

A large, abstract graphic consisting of two overlapping, curved bands. The upper band is dark grey and the lower band is a lighter grey. Both bands curve upwards from the left side of the page and then curve downwards towards the right, creating a sense of movement and growth.

**HALF YEARLY
REPORT** | 2016

December (Unaudited)

COMPANY INFORMATION

Board of Directors

- Sh. Amar Hameed - Chairman
 Mr. Zafar Mahmood - Chief Executive Officer
 Mr. Abdul Jalil Jamil
 Mr. M. Saeed-uz-Zaman
 Mr. Muhammad Yahya Khan
 Mr. Osman Hameed
 Mr. Muhammad Sajid
 Mr. Khalid Siddiq Tirmizey
 (Nominee -The Bank of Punjab)
 Mr. Abdul Jaleel Shaikh
 (Nominee - Pak Brunei Investment Company Limited)

Working Directors

- Mr. Zafar Mahmood
 Mr. Khalid Mumtaz Qazi
 Mr. Imran Afzal
 Mr. Umar Iqbal
 Mr. Aamir Jamil
 Mr. Muhammad Yahya Khan

Chief Financial Officer

- Mr. Aamir Jamil

Company Secretary

- Mr. Muhammad Inam-ur-Rahim

Auditors

- Horwath Hussain Chaudhury & Co.
 Chartered Accountants

Audit Committee

- Mr. Muhammad Sajid - Chairman
 Mr. M. Saeed-uz-Zaman - Member
 Mr. Osman Hameed - Member

Human Resources & Remuneration Committee

- Sh. Amar Hameed - Chairman
 Mr. Abdul Jalil Jamil - Member
 Mr. Zafar Mahmood - Member

Bankers

- The Bank of Punjab
 Al Baraka Bank (Pakistan) Limited
 Soneri Bank Limited
 J.S. Bank Limited
 MCB Bank Limited

Legal Advisors

- M/s Hassan & Hassan
 Advocates

Share Registrar

- Corplink (Pvt.) Limited
 Wings Arcade, 1-K Commercial,
 Model Town, Lahore. Pakistan.
 Tel: +92 42 35916714 & 19
 Fax: +92 42 35869037
www.corplink.com.pk

Registered Office / Plant - 1

- 14.5 Km, Lahore-Sheikhupura Road,
 Lahore, Pakistan.
 Tel : +92 42 37971512-14
 Fax: +92 42 37970229

Plant - 2

- 14.8 Km, Sheikhupura-Faisalabad Road,
 Bhikhi, Dist. Sheikhupura. Pakistan.
 Tel : +92 56 3883001 - 7
 Fax: +92 56 3883010

Lahore Office

- 12-B, New Muslim Town,
 Lahore, Pakistan.
 Tel : +92 42 35926090-93
 Fax: +92 42 35926099

Web Site

- www.nimir.com.pk

DIRECTORS' REPORT

The Directors are pleased to present their review report together with unaudited financial information of the Company for the half-year ended on December 31, 2016.

Overall business environment remained positive in the country. Despite challengers from unorganised sector, we continued to innovate and invest in the business. This helped the Company in performing satisfactorily. The Company achieved higher sales volume, sales value, gross profit and net profit during half year under review over corresponding period last year.

An analysis of the financial results for the quarter under review is as under:

	December 31, 2016	December 31, 2015
	Rupees in million	
Sales Revenue	1,208	756
Gross Profit	140	98
Pre-Tax Profit	57	35
Profit after Tax	39	31

Net sales revenue for the year was higher by 60%, mainly on the back of high sales volume. With this growth in sales the company posted gross profit of Rs. 140 million, pre-tax profit of Rs. 57 million, and after tax profit of Rs. 39 million showing an increase of 43%, 63% and 26% respectively during half year under review in comparison to same period last year. The administration, selling and distribution expenditures have been substantially reduced. Financial cost remained more or less at the same level of last year despite 60% increase in business.

