: Naveed Kamil)
Audit Committee	<ul style="list-style-type: none">• Shahid Ghaffar• Michel Zumstein• M Veqar Arif• Irfan Lakhani	<ul style="list-style-type: none">- Chairman (Alternate: Naveed Kamil)- Secretary
Human Resources and Remuneration Committee	<ul style="list-style-type: none">• Yasmin Peermohammad• Michel Zumstein• Mujtaba Rahim• Irfan Lakhani	<ul style="list-style-type: none">- Chairperson (Alternate: Naveed Kamil)- Secretary
Management Committee	<ul style="list-style-type: none">• Mujtaba Rahim• Irfan Chawala• Muhammad Altaf	<ul style="list-style-type: none">• Naveed Kamil• Qazi Naeemuddin
Chief Financial Officer	<ul style="list-style-type: none">• Irfan Chawala	
Company Secretary	<ul style="list-style-type: none">• Irfan Lakhani	
Bankers	<ul style="list-style-type: none">• Bank Al Habib Limited• Habib Bank Limited• Habib Metropolitan Bank Limited• MCB Bank Limited• Meezan Bank Limited• National Bank of Pakistan• Standard Chartered Bank (Pakistan) Limited	
Auditors	<ul style="list-style-type: none">• KPMG Taseer Hadi & Co. Chartered Accountants	
Legal Advisor	<ul style="list-style-type: none">• Fazleghani Advocates	
Share Registrar	<ul style="list-style-type: none">• FAMCO Associates (Pvt) Limited 8-F, Next to Hotel Faran, Nursery Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi	
Registered Office	<ul style="list-style-type: none">• 1-A/1, Sector 20, Korangi Industrial Area, Korangi, Karachi	
Factories	<ul style="list-style-type: none">• Petaro Road, Jamshoro• LX-10, LX-11, Landhi Industrial Area, Karachi	
Sales & Marketing Offices	<ul style="list-style-type: none">• Katar Bund Road, Off. Multan Road, Thokar Niaz Baig, Lahore• P-277, Kashmir Road, Amin Town, Faisalabad• B 157 Lalarukh, Wah Cantt	
Website	<ul style="list-style-type: none">• www.archroma.com.pk	
Email	<ul style="list-style-type: none">• archroma.pakistan@archroma.com	

REPORT OF BOARD OF DIRECTORS

The Directors of your Company are pleased to present the financial report for half-year ended 31 March 2022, together with the condensed interim financial information of the Company for the period ended 31 March 2022, as reviewed by the external auditors.

COMPOSITION OF BOARD

The composition of the Board is as follows:

- a) Male members: 6
- b) Lady member: 1

Out of the above:

- a) Executive Director: 1
- b) Non-Executive Directors: 4
- c) Independent Directors: 2

BUSINESS OVERVIEW

Pakistan's Textile exports continued to remain strong during the first half of the ongoing Financial Year 2022, which has also positively contributed to your Company's overall performance. However, local market Textiles' sales & construction activity slowed down during the quarter under review, mainly due to higher energy & commodity prices and double-digit inflation in other costs.

Your Company achieved net sales of PKR 13,247 million during the half year ended 31 March 2022 against PKR 10,041 million in comparison to the same period last

year. Contribution to this strong overall sales growth of 32% has come from positive contributions of all the businesses i.e Brand & Performance Textile Specialties, Coating Adhesives & Sealants, Packaging & Paper Specialties & New markets.

Higher freight & logistics costs and significant devaluation of PKR against USD and other foreign currencies during the quarter has adversely impacted the bottom-line profitability, however, higher topline sales performance & growth has enabled your Company to attain after tax profits of PKR 1,314 million during the half year under review against PKR 1,102 million for the same period last year.

FUTURE OUTLOOK

The ongoing Russia-Ukraine conflict, Global Energy and Commodities price and availability situation and consequential adverse Balance of Trade of Pakistan, makes the future outlook for Textiles Exports & Construction Industry, somewhat uncertain.

However, the Management is positive that with the available export orders with our customers and Archroma's strong projects pipeline to further increase its Market Share and with our recent success and business development in New markets' Home care business, your Company is expected to maintain profitable growth momentum in short to medium term.

On behalf of the Board



Mujtaba Rahim
Chief Executive Officer



Irfan Chawala
Director

مدت کے مقابلے میں 10,041 ملین پاکستانی روپے تھی، 32 فیصد کی مضبوط مجموعی نمونہ تمام کاروبار جیسے برانڈ اور پرفارمنس ٹیکسٹائل اسپیشلائز، کوئنگ ایڈیٹیو پوز اور سیلائٹس، پیکیجنگ اور بیچر کی خصوصیات اور نئی مارکیٹس کی مثبت شراکت سے حاصل ہوئی۔

کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ آپ کی خدمت میں 31 مارچ 2022 کو ختم ہونے والی ششماہی کی اپنی مالیاتی رپورٹ، بح 31 مارچ 2022 کو ختم ہونے والی مدت کیلئے کمپنی کی جامع معامی عبوری مالیاتی معلومات پیش کر رہے ہیں جیسا کہ بیرونی آڈیٹرز نے جائزہ لیا ہے۔

بورڈ کی تشکیل

بورڈ کی تشکیل مندرجہ ذیل ہے

(الف)	حضرات	06
(ب)	خواتین	01

مندرجہ بالا میں سے:

