



NIMIR
NIMIR RESINS LIMITED

Half Yearly Report **2017**

December (Unaudited)

| BETTER LIFE THROUGH CHEMISTRY |

COMPANY INFORMATION

Board of Directors

Sh. Amar Hameed - Chairman
Mr. Zafar Mahmood - Chief Executive Officer
Mr. Muhammad Yahya Khan
Mr. Abdul Jalil Jamil
Mr. Osman Hameed
Mr. Tahir Jahangir
Mr. Pervaiz Ahmad Khan

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. Pervaiz Ahmad Khan - Chairman
Mr. Abdul Jalil Jamil - 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
Habib Bank Limited
MCB Bank Limited
Meezan Bank Limited
J.S. Bank Limited
Pak Brunei Investment Company 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 accounts of the Company for the half year ended December 31, 2017.

An analysis of the financial results for half year ended December 31, 2017 is as under:

	December 31, 2017	December 31, 2016
	Rupees in million	
Sales Revenue	1,530	1,208
Gross Profit	122	140
Operating Profit	82	103
Profit after Tax	41	39

The management continued its focus on top line growth during the first half of the current financial year, despite many challenges. An overall 27% growth has been recorded in sales revenue. All business segments contributed towards the growth of the business during the period under review. The margins, however, remained under pressure due to significant increase in the international prices of raw materials, as the market conditions did not allow to pass the increase to customers; especially intense competition from unorganised sector.

Under these circumstances, the Company managed to register a gross profit of Rs. 122 million (8.0% of sales) against Rs. 140 million (11.6% of sales) last corresponding period. Resultantly operating profit also remained lower. However, net profit for the half year ended was slightly better than the last corresponding period and the company recorded Rs. 41 million on the bottom line as compared to Rs. 39 million in the corresponding period of last year.

The market is gradually accepting the increase in raw material prices and despite challenges, the management is confident to improve the financial results in the remaining half of the year.

We are grateful to all our stakeholders for their continued support.

Lahore
February 14, 2018



Muhammad Yahya Khan
Director

For and on the behalf of the Board



Zafar Mahmood
Chief Executive Officer

ڈائریکٹرز رپورٹ

ڈائریکٹرز 31 دسمبر 2017ء کو ختم ہونے والے نصف سال کے لئے کمپنی کی غیر نظر ثانی شدہ مالی معلومات کے ساتھ اپنی جائزہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

31 دسمبر 2017ء کو ختم ہونے والے نصف سال کے مالیاتی نتائج کا تجزیہ حسب ذیل ہے:

دسمبر 31, 2016	دسمبر 31, 2017	
		روپے ملین میں
1,208	1,530	فروخت کی آمدنی
140	122	مجموعی منافع
103	82	قبل از ٹیکس منافع
39	41	بعد از ٹیکس منافع

بہت سی مشکلات کے باوجود، انتظامیہ نے موجودہ مالی سال کی پہلی ششماہی کے دوران اپنی توجہ ٹاپ لائن ترقی پر مرکوز رکھی۔ فروخت کی آمدنی میں مجموعی 27% نمو درج کی گئی۔ زیر جائزہ مدت کے دوران تمام کاروباری شعبوں نے کاروبار کی نمو میں حصہ ڈالا۔ مارجنز، تاہم، خام مال کی بین الاقوامی قیمتوں میں نمایاں اضافہ کی وجہ سے زیر دباؤ رہے، کیونکہ مارکیٹ کے حالات، خاص طور پر غیر منظم شعبہ سے سخت مقابلہ اضافہ کو صارفین تک منتقل کرنے کی اجازت نہیں دیتے تھے۔

ان حالات کے تحت، کمپنی نے گزشتہ سال 140 ملین روپے (فروخت کا 11.6%) کے مقابلے 122 ملین روپے (فروخت کا 8.0%) کا مجموعی منافع درج کیا۔ نتیجتاً آپریٹنگ منافع بھی کم رہا۔ تاہم، ختم ہونے والے نصف سال کے لئے خالص منافع گزشتہ سال سے قدرے بہتر رہا اور کمپنی نے گزشتہ سال کی اسی مدت میں 39 ملین روپے کے مقابلے بعد از ٹیکس منافع پر 41 ملین روپے درج کیا ہے۔ مارکیٹ خام مال میں اضافہ کو بتدریج قبول کر رہی ہے اور مشکلات کے باوجود، انتظامیہ باقی نصف سال میں مالی نتائج کو بہتر بنانے کے لئے پُر اعتماد ہے۔

ہم اپنے تمام اسٹیک ہولڈرز کے مسلسل تعاون کے شکرگزار ہیں۔

بنگلم بورڈ



ظفر محمود

چیف ایگزیکٹو آفیسر



محمد نکی خان

ڈائریکٹر

لاہور

14 فروری 2018ء

AUDITORS' REPORT TO MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of NIMIR RESINS LIMITED as at December 31, 2017, 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.