During the period under review the process of right issue amounting Rs. 385 million had also been completed successfully.

Despite the presence of immense competition in the market, your Company is always committed to provide cost effective and tailored solutions to its customers without compromising on quality. The Company with its existing product portfolio and continuous innovation is fully equipped to capture a significant share in the market in the days to come.

The Company wishes to record its appreciation for the patronage of customers and continued efforts of its employees.

For and on the behalf of the Board



Zafar Mahmood
Chief Executive Officer

Lahore
February 21, 2017

ڈائریکٹر ز رپورٹ

ڈائریکٹر 31 دسمبر 2016 کو ختم ہونے والے نصف سال کے لئے کمپنی کی غیر تفتیح شدہ مالی معلومات کے ساتھ اپنی جائزہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

ملک میں کاروباری ماحول مجموعی طور پر مثبت رہا۔ غیر منظم شعبہ سے چیلنجز کے باوجود، ہم نے جدت اور کاروبار میں سرمایہ کاری کرنے کا سلسلہ جاری رکھا۔ اس سے کمپنی کو تسلی بخش کارکردگی ظاہر کرنے میں مدد ملی۔ کمپنی نے گزشتہ سال کی اسی مدت کے مقابلے میں زیر جائزہ نصف سال کے دوران قیمت فروخت، مجموعی نفع اور خالص منافع زیادہ حاصل کیا۔

زیر جائزہ سہ ماہی کے مالیاتی نتائج کا تجزیہ حسب ذیل ہے

دسمبر 31, 2015	دسمبر 31, 2016	
روپے ملین میں		
756	1,208	فروخت کی آمدنی
98	140	مجموعی منافع
35	57	قبل از ٹیکس منافع
31	39	بعد از ٹیکس منافع

سال کے لئے خالص فروخت آمدنی گزشتہ سال سے زیر جائزہ مدت کے دوران اعلیٰ فروختی حجم کی وجہ سے 60 فیصد زیادہ تھی۔ فروخت میں اس اضافہ کے ساتھ کمپنی کا 140 ملین روپے مجموعی منافع، 57 ملین روپے قبل از ٹیکس منافع اور 39 ملین روپے بعد از ٹیکس منافع درج کرنا گزشتہ سال کے اسی عرصے کے مقابلے میں زیر جائزہ نصف سال کے دوران بالترتیب 43 فیصد، 63 فیصد اور 26 فیصد کا اضافہ ظاہر کر رہا ہے۔ انتظامی، فروخت اور تقسیم کے اخراجات میں مسلسل کمی آئی ہے۔ مالی لاگت، کاروبار میں 60 فیصد اضافہ کے باوجود گزشتہ سال کی اسی سطح پر زیادہ یا کم رہی۔

زیر جائزہ مدت کے دوران 385 ملین روپے رقم کے رائٹ ایشو کا عمل بھی کامیابی سے مکمل ہو چکا ہے۔

مارکیٹ میں بہت زیادہ مقابلہ کی موجودگی کے باوجود، آپ کی کمپنی ہمیشہ معیار پر سمجھوتہ کئے بغیر اپنے صارفین کو موثر لاگت اور مناسب حل فراہم کرنے میں مصروف عمل ہے۔ کمپنی اپنی موجودہ مصنوعات پورٹ فولیو اور مسلسل جدت طرازی کے ساتھ آنے والے دنوں میں مارکیٹ میں اہم حصہ پر قبضہ کرنے کے لئے مکمل طور پر پریس ہے۔

کمپنی اپنے صارفین کی سرپرستی اور ملازمین کی مسلسل کوششوں کو سراہتی ہے۔

بجٹم بورڈ



ظفر محمود

چیف ایگزیکٹو آفیسر

لاہور

21 فروری 2017ء

AUDITORS' REPORT TO MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of NIMIR RESINS LIMITED (Formerly Descon Chemicals Limited) (the Company") as at December 31, 2016, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and the notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of financial information consists of making inquiries, primarily of persons responsible for the 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 information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Horwath Hussain Chaudary & Co.
Chartered Accounts