(i)	ایگزیکٹو ڈائریکٹر	01
(ii)	نان ایگزیکٹو ڈائریکٹر	04
(iii)	انڈیپنڈنٹ ڈائریکٹر	02

سہ ماہی کے دوران زیادہ فریٹ اور لاسٹکس کے اخراجات اور امریکی ڈالر اور دیگر غیر ملکی کرنسیوں کے مقابلے میں پاکستانی روپے کی قدر میں نمایاں کمی نے بوٹم لائن کے منافع کو بری طرح متاثر کیا ہے، تاہم، ٹاپ لائن فروخت اور نمونے آپ کی کمپنی کو اس قابل بنادیا ہے کہ وہ اس دوران، زیر جائزہ ششماہی کیلئے، پچھلے سال کی اسی مدت کیلئے 1,102 ملین پاکستانی روپے کے مقابلے میں 1,314 ملین پاکستانی روپے (بعد از ٹیکس) منافع حاصل کر سکے۔

مستقبل پر نظر

روس اور یوکرائن کے درمیان جاری تنازعہ، عالمی توانائی اور اشیاء کی قیمتوں اور دستیابی کی صورت حال اور پاکستان کی تجارت میں منفی توازن، ٹیکسٹائل کی برآمدات اور تعمیراتی صنعت کیلئے مستقبل کے نقطہ نظر کو کسی حد تک غیر یقینی بنادیا ہے۔


تاہم، انتظامیہ پر امید ہے کہ ہمارے صارفین کیساتھ دستیاب برآمدی آرڈرز اور آرکروما کے مضبوط پروڈیکٹس کیساتھ اپنے مارکیٹ شیئر کو مزید بڑھائے گی۔ ہماری حالیہ کامیابیوں اور نئی مارکیٹوں کے ہوم کیتے کے کاروبار میں ترقی کیساتھ، آپ کی کمپنی سے مختصر سے درمیانی مدت میں منافع بخش ترقی کی رفتار کو برقرار رکھنے کی توقع ہے۔


کاروباری جائزہ

پاکستان میں ٹیکسٹائل کی برآمدات رواں مالی سال 2022 کی پہلی ششماہی کے دوران مضبوط رہیں، جس نے آپ کی کمپنی کی مجموعی کارکردگی میں بھی مثبت کردار ادا کیا ہے، تاہم، زیر جائزہ سہ ماہی کے دوران توانائی اور اشیاء کی بلند قیمتوں اور دہرے ہندسے کے افراط زر کے باعث، مقامی ٹیکسٹائل کی فروخت اور تعمیراتی سرگرمیاں سست رہیں۔

آپ کی کمپنی نے 31 مارچ 2022 کو ختم ہونے والی ششماہی کے دوران 13,247 ملین پاکستانی روپے کی خالص فروخت حاصل کی جو گزشتہ سال کی اسی

بورڈ کی جانب سے:


محمد عتیق رحیم
چیف ایگزیکٹو آفیسر


عرفان چاہ والا
ڈائریکٹر



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

Report on Review of Interim Financial Statements

Independent Auditors' Review Report

To the members of Archroma Pakistan Limited

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Archroma Pakistan Limited ("the Company") as at 31 March 2022 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and the condensed interim statement of cash flows, and notes to the financial statements for the six month period then ended (here-in-after-referred to as "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other matter

The figures of the condensed interim statement of profit or loss and other comprehensive income for the three months period ended 31 March 2022, have not been reviewed and we do not express a conclusion on them.

H. Taseer

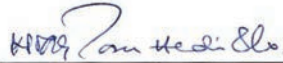


KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditors' review report is Aryn Malik.

Date: 27 April 2022

Karachi
UDIN: RR202210096BfzRDUFh4


KPMG Taseer Hadi & Co.
Chartered Accountants

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)


As at 31 March 2022

	Note	31 March 2022 (Un-audited)	30 September 2021 (Audited)
------(Rupees in '000)-----			
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,859,315	1,865,030
Long-term deposits and prepayments		12,375	16,604
Deferred assets		79,834	75,752
		<u>1,951,524</u>	<u>1,957,386</u>
Current assets			
Stores and spares		63,405	62,578
Stock-in-trade	5	5,057,581	2,652,654
Trade receivables	6	5,185,690	3,769,706
Loans and advances		1,836	2,930
Trade deposits and short-term prepayments		69,323	39,189
Other receivables		146,528	29,072
Sales tax refundable		1,327,959	1,327,959
Short term investments		-	601,000
Cash and bank balances		287,803	1,267,870
		<u>12,140,125</u>	<u>9,752,958</u>
TOTAL ASSETS		<u>14,091,649</u>	<u>11,710,344</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital			
Issued, subscribed and paid-up capital		341,179	341,179
Reserves			
Revenue reserve		2,434,000	3,138,000
Unappropriated profit		1,316,045	2,368,412
		<u>3,750,045</u>	<u>5,506,412</u>
LIABILITIES		<u>4,091,224</u>	<u>5,847,591</u>
Non-current liabilities			
Deferred taxation - net		62,862	52,217
Deferred liabilities		5,766	12,526
Long term loan - secured	8	-	44,382
Lease liabilities	10	108,188	104,341
Liabilities against diminishing musharika financing	11	94,343	59,018
		<u>271,159</u>	<u>272,484</u>
Current liabilities			
Trade and other payables	7	7,138,243	3,772,401
Unclaimed dividend		85,037	72,097
Mark-up accrued		12,532	3,636
Current portion of long term loan - secured	8	132,251	177,522
Short-term borrowings - secured	9	2,215,405	1,475,606
Current portion of lease liabilities	10	16,386	16,573
Taxation - net		83,376	33,627
Current portion of liabilities against diminishing musharaka financing	11	46,036	38,807
		<u>9,729,266</u>	<u>5,590,269</u>
TOTAL LIABILITIES		<u>10,000,425</u>	<u>5,862,753</u>
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	12	<u>14,091,649</u>	<u>11,710,344</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.