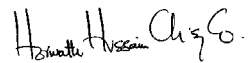
Scope of Review

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, 2017 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 14, 2018

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2017 (UNAUDITED)

	Note	December 31, 2017 Unaudited Rs '000'	June 30, 2017 Audited Rs '000'
ASSETS			
Non Current Assets			
Property, plant and equipment	5	519,064	512,480
Intangible assets		1,161	1,327
Long term deposits		10,740	10,740
Retirement benefit asset - prepayments		-	1,175
		530,965	525,722
Current Assets			
Stores and spares		13,149	12,646
Stock in trade		553,908	621,164
Trade debts		617,320	601,680
Loans, advances, short term prepayments and other receivables		81,620	59,635
Tax refunds due from government		308,639	269,366
Cash and bank balances		96,413	16,136
		1,671,049	1,580,627
Total Assets		2,202,014	2,106,349
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 300,000,000 (June 30, 2017: 300,000,000) Ordinary shares of Rs. 5 each		1,500,000	1,500,000
Issued, subscribed and paid up share capital	6	1,413,210	1,382,789
Share deposit money	7	11,391	11,391
Sponsors' interest free loans		107,000	107,000
Reserves		(665,735)	(676,549)
		865,866	824,631
Surplus on Revaluation of Property, Plant and Equipment	8	84,940	85,131
Non Current Liabilities			
Diminishing musharika arrangements	9	5,018	2,007
Retirement benefit liability		1,393	-
Deferred tax liability		12,828	28,437
		19,239	30,444
Current Liabilities			
Trade and other payables		331,101	298,523
Accrued mark up		11,575	10,512
Current portion of diminishing musharika arrangements	9	1,275	485
Short term borrowings	10	872,716	816,279
Provision for taxation		15,302	40,344
		1,231,969	1,166,143
Contingencies and Commitments	11	-	-
Total Equity and Liabilities		2,202,014	2,106,349

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017 (UNAUDITED)

	Note	Half Year Ended		Quarter Ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
		Rs '000'	Rs '000'	Rs '000'	Rs '000'
Sales - net		1,530,241	1,208,412	813,589	657,836
Cost of sales	12	(1,408,418)	(1,068,908)	(752,202)	(580,132)
Gross Profit		121,823	139,504	61,387	77,704
Operating expenses:					
Distribution costs		(18,952)	(19,568)	(9,295)	(9,924)
Administrative expenses		(21,013)	(17,226)	(11,492)	(7,097)
		(39,965)	(36,794)	(20,787)	(17,021)
Operating Profit		81,858	102,710	40,600	60,683
Other operating charges		(51,293)	(15,502)	(47,816)	(13,669)
Finance cost		(34,468)	(30,586)	(17,804)	(14,376)
Other income		4,297	719	3,869	7
Profit / (Loss) before Taxation		394	57,341	(21,151)	32,645
Taxation					
Current	13	25,042	(24,426)	33,974	(18,928)
Deferred		15,608	6,524	13,461	7,180
		40,650	(17,902)	47,435	(11,748)
Net profit for the Period		41,044	39,439	26,284	20,897
Earning per Share - Basic and diluted (2016 - Restated)		0.15	0.14	0.09	0.07

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017 (UNAUDITED)

	Half Year Ended		Quarter Ended	
	December 31, 2017 Rs '000'	December 31, 2016 Rs '000'	December 31, 2017 Rs '000'	December 31, 2016 Rs '000'
Net Profit for the Period	41,044	39,439	26,284	20,897
Other comprehensive income	-	-	-	-
Total Comprehensive Income for the Period	<u>41,044</u>	<u>39,439</u>	<u>26,284</u>	<u>20,897</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