(Engagement Partner : Amin Ali)

Lahore

February 21, 2017

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2016 (UNAUDITED)

	Note	December 31, 2016 Unaudited Rs '000'	June 30, 2016 Audited Rs '000'
ASSETS			
Non Current Assets			
Property, plant and equipment	5	475,342	474,446
Intangible assets		1,327	1,659
Long term deposits		7,956	7,650
Retirement benefit asset - prepayments		1,178	1,384
		485,803	485,139
Current Assets			
Stores and spares		11,976	11,111
Stock in trade		463,426	489,992
Trade debts		521,943	404,115
Loans and advances		252,771	219,155
Short term prepayments and other receivables		11,099	12,459
Bank balances		44,297	70,966
		1,305,512	1,207,798
Total Assets		1,791,315	1,692,937
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 230,000,000 (June 30, 2016: 230,000,000) Ordinary shares of Rs. 5 each		1,500,000	1,500,000
Issued, subscribed and paid up share capital 276,557,856 (June 30, 2016: 199,557,856) Ordinary shares of Rs. 5 each	6	1,382,789	997,789
Share deposit money	7	11,391	283,000
Equity portion of sponsors' interest free loans	9	11,201	7,751
Reserves		(711,788)	(751,332)
		693,593	537,208
Surplus on Revaluation of Property, Plant and Equipment	8	46,835	46,941
Non Current Liabilities			
Long term financing from sponsors	9	95,799	99,249
Diminishing musharika arrangements	10	2,563	-
Deferred tax liability		24,177	30,701
		122,539	129,950
Current Liabilities			
Trade and other payables		205,040	179,668
Accrued mark up		10,466	9,806
Short term borrowings	11	687,319	771,366
Current portion of diminishing musharika arrangements	10	465	-
Provision for taxation		25,058	17,998
		928,348	978,838
Contingencies and Commitments	12	-	-
Total Equity and Liabilities		1,791,315	1,692,937

The annexed notes form an integral part of this condensed interim financial information (un-audited).



CHIEF EXECUTIVE OFFICER



DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016 (UNAUDITED)

	Note	Half Year Ended		Quarter Ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
		Rs '000'	Rs '000'	Rs '000'	Rs '000'
Sales - net		1,208,412	756,317	657,836	361,549
Cost of sales	13	(1,068,908)	(658,761)	(580,132)	(312,721)
Gross Profit		139,504	97,556	77,704	48,828
Operating expenses:					
Distribution costs		(19,568)	(25,703)	(9,924)	(13,525)
Administrative expenses		(17,226)	(21,041)	(7,097)	(9,438)
		(36,794)	(46,744)	(17,021)	(22,963)
Operating Profit		102,710	50,812	60,683	25,865
Other operating charges		(15,502)	(5,156)	(13,669)	(3,768)
Finance cost		(30,586)	(29,035)	(14,376)	(14,216)
Other income		719	18,507	7	16,504
Profit before Taxation		57,341	35,128	32,645	24,385
Taxation					
Current		(24,426)	(7,628)	(18,928)	(83)
Deferred		6,524	3,584	7,180	-
		(17,902)	(4,044)	(11,748)	(83)
Net profit for the Period		39,439	31,084	20,897	24,302
Earning per Share - Basic and diluted (Rs.)		0.17	0.16	0.08	0.12

The annexed notes form an integral part of this condensed interim financial information (un-audited).



CHIEF EXECUTIVE OFFICER



DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016 (UNAUDITED)

	Half Year Ended		Quarter Ended	
	December 31, 2016 Rs '000'	December 31, 2015 Rs '000'	December 31, 2016 Rs '000'	December 31, 2015 Rs '000'
Net Profit for the Period	39,439	31,084	20,897	24,302
Other comprehensive income	-	-	-	-
Total Comprehensive Income for the Period	<u>39,439</u>	<u>31,084</u>	<u>20,897</u>	<u>24,302</u>

The annexed notes form an integral part of this condensed interim financial information (un-audited).