Mujtaba Rahim
Chief Executive Officer


Naveed Kamil
Director


Irfan Chawala
Director and Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)


For the Six Months Period Ended 31 March 2022

	Note	Six months period ended		Quarter ended	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
----- (Rupees in '000) -----					
Sales	13	15,526,285	11,975,800	7,588,617	5,865,228
Trade discounts and commission	13	(540,788)	(535,551)	(255,919)	(249,836)
Sales tax	13	(1,738,733)	(1,398,440)	(847,889)	(673,879)
		(2,279,521)	(1,933,991)	(1,103,808)	(923,715)
Sales - net	13	13,246,764	10,041,809	6,484,809	4,941,513
Cost of sales		(9,433,301)	(6,966,325)	(4,722,869)	(3,392,683)
Gross profit		3,813,463	3,075,484	1,761,940	1,548,830
Distribution and marketing expenses		(1,334,312)	(1,030,044)	(651,084)	(516,535)
Administrative expenses		(299,753)	(301,700)	(148,892)	(143,896)
Impairment reversal on trade receivables		19,106	9,415	2,068	9,415
Other expenses		(138,483)	(126,256)	(58,091)	(65,000)
		(1,753,442)	(1,448,585)	(855,999)	(716,016)
		2,060,021	1,626,899	905,941	832,814
Other income		29,121	31,283	10,945	14,439
		2,089,142	1,658,182	916,886	847,253
Finance costs		(266,192)	(34,768)	(138,896)	(10,618)
Profit before taxation		1,822,950	1,623,414	777,990	836,635
Taxation		(508,708)	(521,184)	(213,912)	(214,115)
Profit after taxation		1,314,242	1,102,230	564,078	622,520
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		1,314,242	1,102,230	564,078	622,520
----- (Rupees) -----					
Earnings per share	14	38.52	32.31	16.53	18.25

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.


Mujtaba Rahim
Chief Executive Officer


Naveed Kamil
Director


Irfan Chawala
Director and Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)


For the Six Months Period Ended 31 March 2022

	Issued, subscribed and paid-up capital	Reserves		Total
		Revenue reserve	Unappropriated profit	
----- (Rupees in '000) -----				
Balance as at 30 September 2020 (Audited)	341,179	3,238,000	924,681	4,503,860
Transfer from revenue reserve appropriated subsequent to year end	-	(100,000)	100,000	-
Transactions with owners of the Company - Distribution				
Final cash dividend at 300% (i.e. Rs. 30 per share) for the year ended 30 September 2020	-	-	(1,023,536)	(1,023,536)
Total comprehensive income for the period ended 31 March 2021				
Profit for the period	-	-	1,102,230	1,102,230
Other comprehensive income	-	-	-	-
	-	-	1,102,230	1,102,230
Balance as at 31 March 2021 (Un-audited)	341,179	3,138,000	1,103,375	4,582,554
Balance as at 30 September 2021 (Audited)	341,179	3,138,000	2,368,412	5,847,591
Transfer from revenue reserve appropriated subsequent to year end	-	(704,000)	704,000	-
Transactions with owners of the Company - Distribution				
Final cash dividend at 900% (i.e. Rs. 90 per share) for the year ended 30 September 2021	-	-	(3,070,609)	(3,070,609)
Total comprehensive income for the period ended 31 March 2022				
Profit for the period	-	-	1,314,242	1,314,242
Other comprehensive income	-	-	-	-
	-	-	1,314,242	1,314,242
Balance as at 31 March 2022 (Un-audited)	341,179	2,434,000	1,316,045	4,091,224

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.


Mujtaba Rahim
Chief Executive Officer


Naveed Kamil
Director


Irfan Chawala
Director and Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)


For the Six Months Period Ended 31 March 2022

	Note	31 March 2022	31 March 2021
------(Rupees in '000)-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	1,416,277	1,572,398
Staff gratuity and other long term employee benefits paid		(25,308)	(351,554)
Mark-up paid		(17,748)	(40,387)
Income taxes paid		(448,314)	(231,223)
Movement in long-term deposits and prepayments		4,229	(3,430)
Net cash generated from operating activities		929,136	945,804
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(74,800)	(40,939)
Proceeds from disposal of operating property, plant and equipment		6,480	22,550
Net cash used in investing activities		(68,320)	(18,389)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment against lease liabilities		(4,340)	(7,400)
Payment against diminishing musharika financing - net		(28,090)	(41,424)
Long term loan - repayment		(91,583)	(46,509)
Short-term borrowings - proceeds		700,000	1,762,809
Short-term borrowings - repayments		(26,471)	(1,796,805)
Dividend paid		(3,057,669)	(1,017,577)
Net cash used in financing activities		(2,508,153)	(1,146,906)
Net decrease in cash and cash equivalents		(1,647,337)	(219,491)
Cash and cash equivalents at beginning of the period		1,621,486	110,185
Cash and cash equivalents at end of the period	16	(25,851)	(109,306)

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.