	Half Year Ended	
	December 31, 2017	December 31, 2016
	Rs '000'	Rs '000'
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	394	57,341
Adjustments:		
Depreciation	16,901	18,101
Amortization of intangible asset	166	332
Provision for gratuity	2,791	206
Provision for obsolescence of stock	11,030	-
Provision for doubtful debts	36,243	10,126
Exchange loss - net	3,302	735
Finance cost	34,468	30,586
Interest income	-	(17)
	104,901	60,069
Operating profit before working capital changes	105,295	117,410
(Increase) / decrease in current assets:		
Stores and spares	(503)	(865)
Stock in trade	52,925	26,566
Trade debts	(51,883)	(128,689)
Loans, advances, short term prepayments and other receivables	(21,985)	(32,047)
Increase in current liabilities:		
Trade and other payables	37,577	25,372
	16,131	(109,663)
Cash generated from Operations	121,426	7,747
Finance cost paid	(33,120)	(29,924)
Income tax paid	(39,272)	(17,578)
Workers' (profit) participation fund	(5,000)	-
Gratuity paid	(223)	-
Net Cash Generated from / (Used in) Operating Activities	43,811	(39,755)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(1,542)	(871)
Capital work in progress - Plant and machinery	(17,542)	(15,062)
Long term deposits	-	(306)
Interest income received	-	17
Net Cash Used in Investing Activities	(19,084)	(16,222)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds against rights issue	-	113,391
Payments against diminishing musharika arrangements	(887)	(36)
Short term borrowings	56,437	(84,047)
Net Cash Generated from Financing Activities	55,550	29,308
Net Increase / (Decrease) in Cash and Cash Equivalents	80,277	(26,669)
Cash and cash equivalents at the beginning of the period	16,136	70,966
Cash and Cash Equivalents at the End of the Period	96,413	44,297

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Share Capital	Share Deposit Money	Sponsor's Interest Fee Loans	Equity Portion of Sponsor's Loan	Reserves		Total
					Share Premium	Revaluation Reserve	
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Balance as at June 30, 2016	997,789	283,000	-	7,751	1,281	1,137	537,208
Total comprehensive income for six months period ended December 31, 2016	-	-	-	-	-	-	39,439
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	105	105
Transactions with owners of the Company							
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
	385,000	(271,609)	-	3,450	-	-	116,841
Balance as at December 31, 2016	1,382,789	11,391	-	11,201	1,281	1,242	693,593
Balance as at June 30, 2017	1,382,789	11,391	107,000	-	1,281	1,417	824,631
Total comprehensive income for six months period ended December 31, 2017	-	-	-	-	-	-	41,044
Issuance of bonus shares @ 2.2% of ordinary shares	30,421	-	-	-	-	-	(30,421)
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	191	191
Balance as at December 31, 2017	1,413,210	11,391	107,000	-	1,281	1,608	865,866

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

1 The Company and its Operations

- 1.1 Nimir Resins 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 and again to Nimir Resins Limited on April 18, 2016. The Company is subsidiary of Nimir Management (Private) Limited whereas Nimir Industrial Chemicals Limited is ultimate parent company of Nimir Resins Limited.
- 1.2 The Shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is domiciled in Pakistan and its 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 The SECP vide its Circular No.23 dated 04 October 2017, has directed the companies whose financial year closes on or before December 31, 2017 to prepare the financial statements under the provisions of the repealed Companies Ordinance 1984, that has been replaced through the enactment of the Companies Act, 2017. As per Circular No. 17 of the Institute of Chartered Accountants of Pakistan issued on October 06, 2017, the Commission has included the preparation of interim financial information for the period ended December 31, 2017 within the scope of said SECP's circular. Thus, this condensed financial information has been prepared under the repealed Companies Ordinance, 1984.
- 2.3 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, 2016 and 2017 presented in the condensed interim profit and loss account have not been reviewed by the external auditors.
- 2.4 This condensed interim financial information is presented in Pak rupees, which is the Company's functional and presentation 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 of the Company for the year ended June 30, 2017.

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, 2017.

4 Accounting Estimates and Judgment

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 statements of the Company for the year ended June 30, 2017.