CHIEF EXECUTIVE OFFICER



DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT

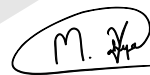
FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UNAUDITED)

	Half Year Ended	
	December 31, 2016 Rs '000'	December 31, 2015 Rs '000'
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	57,341	35,128
Adjustments:		
Depreciation	18,101	13,458
Amortization of intangible asset	332	2,310
Provision for gratuity	206	95
Provision for obsolescence of stock	-	4,520
Provision for doubtful debts	10,126	4,398
Gain on disposal of property, plant and equipment	-	(10)
Exchange loss - net	735	13
Finance cost	30,586	29,035
Interest income	(17)	(91)
	60,069	53,728
Operating profit before working capital changes	117,410	88,856
(Increase) / decrease in current assets:		
Stores and spares	(865)	981
Stock in trade	26,566	43,612
Trade debts	(128,689)	55,826
Loans and advances	(33,406)	(6,344)
Short term prepayments and other receivables	1,359	(19,441)
Increase / (decrease) in current liabilities:		
Trade and other payables	25,372	(51,841)
	(109,663)	22,793
Cash generated from Operations	7,747	111,649
Finance cost paid	(29,924)	(40,846)
Income tax paid	(17,578)	(19,487)
Net Cash (Used in) / Generated from Operating Activities	(39,755)	51,316
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(871)	(467)
Capital work in progress - Plant and machinery	(15,062)	303
Long term deposits	(306)	-
Interest income received	17	91
Net Cash Used in Investing Activities	(16,222)	(73)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds against rights issue	113,391	-
Long term financing repaid to banking companies	-	(179,333)
Loan term financing from sponsors	-	350,000
Payments against diminishing musharika arrangements	(36)	-
Short term borrowings - repaid	(84,047)	(157,571)
Net Cash Generated from Financing Activities	29,308	13,096
Net (Decrease) / Increase in Cash and Cash Equivalents	(26,669)	64,339
Cash and cash equivalents at the beginning of the period	70,966	1,947
Cash and Cash Equivalents at the End of the Period	44,297	66,286

The annexed notes form an integral part of this condensed interim financial information (un-audited).



CHIEF EXECUTIVE OFFICER



DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Share Capital	Share Deposit Money	Sponsor's Loan	Equity Portion of Sponsor's Loan Premium	Share Premium	Reserves Revaluation Reserve	Accumulated Loss	Total
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Balance as at June 30, 2015	997,789	-	-	-	1,281	928	(806,228)	193,770
Net profit for the period	-	-	-	-	-	-	31,084	31,084
Sponsors' loans	-	-	390,000	-	-	-	-	390,000
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	105	-	105
Balance as at December 31, 2015	997,789	-	390,000	-	1,281	1,033	(775,144)	614,959
Balance as at June 30, 2016	997,789	283,000	-	7,751	1,281	1,137	(753,750)	537,208
Net profit for the period	-	-	-	-	-	-	39,439	39,439
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	-	-	-
Transactions with owners of the Company	-	-	-	-	-	105	-	105
Equity portion of sponsors' loan	-	-	-	7,326	-	-	-	7,326
Less: un-winding of discount	-	-	-	(3,876)	-	-	-	(3,876)
Issue of right shares	385,000	(271,609)	-	-	-	-	-	113,391
Balance as at December 31, 2016	1,382,789	11,391	-	11,201	1,281	1,242	(714,311)	693,593

The annexed notes form an integral part of this condensed interim financial information (un-audited).