Mujtaba Rahim
Chief Executive Officer


Naveed Kamil
Director


Irfan Chawala
Director and Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Six Months Period Ended 31 March 2022

1. THE COMPANY AND ITS OPERATIONS

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

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

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

Factories

- Petaro Road Jamshoro
- LX-10 & LX-11 Landhi Industrial Area Karachi

Sales offices

- Katar Bund Road, Off. Multan Road, Thokar Niaz Baig, Lahore
- P-277, Kashmir Road, Amin Town, Faisalabad
- House # B157 Lalarukh, Wah Cantt

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.1.2 These condensed interim financial statements of the Company do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended 30 September 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except as stated otherwise.

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand, except otherwise stated.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Six Months Period Ended 31 March 2022

2.4 Use of estimates, judgements and financial risk management

In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual audited financial statements for the year ended 30 September 2021.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 September 2021.

2.5 Standards, Interpretations and amendments to published accounting and reporting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Annual Improvements to IFRS Standards 2018-2020.

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Six Months Period Ended 31 March 2022

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above amendments are effective from annual period beginning on or after 01 January 2022 and are not likely to have an impact on Company's condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Six Months Period Ended 31 March 2022

3. ACCOUNTING POLICIES

3.1 The accounting policies and method of computation adopted in the preparation of this condensed interim financial statements are consistent with those applied in preparation of the annual audited financial statements for the year ended 30 September 2021.

3.2 A number of amendments in applicable accounting and reporting standards became effective from 1 October 2021 but they do not have any material effect on the Company's condensed interim financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	31 March 2022 (Un-audited)	30 September 2021 (Audited)
----- (Rupees in '000) -----			
Operating property, plant and equipment	4.1	1,741,719	1,780,923
Capital work-in-progress	4.3	117,596	84,107
		<u>1,859,315</u>	<u>1,865,030</u>

4.1 The following operating property, plant and equipment have been added during the six months period ended 31 March 2022:

	Building on leasehold land	Plant and machinery	Furniture, fixtures and equipment	Vehicles	31 March 2022 (Un-audited)	31 March 2021
----- (Rupees in '000) -----						
Owned ROUA						
Additions for the quarter ended 31 December 2021	793	4,311	25,668	30,252	61,024	1,031
Additions for the quarter ended 31 March 2022	-	1,782	8,320	35,223	45,325	61,030
Total	<u>793</u>	<u>6,093</u>	<u>33,988</u>	<u>65,475</u>	<u>106,349</u>	<u>62,061</u>

4.2 Operating property, plant and equipment disposed off during the six months period ended 31 March 2022 are as follows:

	Furniture, fixtures and equipment	Vehicles	31 March 2022 (Un-audited)	31 March 2022
----- (Rupees in '000) -----				
Owned ROUA				
Cost	9,776	21,327	31,103	47,395
Accumulated depreciation	(7,736)	(15,627)	(23,363)	(23,899)
Net book value	<u>2,040</u>	<u>5,700</u>	<u>7,740</u>	<u>23,496</u>

4.3 Additions to capital work in progress during the six months period ended 31 March 2022 amounts to Rs.121.141 million and transfers to operating property, plant and equipment amounts to Rs. 87.652 million.

5. STOCK-IN-TRADE

	31 March 2022 (Un-audited)	30 September 2021 (Audited)
----- (Rupees in '000) -----		
Raw and packing materials including goods in transit of Rs. 230.441 million (30 September 2021: Rs. 226.103 million)	3,687,234	1,826,808
Work-in-process	269,944	257,237
Finished goods including goods in transit of Rs. 18.836 million (30 September 2021: Rs. 38.514 million)	1,100,403	568,609
	<u>5,057,581</u>	<u>2,652,654</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Six Months Period Ended 31 March 2022

6. TRADE RECEIVABLES	31 March 2022 (Un-audited)	30 September 2021 (Audited)
	------(Rupees in '000)-----	
Considered good	5,185,690	3,769,706
Considered doubtful	490,427	521,094
	<u>5,676,117</u>	<u>4,290,800</u>
Provision for impairment loss on trade receivable	(490,427)	(521,094)
	<u>5,185,690</u>	<u>3,769,706</u>

7. TRADE AND OTHER PAYABLES	31 March 2022 (Un-audited)	30 September 2021 (Audited)
	------(Rupees in '000)-----	
Bills payable:		
- Related parties	209,068	159,334
- Others	4,339,883	1,397,939
Creditors	1,009,088	862,591
Accrued liabilities	762,622	550,436
Advance from customers	13,124	1,757
Export commission payable to related parties	38,026	45,572
Workers' Profit Participation Fund	118,664	32,813
Workers' Welfare Fund	131,099	120,314
Royalty payable to Archroma Management GmbH	285,494	216,099
Sales tax payable	-	159,320
Payable to employees cooperative society (related party)	-	40,609
Others	231,175	185,617
	<u>7,138,243</u>	<u>3,772,401</u>

8. LONG TERM LOAN - secured	31 March 2022 (Un-audited)	30 September 2021 (Audited)
	------(Rupees in '000)-----	
Loan obtained under refinance scheme for payment of wages and salaries	129,674	215,403
Less: current portion of long term loan	(129,674)	(172,322)
	-	43,081
Deferred income - government grant	2,577	6,501
Current portion of deferred income - government grant	(2,577)	(5,200)
	-	1,301
	-	44,382

8.1 Due to the effects of COVID-19 pandemic, State Bank of Pakistan (SBP) took various steps to support the economy. SBP introduced a refinance scheme for payment of salaries and wages at subsidized rate of borrowing.