5 Property, Plant and Equipment

	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
	Rs '000'	Rs '000'
Opening written down value	495,330	469,965
Additions during the period / year	27,679	63,019
Disposals during the period / year	-	-
	523,009	532,984
Depreciation charge for the period / year	(16,901)	(37,654)
	<u>506,108</u>	<u>495,330</u>
5.1 Capital Work in Progress		
Opening balance	17,150	4,482
Additions during the period / year	19,350	19,470
	36,500	23,952
Transferred to property, plant and equipment	(23,544)	(6,802)
	12,956	17,150
	<u>519,064</u>	<u>512,480</u>

6 Issued, Subscribed and Paid up Capital

December 31, 2017	June 30, 2017		December 31, 2017	June 30, 2017
No. of Shares '000'	No. of Shares '000'		Rupees '000'	Rupees '000'
100,826	100,826	Ordinary shares of Rs. 5 each fully paid in cash	504,128	504,128
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)
6,084	-	Ordinary shares of Rs. 5 each issued as fully paid bonus shares	30,421	-
<u>282,642</u>	<u>276,558</u>		<u>1,413,210</u>	<u>1,382,789</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	276,558	199,558
Issued during the period	6,084	77,000
Closing balance	<u>282,642</u>	<u>276,558</u>

- 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	144,147	141,045
Nimir Holding (Private) Limited	32,877	32,169
Terranova Limited	12,893	12,615
	<u>189,917</u>	<u>185,829</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 during the year ended June 30, 2017. The share deposit money was received from the directors/sponsors during the year ended June 30, 2016 and was utilized for the repayment of banking facilities.

8 Surplus on Revaluation of Property, Plant and Equipment

	Note	December 31, 2017 (Un-audited) Rs '000'	June 30, 2017 (Audited) Rs '000'
Land - freehold			
Opening balance		80,070	43,088
Add: Surplus on revaluation arisen during the period / year		-	36,982
		80,070	80,070
Buildings on freehold land			
Opening balance		5,061	3,852
Add: Surplus on revaluation arisen during the period / year		-	2,127
Less: Related deferred taxation		-	(638)
		5,061	5,341
Less: Incremental depreciation (net of deferred tax) charged on revalued property, plant and equipment during the period / year		(191)	(280)
		84,940	85,131

9 Diminishing Musharika Arrangements

Diminishing Musharika facility	9.1	6,293	2,492
Less: Current portion		(1,275)	(485)
		5,018	2,007

9.1 The Company acquired vehicles under the diminishing musharaka financing arrangements entered with First Punjab Modaraba, for a period of 60 months. The financing is secured against specific charge on this asset to the extent of diminishing musharaka value. The effective rate of rent per unit is three month KIBOR plus 2.5% with floor rate of 8.53% to 8.64% per annum.

10 Short Term Borrowings

	December 31, 2017 (Un-audited) Rs '000'	June 30, 2017 (Audited) Rs '000'
Banking companies - Secured		
Running finance	480,172	438,744
Borrowings / FATRs	392,544	377,535
	872,716	816,279

10.1 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. 2,365 million (2017: Rs. 1,815 million) for working capital requirements, retirement of local and foreign LCs, discounting local bills / receivables and loan against trust receipts etc.

Mark-up

Mark-up on short term borrowings is charged using 1 to 6 Months KIBOR+ 0.0% to 1.75% (2017: 3 to 6 Months KIBOR + 0.5% 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 0.10% to 0.25% (2017: 0.10% to 0.20%) per quarter.

Securities

These facilities are secured by way of joint pari passu charge and ranking hypothecation 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.

11 Contingencies and Commitments

11.1 Contingencies

11.1.1 Income tax returns 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. The department has finalized proceedings of Tax Year 2014 creating demand of Rs. 5.8 million. The Company has filed an appeal before CIR Appeal against said demand and expects a favourable outcome; therefore, no provision has been made in this regard.

11.1.2 The Company has filed suits against material supplier and certain customers for the recovery of advance and trade debts. However, necessary Provision has been made in these financial statements.

11.2 Guarantees

	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
	Rs '000'	Rs '000'
Sui Northern Gas Pipelines Limited	3,090	6,180
Pakistan State Oil Company Limited	3,000	3,000
Total Parco Pakistan Limited	3,000	3,000
	<u>9,090</u>	<u>12,180</u>

11.3 Commitments

11.3.1 Diminishing musharaka finance

11.3.2 Letters of credit

732	18,850
<u>275,378</u>	<u>176,768</u>

11.3.3 Commitments for capital expenditures as at December 31, 2017 amounted to Rs. 3.253 million (June 30, 2017: Rs. 13.192 million).