CHIEF EXECUTIVE OFFICER



DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UNAUDITED)

1 The Company and its Operations

- 1.1 Nimir Resins Limited (Formerly Descon Chemicals Limited) (the "Company") was initially incorporated in Pakistan on December 17, 1964 as a private limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and was converted into public limited company on August 19, 1991 with the name of Nimir Resins Limited. The name of the Company was changed to Descon Chemicals Limited on April 01, 2010 when the Company entered into a scheme of arrangement for merger / amalgamation with Descon Chemicals (Private) Limited.
- 1.2 After the reconstitution of the Board of Directors as on January 05, 2016, the new management of the Company has changed the name of the Company to Nimir Resins Limited through the approval of Securities and Exchange Commission of Pakistan dated April 18, 2016.
- 1.3 The Shares of the Company are quoted on Pakistan Stock Exchange Limited. The registered office is situated at 14.5 KM, Lahore- Sheikhpura Road, Lahore. The principal activity of the Company is to manufacture surface coating resins, polyesters for paint industry, optical brightener and textile auxiliaries for the textile industry.

2 Basis of Preparation

- 2.1 This condensed interim financial information has been prepared in accordance with the directives issued by the Securities & Exchange Commission of Pakistan (SECP) and is in compliance with the International Accounting Standard - 34 (Interim Financial Reporting).
- 2.2 This condensed interim financial information is unaudited and has been subjected to limited scope review by the external auditors as required by the Code of Corporate Governance and is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984. The figures for the quarters ended on December 31, 2015 and 2016 presented in the condensed interim profit and loss account have not been reviewed by the external auditors.
- 2.3 This condensed interim financial information is presented in Pak rupees, which is the Company's functional and presentational currency. Figures have been rounded off to nearest thousand rupees, unless stated otherwise. This condensed financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended June 30, 2016.

3 Significant Accounting Policies

The accounting policies and methods of computation of this condensed interim financial information are the same as those followed in the preparation of annual financial statements for the preceding financial year ended June 30, 2016.

4 Accounting Estimates and Judge ment

The accounting estimates and associated assumptions used in the preparation of this interim financial statement are consistent with those applied in the preparation of annual financial statement of Nimir Resins Limited as at June 30, 2016 except for the change in depreciation method from WDV method to Straight Line Method as the straight line method more closely reflects the expected use of asset by the Company. The said change in accounting estimate has been applied prospectively with effect from July 01, 2016. Had there been no change, the depreciation expense for the half year ended December 31, 2016 would have been lower and profit before tax would have been higher by Rs. 5.503 million.

5 Property, Plant and Equipment

	December 31, 2016 (Un-audited) Rs '000'	June 30, 2016 (Audited) Rs '000'
Opening written down value	474,447	486,102
Additions during the period / year	18,996	18,080
Disposals during the period / year	-	(8,730)
	493,443	495,452
Depreciation charge for the period / year	(18,101)	(21,006)
	475,342	474,446

6 Issued, Subscribed and Paid up Capital

December 2016	June 2016		December 2016	June 2016
No. of Shares	No. of Shares		Rupees	Rupees
100,826	23,826	Ordinary shares of Rs. 5 each fully paid in cash	504,128	119,128
33,550	33,550	Ordinary shares of Rs. 5 each issued at 60 % discount	167,753	167,753
2,699	2,699	Ordinary shares of Rs. 5 each issued for consideration other than cash	13,496	13,496
3,059	3,059	Ordinary shares of Rs. 5 each issued as fully paid bonus shares	15,293	15,293
143,690	143,690	Ordinary shares of Rs. 5 each issued pursuant to the scheme of amalgamation	718,449	718,449
(7,266)	(7,266)	Ordinary shares of Rs. 5 each cancelled pursuant to the scheme of amalgamation	(36,330)	(36,330)
<u>276,558</u>	<u>199,558</u>		<u>1,382,789</u>	<u>997,789</u>

6.1 Reconciliation of the number of shares outstanding as at the beginning and at the end of the period is as under:

	(Shares in '000)	(Shares in '000)
Opening balance	199,558	199,558
Issued during the period	77,000	-
Closing balance	<u>276,558</u>	<u>199,558</u>

During the period, the Company has issued 77,000,000 ordinary right shares at Rs. 5 per share to existing shareholders i.e. in proportion of 38.5 right shares for every 100 ordinary shares held. This issue of rights shares was fully subscribed and the shares were allotted on October 14, 2016. Accordingly, Rs. 113.39 Million was received in cash whereas shares worth 271.61 million were issued against share deposit money already received during the year ended June 30, 2016.