The Company has obtained the said borrowing from commercial bank at subsidized rate in 5 tranches on 20 May 2020, 29 June 2020, 27 July 2020, 26 August 2020 and 24 September 2020 at 3% and 2% concessional interest rates and is repayable by December 2022 in 8 quarterly installments to commercial bank under the SBP scheme.

Government grant amounting to Rs. 3.920 million (30 September 2021: Rs 14.410 million) has been amortised during the period ended 31 March 2022 and Rs. 2.577 million will be amortised during the remaining year.

9. SHORT-TERM BORROWINGS - secured

9.1 Short term Islamic and conventional finance facilities are available from various banks under profit arrangements, amounting to Rs. 8,250 million (Islamic Rs. 7,000 million & Conventional Rs. 1,250 million) (30 September 2021: Rs. 6,250 million). These facilities have various maturity dates up to 31 March 2023. These arrangements are secured against a pari passu charge of hypothecation on stock-in-trade and trade receivables with minimum 10% margin. These facilities other than Islamic Export Refinance Facility, carry profit ranging from 1 month KIBOR +0.2% to 1 month KIBOR + 0.25% and from 3 months KIBOR flat to 3 months KIBOR + 0.35%

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Six Months Period Ended 31 March 2022

9.2 The Company has availed Islamic Export Refinance Facility under Part I and Part II amounting to Rs. 1,903 million (30 September 2021: Rs 1,228 million) under the Export Financing Scheme of the State Bank of Pakistan (SBP). The profit rates on these facilities range from 2.2% to 3.0% per annum (30 September 2021: 2.5% to 3.0% per annum).

9.3 The aggregate amount of these facilities which have not been availed as at the reporting date amounts to Rs. 6,035 million (30 September 2021: Rs. 4,774 million).

10. LEASE LIABILITIES

10.1 Lease liabilities included in the statement of financial position

	31 March 2022	30 September 2021
	(Un-audited)	(Audited)
	----- (Rupees in '000) -----	
Current	16,386	16,573
Non-Current	108,188	104,341
	124,574	120,914

10.2 Maturity Analysis – Discounted Cash Flows

Payable within one year	16,386	16,573
Payable after one year but not later than 5 years	75,486	65,442
Payable after 5 years	32,702	38,899
	124,574	120,914

10.3 This includes present value of lease liabilities discounted at the incremental borrowing rate of 14.158% and 7.65% of the Company against lease agreement of head office and area office premises respectively.

11. LIABILITIES AGAINST DIMINISHING MUSHARIKA FINANCING

	Due within one year		Due after one year but within 5 years		Total	
	31 March	30 September	31 March	30 September	31 March	30 September
	2022	2021	2022	2021	2022	2021
	----- (Rupees in '000) -----					
Liabilities against diminishing musharika financing	46,036	38,807	94,343	59,018	140,379	97,825

11.1 During the period, the Company has obtained various vehicles under diminishing musharika financing arrangement entered into with a Modaraba having various maturity dates up to 31 March 2027 with monthly principal repayments. The financing is secured against the respective vehicles. The rate of profit on the borrowing ranges from 3 months KIBOR + 0.20% to 6 months KIBOR + 1.0% per annum.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 Contingencies are the same as those disclosed in the annual audited financial statements for the year ended 30 September 2021. Tax contingencies are disclosed in note 12.3 to these condensed interim financial statements.

12.2 Commitments

12.2.1 Banks have provided guarantees to various parties on behalf of the Company. Guarantees outstanding as at 31 March 2022 amounted to Rs. 309.279 million (30 September 2021: Rs. 153.763 million).

12.2.2 The Company has provided post dated cheques amounting to Rs. 4,174.70 million (30 September 2021: Rs. 3,739.30 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.

12.2.3 Commitments for capital expenditure as at 31 March 2022 aggregated to Rs.121.260 million including expansion of plant capacity (30 September 2021: Rs. 20.016 million).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Six Months Period Ended 31 March 2022

12.2.4 Commitments under letters of credit for stock-in-trade and stores and spares as at 31 March 2022 amounted to Rs 881 million (30 September 2021: Rs. 841 million).

12.3 Tax Contingencies

Tax contingencies are the same as those disclosed in the annual audited financial statements for the year ended 30 September 2021 except for the following:

12.3.1 Income tax assessments of the Company have been finalized up to and including tax year 2021 on the basis of the tax return filed under section 120 of the Income Tax Ordinance 2001 (the Ordinance). However, the return(s) may be selected for detailed audit within five years from the date of filing of return.