12 Cost of Sales

	Half Year Ended		Quarter Ended	
	December 31, 2017 (Un-audited)	December 31, 2016 (Un-audited)	December 31, 2017 (Un-audited)	December 31, 2016 (Un-audited)
	Rs '000'	Rs '000'	Rs '000'	Rs '000'
Opening stock of finished goods	185,674	113,364	133,648	104,990
Cost of goods manufactured	1,376,099	1,064,925	771,909	584,523
	<u>1,561,773</u>	<u>1,178,289</u>	<u>905,557</u>	<u>689,513</u>
Closing stock of finished goods	(153,355)	(109,381)	(153,355)	(109,381)
Cost of goods sold	<u>1,408,418</u>	<u>1,068,908</u>	<u>752,202</u>	<u>580,132</u>

13 Taxation

	Half Year Ended		Quarter Ended	
	December 31, 2017 (Un-audited)	December 31, 2016 (Un-audited)	December 31, 2017 (Un-audited)	December 31, 2016 (Un-audited)
	Rs '000'	Rs '000'	Rs '000'	Rs '000'
Current tax:				
- Current period	15,302	24,426	6,370	18,928
- Tax credit related to prior years	(40,344)	-	(40,344)	-
	<u>(25,042)</u>	<u>24,426</u>	<u>(33,974)</u>	<u>18,928</u>
Deferred tax	(15,608)	(6,524)	(13,461)	(7,180)
	<u>(40,650)</u>	<u>17,902</u>	<u>(47,435)</u>	<u>11,748</u>

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, 2017 (Un audited)	December 31, 2016 (Un audited)
			Rs '000'	Rs '000'
Nimir Industrial Chemicals Limited	Ultimate parent Company	Purchase of goods	46,449	44,735
		Services provided and rental income charge	1,365	1,260
		Services received, rent and reimbursement of expenses	1,842	3,864
		Other expenses reimbursed	33	67
Nimir Management (Private) Limited	Holding company	Bonus / right shares issued	15,515	196,350
Nimir Holding (Private) Limited	Associate	Bonus / right shares issued	3,539	38,382
Terranova Limited	Associate	Bonus / right shares issued	1,388	15,052
Directors	Director	Bonus / right shares issued	2,017	21,825
Contribution to staff retirement benefits				
Employees' Provident Fund			-	2,234
Gratuity fund charge			2,791	-
Key Management Personnel				
Remuneration			25,160	13,166
Other benefit			3,379	1,178

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, 2017 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, 2017				
Revenue	930,431	390,416	209,394	1,530,241
Segment results	34,906	39,608	7,344	81,858
Other operating expenses				(51,293)
Finance cost				(34,468)
Other income				4,297
Profit before taxation				394
Segment Results for the Period ended December 31, 2016				
Revenue	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 cost				(30,586)
Other income				719
Profit before taxation				57,341
Segment asset and liabilities as at December 31, 2017				
Segment assets	854,307	338,908	190,850	1,384,065
Segment liabilities	195,184	68,598	45,175	308,957
Segment asset and liabilities as at June 30, 2017				
Segment assets	1,029,497	317,752	214,415	1,561,664
Segment liabilities	173,326	52,461	40,003	265,790

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

	December 31, 2017 (Un-audited) Rs '000'	June 30, 2017 (Audited) Rs '000'
Segment assets for reportable segments	1,384,065	1,561,664
Corporate assets unallocated	340,137	302,599
Cash and bank balances	96,413	16,136
Others	381,399	225,950
Total assets as per the balance sheet	2,202,014	2,106,349

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

	December 31, 2017 (Un-audited) Rs '000'	June 30, 2017 (Audited) Rs '000'
Segment liabilities for reportable segments	308,957	265,790
Corporate liabilities unallocated	891,837	937,162
Other payables	153,503	71,682
Taxation - net	15,302	40,344
Total liabilities as per the balance sheet	1,369,599	1,314,978

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

Information about major customers

One customer of the Company accounts for 11.98% (2016: 15.31%) of total sales for the period. Revenue from such customer was Rs. 183.283 million (2016: Rs. 185.007 million).

Information about geographical area

All non-current assets of the Company are located in Pakistan as at the reporting date.

The entire reported revenue relates to local sales in Pakistan.

16 Authorization of Financial Information

This condensed interim financial information (un-audited) is authorized for issuance on February 14, 2018 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



CHIEF FINANCIAL OFFICER

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