6.2 As at the balance sheet date the shares of the Company as held by its associated Companies and related parties are as under:

	(Shares in '000)	(Shares in '000)
Nimir Management (Private) Limited	141,044	101,775
Nimir Holding (Private) Limited	32,169	22,811
	<u>173,213</u>	<u>124,586</u>

7 Share Deposit Money

This represents the balance of share deposit money remaining after the issuance of rights shares for Rs. 271.61 million as explained in note 6.1 above. The share deposit money was received from the directors/ sponsors during the year ended June 30, 2016 and was utilized for the purpose of repayment of banking facilities.

8 Surplus on Revaluation of Property, Plant and Equipment

	Note	December 31, 2016 (Un-audited) Rs '000'	June 30, 2016 (Audited) Rs '000'
Land		43,088	43,088
Building		3,852	4,061
		46,940	47,149
Incremental depreciation (net of deferred tax) charged on revalued property, plant and equipment during the period / year		(105)	(208)
		<u>46,835</u>	<u>46,941</u>

9 Long Term Financing from Sponsors

Opening balance	9.1	107,000	31,611
Interest free loans received from director		-	82,000
Reinstatement adjustment for change in loan terms		-	8,389
		107,000	122,000
Loan waived off by lenders		-	(15,000)
Less: Present value adjustment			
Opening balance		(7,751)	-
As on reporting date due to change of loan terms	9.1	(7,326)	(7,751)
Unwinding of discount	9.2	3,876	-
		(11,201)	(7,751)
Closing balance of sponsors' loans - at amortized cost		<u>95,799</u>	<u>99,249</u>

9.1 The lenders and the Company have mutually agreed to extend the date of repayment of these loans till July 31, 2018. For this extended repayment period, these loans have been discounted using market based interest rates applicable on similar loans, in accordance with "Technical Release, TR-32" issued by the ICAP on January 9, 2016. Thus, the resulting adjustment, as at reporting date, has been shown as Equity Portion of Sponsors' Loan.

9.2 During the period, the discount has been un-wound on the basis of opening balances.

10 Diminishing Musharika arrangements:

	Note	December 31, 2016 (Un-audited) Rs '000'	June 30, 2016 (Audited) Rs '000'
Diminishing Musharika facility	10.1	3,028	-
Less: Current portion		(465)	-
		<u>2,563</u>	<u>-</u>

10.1 The Company has acquired a vehicle under the diminishing musharaka financing arrangements entered into with First Punjab Modaraba, for a period of 60 months. The financing is secured against specific charge on these assets to the extent of diminishing musharaka value. These loans are repayable in monthly instalments carrying mark up at @ 8.55 per annum. The minimum payments under these arrangements are Rs. 3,647,756 that comprise present value of Rs. 3,026,540 and future finance charges of Rs. 621,216.

11 Short Term Borrowings

	December 31, 2016 (Un-audited) Rs '000'	June 30, 2016 (Audited) Rs '000'
Banking companies - Secured		
Running finance	268,709	417,466
Borrowings / FATRs	418,610	353,900
	<u>687,319</u>	<u>771,366</u>

11.1 Terms and conditions of borrowings

Purpose

This represents utilized portion of various funded and non-funded facilities that have been obtained from certain banking companies with sanctioned limits of Rs. 1,665 million (2016: Rs. 1,215 million) for working capital requirements, retirement of local and foreign LCs, discounting local bills / receivables and loan against trust receipts etc. These facilities shall expire on different dates earliest by January 31, 2017.