12.3.2 Description of tax proceedings

Name of the court, agency or authority	Description of the factual basis of the proceedings and relief sought	Principal parties	Date instituted
Appellate Tribunal Inland Revenue (ATIR)	The Deputy Commissioner Inland Revenue (DCIR) passed an order against the Company, whereby sales tax demand of Rs. 9.7 million along with penalty of Rs. 0.49 million has been raised on account of input sales tax claimed by the Company for the tax periods from October 2015 to September 2016. The Company filed an appeal before the Commissioner of Inland Revenue (Appeals). CIR(A) has remanded back the case on certain allegations to the extent of Rs. 7.3 million. The Company has filed an appeal dated 27 October 2021 before Appellate Tribunal Inland Revenue (ATIR) against remaining impugned demand. The management in consultation with its tax advisor believes that the outcome will be in its favour and therefore no provision is required to be recognized in these financial statements.	Deputy Commissioner Inland Revenue (DCIR) and the Company	10 June 2021
Appellate Tribunal Inland Revenue (ATIR)	The Income tax return for tax year 2015 was selected for audit under section 214D of the Income Tax Ordinance, 2001. The audit proceedings have been completed and ACIR passed an order, wherein certain additions and disallowances were made. The Company filed an appeal against the aforementioned order before the CIR (A). The CIR(A) passed an appellate order with relief on certain disallowances by ACIR. The Company has filled an appeal dated 14 October 2021 before ATIR on issues decided by CIR(A) against the Company. The management in consultation with its tax advisor believes that the outcome will be in its favour and therefore no provision is required to be recognized in these financial statements.	The Assistant Commissioner Inland Revenue (ACIR) and the Company	29 March 2021
Commissioner Inland Revenue Appeals (CIRA)	For the tax year 2018, Additional Commissioner (Audit-I) Inland Revenue (ACIR) had passed an order dated 24 November 2021 that amended the assessment under section 122(5A) of the Ordinance. The Company filed an appeal dated 24 December 2021 before the CIR(A) against the order passed by ACIR. The management in consultation with its tax advisor believes that the outcome will be in its favour and therefore no provision is required to be recognized in these financial statements.	The Assistant Commissioner Inland Revenue (ACIR) and the Company	24 November 2021
Commissioner Inland Revenue Appeals (CIRA)	For the tax year 2019, Additional Commissioner (Audit-I) Inland Revenue (ACIR) had passed an order dated 31 January 2022 that amended the assessment under section 122(5A) of the Ordinance. The Company filed an appeal dated 01 March 2022 before the CIR(A) against the order passed by ACIR. The management in consultation with its tax advisor believes that the outcome will be in its favour and therefore no provision is required to be recognized in these financial statements.	The Assistant Commissioner Inland Revenue (ACIR) and the Company	31 January 2022

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Six Months Period Ended 31 March 2022

13.2 Segments information for the quarter ended 31 March 2022:

	Brand & Performance Textile Specialties		Others *		Total	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
----- (Rupees in '000) -----						
Sales						
Domestic	5,263,736	4,196,913	737,549	625,149	6,001,285	4,822,062
Export	1,587,332	1,043,166	-	-	1,587,332	1,043,166
Total sales	6,851,068	5,240,079	737,549	625,149	7,588,617	5,865,228
Discount and commission	(250,495)	(246,296)	(5,424)	(3,540)	(255,919)	(249,836)
Sales tax	(740,672)	(584,994)	(107,217)	(88,885)	(847,889)	(673,879)
	(991,167)	(831,290)	(112,641)	(92,425)	(1,103,808)	(923,715)
Sales - net	5,859,901	4,408,789	624,908	532,724	6,484,809	4,941,513
Segment results based on 'management approach'	823,109	762,025	153,535	149,006	976,644	911,031
Other expenses					(59,758)	(63,778)
					916,886	847,253
Finance costs					(138,896)	(10,618)
Profit before taxation					777,990	836,635
Capital Expenditure	50,580	45,040	76	-	50,656	45,040
Unallocated					209	22
					50,865	45,062
Depreciation	65,712	61,470	500	497	66,212	61,967
Unallocated					3,030	4,279
					69,242	66,246

* Others do not constitute a separately reportable segment as per IFRS 8 "operating segment".

14. EARNINGS PER SHARE

	For the Six months ended		Quarter ended	
	31 March 2022	2021	31 March 2022	2021
----- (Rupees in '000) -----				
14.1 Basic				
Profit after taxation attributable to ordinary shareholders	1,314,242	1,102,230	564,078	622,520
----- (Number of shares) -----				
Weighted average number of ordinary shares outstanding during the period	34,117,881	34,117,881	34,117,881	34,117,881
----- (Rupees) -----				
Earnings per share	38.52	32.31	16.53	18.25

14.2 Diluted

There were no convertible dilutive potential ordinary shares in issue as at 31 March 2022 and 2021.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Six Months Period Ended 31 March 2022

15. CASH GENERATED FROM OPERATIONS	Note	Six months ended (Un-audited)	
		31 March 2022	31 March 2021
		----- (Rupees in '000) -----	
Profit before taxation		1,822,950	1,623,414
Adjustments for non-cash charges and other items:			
Depreciation		138,190	135,486
Loss on disposal of operating property, plant and equipment		1,260	946
Provision for staff gratuity		14,466	27,111
Mark-up expense		41,803	52,248
Impairment reversal on trade receivables		(19,106)	(9,416)
Working capital changes	15.1	(583,286)	(257,391)
		<u>1,416,277</u>	<u>1,572,398</u>

15.1 Working capital changes

(Increase) / decrease in current assets

Stores and spares	(827)	5,701
Stock-in-trade	(2,404,927)	(219,516)
Trade receivables	(1,396,878)	(1,872,667)
Loans and advances	1,094	(2,274)
Trade deposits and short-term prepayments	(30,134)	(33,342)
Other receivables	(117,456)	(2,498)
Sales tax refundable	-	(57,312)
	<u>(3,949,128)</u>	<u>(2,181,908)</u>

Increase in current liabilities

Trade and other payables	3,365,842	1,924,517
	<u>(583,286)</u>	<u>(257,391)</u>

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the condensed interim statement of cash flows comprise of the following;

	Six months ended (Un-audited)	
	31 March 2022	31 March 2021
		----- (Rupees in '000) -----
Cash and bank balances	287,803	77,885
Short-term running finance	(313,654)	(187,191)
	<u>(25,851)</u>	<u>(109,306)</u>

17. TRANSACTIONS WITH RELATED PARTIES

The related parties comprises of group companies, directors and their close family members, key management personnel and staff retirement funds. The Company enters into transactions with related parties for the sale of its products, purchase of goods, indenting business and rendering of certain services. Consideration for purchases and sales of goods and for services is determined with mutual agreement considering the nature and level of such goods and services.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers all members of their management team, including the CEO and Directors to be key management personnel. There are no transactions with key management personnel other than those under their terms of employment.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Six Months Period Ended 31 March 2022

Details of transactions with related parties are as follows:

Name of related party	Nature of Relationship	Nature of transactions	Six Months ended (Un-audited)	
			31 March 2022	31 March 2021
			----- (Rupees in '000) -----	
Archroma Textile GmbH, Switzerland	Parent / Holding Company	Dividend	<u>2,302,968</u>	<u>767,658</u>
Archroma Management GmbH, Switzerland	Associated company	Purchases & Services	<u>177,598</u>	<u>172,289</u>
		Royalty expenses	<u>648,839</u>	<u>480,864</u>
		Indenting commission	<u>14,703</u>	<u>8,945</u>
Archroma Turkey Limited	Associated company	Purchases	<u>2,787</u>	<u>-</u>
		Sales	<u>1,207,092</u>	<u>631,501</u>
Archroma Singapore,Pte Ltd	Associated company	Purchases	<u>22,286</u>	<u>9,318</u>
		Sales	<u>19,039</u>	<u>127,502</u>
		Export commission	<u>49,158</u>	<u>32,013</u>
		Indenting commission	<u>5,362</u>	<u>3,344</u>
Archroma Textile Mexico S.De	Associated company	Purchases	<u>23,873</u>	<u>17,381</u>
		Sales	<u>5,004</u>	<u>965</u>
Archroma Thailand	Associated company	Purchases	<u>-</u>	<u>1,107</u>
		Sales	<u>285,382</u>	<u>161,206</u>
		Indenting commission	<u>520</u>	<u>-</u>
PT Archroma Indonesia	Associated company	Purchases	<u>53,412</u>	<u>7,130</u>
		Sales	<u>10,914</u>	<u>965</u>
Archroma Hongkong	Associated company	Purchases	<u>-</u>	<u>78</u>
Archroma Tianjin Ltd	Associated company	Purchases	<u>106,270</u>	<u>21,898</u>
Spice Industria Quimica	Associated company	Purchases	<u>16,526</u>	<u>18,529</u>
		Sales	<u>5,247</u>	<u>9,115</u>
PT Archroma Specialties Indonesia	Associated company	Sales	<u>11,911</u>	<u>5,119</u>
Archroma China	Associated company	Sales	<u>45,229</u>	<u>53,331</u>
Archroma Korea	Associated company	Sales	<u>-</u>	<u>359</u>
Archroma Peru S.A.	Associated company	Sales	<u>4,720</u>	<u>4,744</u>
Archroma Iberica, S.L.	Associated company	Sales	<u>83,747</u>	<u>66,349</u>
Archroma Japan	Associated company	Sales	<u>19,552</u>	<u>1,769</u>
Archroma Colombia S.A.S.	Associated company	Sales	<u>-</u>	<u>328</u>
Archroma U.S	Associated company	Purchases	<u>1,319</u>	<u>-</u>
Pakistan Oxygen Limited	Common directorship	Purchases	<u>-</u>	<u>84,852</u>
Swiss Business Council	Common directorship	Subscription	<u>100</u>	<u>100</u>
Overseas Investor Chamber of Commerce and Industry	Common directorship	Subscription	<u>-</u>	<u>300</u>
New Jubilee Insurance Company	Common directorship	Insurance	<u>43,016</u>	<u>46,018</u>
Key management personnel	Related parties	Salaries, benefits and compensations	<u>77,055</u>	<u>83,499</u>
		Post employment benefits	<u>9,273</u>	<u>9,744</u>
		Proceeds from disposal of Property, plant and equipment	<u>1,510</u>	<u>7,422</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Six Months Period Ended 31 March 2022