Mark-up

Mark-up on short term borrowings is charged using 3 to 6 Months KIBOR+ 1.5% (2016: 3 to 6 Months KIBOR + 1.25% to 1.75%) per annum. Mark up is payable on quarterly basis in arrears or at the time of adjustment of liability whichever is earlier. Further, some limits carry commission against foreign and local LCs at 0.1% to 0.25% (2016: 0.1% to 0.25%) per quarter.

Securities

These facilities are secured by way of joint pari passu charge over present and future, fixed and current assets of the Company. Personal guarantees of sponsoring directors of the Company and lien over title of imported goods.

12 Contingencies and Commitments

12.1 Contingencies

12.1.1 The Customs Department passed an order under Section 25 of the Customs Act in the case of Ravi Resins Limited (previous name of the Company) creating a demand of Rs. 1.02 million (2016: Rs. 1.02 million). The Tribunal has dismissed the appeal filed against this order and the management has filed an appeal in the Lahore High Court that is pending adjudication. The Company has also filed an application before Alternate Dispute Resolution Committee for the resolution of this pending issue.

12.1.2 The return for Tax Year 2011 and 2014 have been selected for audit u/s 177 of the Income Tax Ordinance, 2001; proceedings in this respect have been initiated by the Income Tax Department that have not been completed yet. The Company has filed a writ petition before the Honorable Lahore High Court against the selection of Company’s tax return for tax year 2014.

12.1.2 The Company have filed suits against material supplier and certain customers for the recovery of advance and trade debts amounting to Rs. 35.653 million. The Company expects a favorable outcome of these suits; therefore, no provision has been made in these financial statements.

12.2 Guarantees

	December 31, 2016 (Un-audited)	June 30, 2016 (Audited)
	Rs ‘000’	Rs ‘000’
Sui Northern Gas Pipelines Limited	3,090	3,090
Pakistan State Oil Company Limited	3,000	3,000
Total Parco Pakistan Limited	2,000	2,000
	8,090	8,090

12.3 Commitments

12.3.1 Letters of credit

270,175	123,324
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12.3.2 Commitments for capital expenditures as at December 31, 2016 amounted to Rs. Nil (2016: 0.075 million)

13 Cost of Sales

	Half Year Ended		Quarter Ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	Rs '000'	Rs '000'	Rs '000'	Rs '000'
Opening stock of finished goods	113,364	124,062	104,990	91,972
Cost of goods manufactured	1,064,925	623,743	584,523	309,793
	1,178,289	747,805	689,513	401,765
Closing stock of finished goods	(109,381)	(89,044)	(109,381)	(89,044)
Cost of sales	1,068,908	658,761	580,132	312,721

14 Transactions with Related Parties

Related parties comprise related group companies, associated companies, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Significant balances and transactions with related parties are as follows:

Related parties	Relationship	Nature of Transaction	Half Year Ended	
			December 31, 2016	December 31, 2015
			(Un audited)	(Un audited)
			Rs '000'	Rs '000'
Transactions before change of shareholding				
	Associate	Purchase of goods and services	-	524
	Associate	Sale of material and goods	-	355
	Associate	Services rendered and reimbursement of expenses	-	25,674
Transactions after change of shareholding				
Nimir Industrial Chemicals Limited	Holding company	Purchase of goods and stores	44,793	-
		Services received and reimbursement of expenses	2,613	-
Nimir Management (Private) Limited	Holding company	Share deposit money received	-	257,086
		Shares issued	196,350	-
Nimir Holding (Private) Limited	Holding company	Share deposit money received	-	47,294
		Shares issued	38,382	-
Terranova Limited	Associate	Share deposit money received	-	18,743
		Shares issued	15,052	-
Directors	Director	Share deposit money received	-	26,877
		Shares issued	21,825	-
Contribution to staff retirement benefits				
Descon Chemicals Limited Employees' Provident Fund			2,234	2,469

There were no transactions with key management personnel other than those undertaken as per terms of their employment.