Name of related party	Nature of Relationship	Nature of balances	31 March 2022 (Un-audited)	30 September 2021 (Audited)
			----- (Rupees in '000) -----	
Archroma Management Gmbh, Switzerland	Associated company	Receivable Payable	<u>13,787</u> <u>425,059</u>	<u>10,086</u> <u>314,981</u>
Archroma Turkey Limited	Associated company	Receivable Payable	<u>100,469</u> <u>-</u>	<u>-</u> <u>2,308</u>
Archroma Singapore,Pte Ltd	Associated company	Receivable Payable	<u>17,627</u> <u>53,279</u>	<u>137,563</u> <u>60,344</u>
Archroma Textile Mexico S.De	Associated company	Receivable Payable	<u>4,195</u> <u>23,617</u>	<u>4,692</u> <u>4,720</u>
Archroma Thailand	Associated company	Receivable	<u>174,935</u>	<u>-</u>
PT Archroma Indonesia	Associated company	Receivable Payable	<u>3,349</u> <u>15,554</u>	<u>42</u> <u>20,652</u>
Archroma Tianjin Ltd	Associated company	Payable	<u>4,494</u>	<u>24,612</u>
PT Archroma Specialties Indonesia	Associated company	Receivable	<u>12,308</u>	<u>1,390</u>
Archroma China	Associated company	Payable	<u>-</u>	<u>79</u>
Archroma Peru	Associated Company	Receivable	<u>-</u>	<u>6,402</u>
Archroma Shanghai (WFOE)	Associated company	Receivable	<u>12,583</u>	<u>-</u>
Archroma Brazil	Associated company	Payable	<u>14,909</u>	<u>-</u>

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market date (i.e. unobservable inputs).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Six Months Period Ended 31 March 2022

18.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

		31 March 2022 (Un-audited)					Fair value		
		Carrying amount				Total	Level 1	Level 2	Level 3
Note	Financial assets 'at fair value through other comprehensive income'	Financial assets 'at fair value through profit or loss'	Financial assets 'at amortised cost'	Financial liabilities measured at amortised cost'	Financial assets 'at fair value through other comprehensive income'				
Financial assets - not measured at fair value									
	Deposits	18.1.1	-	-	24,810	-	24,810		
	Trade receivables	18.1.1	-	-	5,185,690	-	5,185,690		
	Other receivables	18.1.1	-	-	146,528	-	146,528		
	Cash and bank balances	18.1.1	-	-	287,803	-	287,803		
			-	-	5,644,831	-	5,644,831		
Financial liabilities - not measured at fair value									
	Lease liabilities	18.1.1	-	-	-	124,574	124,574		
	Liabilities against diminishing musharaka financing	18.1.1	-	-	-	140,379	140,379		
	Trade and other payables	18.1.1	-	-	-	6,875,356	6,875,356		
	Short-term borrowings - secured	18.1.1	-	-	-	2,215,405	2,215,405		
	Mark-up accrued	18.1.1	-	-	-	12,532	12,532		
	Long term loan - secured	18.1.1	-	-	-	132,251	132,251		
	Unclaimed dividend	18.1.1	-	-	-	85,037	85,037		
			-	-	-	9,500,497	9,500,497		
		30 September 2021 (Audited)					Fair value		
		Carrying amount				Total	Level 1	Level 2	Level 3
Note	Financial assets 'at fair value through other comprehensive income'	Financial assets 'at fair value through profit or loss'	Financial assets 'at amortised cost'	Other financial liabilities					
Financial assets - not measured at fair value									
	Deposits	18.1.1	-	-	18,185	-	18,185		
	Trade receivables	18.1.1	-	-	3,769,706	-	3,769,706		
	Other receivables	18.1.1	-	-	29,072	-	29,072		
	Short term investments	18.1.1	-	-	601,000	-	601,000		
	Cash and bank balances	18.1.1	-	-	1,267,870	-	1,267,870		
			-	-	5,685,833	-	5,685,833		
Financial liabilities - not measured at fair value									
	Lease liabilities	18.1.1	-	-	-	120,914	120,914		
	Liabilities against diminishing musharaka financing	18.1.1	-	-	-	97,825	97,825		
	Trade and other payables	18.1.1	-	-	-	3,617,517	3,617,517		
	Short-term borrowings - secured	18.1.1	-	-	-	1,475,606	1,475,606		
	Mark-up accrued	18.1.1	-	-	-	3,636	3,636		
	Long term loan - secured	18.1.1	-	-	-	221,904	221,904		
	Unclaimed dividend	18.1.1	-	-	-	72,097	72,097		
			-	-	-	5,537,402	5,537,402		

18.1.1 The Company has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.


19. GENERAL

19.1 Non Adjusting after Reporting Period


The Board of directors of the Company in its meeting held on 27 April 2022 have approved an interim cash dividend of Rs. 25/- per Share (31 March 2021: Nil) for the year ending 30 September 2022. These Condensed interim financial Statements do not include the effect of the said interim dividend.

19.2 Date of Authorisation

These condensed interim financial statements were authorised for issue on 27 April 2022 by the Board of Directors of the Company.


Mujtaba Rahim
Chief Executive Officer


Naveed Kamil
Director


Irfan Chawala
Director and Chief Financial Officer



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

ARCHROMA PAKISTAN LTD.

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