Sale and purchase transactions have been carried out on commercial terms and conditions as per the Company's Policy.

15 Segment Reporting

15.1 A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. The management has determined its operating segments based on the information that is presented to the Chief Executive Officer for allocation of resources and assessments of performance. Based on internal management reporting structure and products produced and sold, the Company is organized into the following three operating segments:

- Coating , Emulsion and polyester
- Textile and Paper
- Others

The management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit, profit from operations, reduction in operating cost and free cash flows.

Segment assets include all operating assets used by a segment and consist principally of receivables, inventories and property, plant and equipment, net of impairment and provisions. Segment liabilities include all operating liabilities and consist principally of trade and bills payable.

15.2 Segment analysis

The segment information for the reportable segments for the period ended December 31, 2016 is as follows.

	Coating, Emulsion & Polyester	Textile and Paper	Others	Total
	Rs '000'	Rs '000'	Rs '000'	Rs '000'
Segment Results for the Period ended December 31, 2016				
Sale	684,410	314,340	209,662	1,208,412
Segment results	50,094	42,912	9,704	102,710
Other operating expenses				(15,502)
Finance costs				(30,586)
Other income				719
Profit before taxation				57,341
Segment Results for the Period ended December 31, 2015				
Sales	455,228	208,973	92,116	756,317
Segment results December 31, 2015	27,690	30,318	(7,196)	50,812
Other operating expenses				(5,156)
Finance costs				(29,035)
Other income				18,507
Profit before taxation				35,128

	Coating, Emulsion & Polyester Rs '000'	Textile and Paper Rs '000'	Others Rs '000'	Total Rs '000'
Segment asset and liabilities as at December 31, 2016				
Segment assets	614,626	281,541	317,373	1,213,540
Segment liabilities	90,951	34,894	29,880	155,725
Segment asset and liabilities as at June 30, 2016				
Segment assets	665,961	257,136	225,224	1,148,321
Segment liabilities	92,698	22,163	30,493	145,354

Reportable segments' assets are reconciled to total assets as follows:

	December 31, 2016 (Un-audited) Rs '000'	June 30, 2016 (Audited) Rs '000'
Segment assets for reportable segments	1,213,540	1,148,321
Corporate assets unallocated	305,932	308,322
Cash and bank balances	44,297	70,966
Others	227,546	165,329
Total assets as per the balance sheet	1,791,315	1,692,938

Reportable segments' liabilities are reconciled to total liabilities as follows:

	December 31, 2016 (Un-audited) Rs '000'	June 30, 2016 (Audited) Rs '000'
Segment liabilities for reportable segments	155,725	145,354
Corporate liabilities unallocated	800,966	870,615
Trade and other payables	69,138	82,573
Taxation - net	25,058	17,998
Total liabilities as per the balance sheet	1,050,887	1,116,540

15.3 Entity-wide disclosures regarding reportable segment are as follows:

- Information about products

One product of the Company comprises 7.98% (2016: 14.24%) of total sales for the period.

- Information about major customers

One customer of the Company accounts for 15.31% (2016: 16.45%) of total sales for the period. Sales from such customer was Rs. 185.007 million (2016: Rs. 292.42 million).

- Information about geographical area
 - All non-current assets of the Company are located in Pakistan as at the reporting date.
 - Revenue from external customers attributed to foreign countries in aggregate is not material.

16 Authorization of Financial Information

This condensed interim financial information (un-audited) is authorized for issuance on Tuesday, February 21, 2017 by the Board of Directors of the Company.

17 General

Corresponding figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No material reclassifications have been made in this condensed interim financial information (un-audited).



CHIEF EXECUTIVE OFFICER



DIRECTOR



NIMIR RESINS LIMITED
(Formerly Descon Chemicals Ltd.)

14.5 K.M. Lahore – Sheikhpura Road,
Lahore, Pakistan.

Tel: +92 42 379715-12-14 • Fax: +92 42 37970229

www.nimir.com.pk