



QUARTERLY
REPORT | 2017

March (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
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
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DIRECTORS' REPORT

The directors are pleased to present their review report together with unaudited financial information of the Company for the nine months ended March 31, 2017.

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

	March 31, 2017	March 31, 2016
	Rupees in million	
Sales Revenue	1,932	1,155
Gross Profit	235	146
Pre-Tax Profit	93	55
Profit after Tax	64	47

Despite challenges and competitive business environment, your company continued to perform well and generated sales revenue of Rs. 1,932 million, 67% higher from last year mainly on back of higher sale volumes. The Company earned gross profit of Rs. 235 million, which is 61% higher than the last year.

In spite of a substantial increase in sales, the Company has managed to reduce distribution and administrative expenses. Financial cost, however, increased mainly on account of increased business operations. Current tax has gone up, due to the fact the Company is falling under corporate tax regime from the current year.

With your confidence and support, the management is confident to sustain the growth and improvement of the overall results of the Company, Insha Allah.

We are grateful to all our stakeholders for their trust and support.

For and on the behalf of the Board



Zafar Mahmood
Chief Executive Officer

Lahore
April 25, 2017

ڈائریکٹرز رپورٹ

ڈائریکٹرز 31 مارچ 2017 کو ختم ہونے والی نو ماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالی معلومات کے ساتھ اپنی جائزہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

زیر جائزہ نو ماہی کے مالیاتی نتائج کا تجزیہ حسب ذیل ہے:

مارچ 31, 2016	مارچ 31, 2017	
		روپے ملین میں
1,155	1,932	فروخت کی آمدنی
146	235	مجموعی منافع
55	93	منافع قبل از ٹیکس
47	64	منافع بعد از ٹیکس

چیلینجر اور مسابقتی کاروباری ماحول کے باوجود کمپنی نے اچھی کارکردگی جاری رکھی اور گزشتہ سال کی 1,155 ملین روپے سے 67 فیصد زیادہ 1,932 ملین روپے کی فروخت آمدنی حاصل کی اور گزشتہ سال 146 ملین روپے سے 61 فیصد زیادہ 235 ملین روپے کا مجموعی بہتر منافع کمایا۔ یہ جارحانہ مارکیٹنگ حکمت عملی کی بیرونی اور اپنے صارفین کو موزوں اور جدید حل پیش کرنے کے نتیجے میں ممکن ہوا۔

کمپنی نے اپنے ڈسٹری بیوٹن اور انتظامی اخراجات 5,438 ملین روپے اور 1,070 ملین روپے تک کم کئے، جو بالترتیب 15 فیصد اور 4 فیصد کمی ظاہر کر رہے ہیں۔ تاہم مالی لاگت زیادہ کاروباری آپریشنز کی وجہ سے گزشتہ سال 36.1 ملین روپے سے 26 فیصد زیادہ 9.3 ملین روپے تک بڑھ گئے۔ موجودہ ٹیکس بڑھ گیا ہے کیونکہ کمپنی گزشتہ سال متبادل ٹیکسیشن کے برعکس کارپوریٹ ٹیکس نظام کے تحت ہے۔

ہم تمام مصنوعات میں مسلسل نمود کیہتے ہیں کیونکہ ہم موجودہ اور نئی پورٹ فولیو کی جدت اور زیادہ موثر حالتوں کے ساتھ نئی منڈیوں کی تلاش کر رہے ہیں۔ مستقبل میں مارکیٹ کی ترقی کی امید میں، کمپنی نے پلانٹ کی BMR (توازن، جدید اور متبادل) کا آغاز کیا ہے۔ یہ اعلیٰ پیداواری حجم، آپرینگ لاگت میں بچت اور صلاحیت میں بہتری میں اہم کردار ادا کرے گا۔

ہم اپنے تمام کلیدی اسٹیک ہولڈرز کی مسلسل حمایت کے شکرگزار ہیں۔

بحکم بورڈ



ظفر محمود

چیف ایگزیکٹو آفیسر

لاہور

25 اپریل 2017ء

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

	Note	March 31, 2017 Unaudited Rupees '000'	June 30, 2016 Audited Rupees '000'
ASSETS			
Non Current Assets			
Property, plant and equipment	5	469,252	474,447
Intangible assets		1,410	1,659
Long term deposits		11,213	7,650
Retirement benefit asset - prepayments		1,178	1,384
		483,053	485,140
Current Assets			
Stores and spares		12,249	11,111
Stock in trade		589,766	489,992
Trade debts		543,622	404,115
Loans and advances		316,316	219,155
Short term prepayments and other receivables		2,839	12,459
Bank balances		51,718	70,966
		1,516,510	1,207,798
Total Assets		1,999,563	1,692,938
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 300,000,000 (June 30, 2016: 300,000,000) Ordinary shares of Rs. 5 each		1,500,000	1,500,000
Issued, subscribed and paid up share capital	6	1,382,789	997,789
Share deposit money	7	11,391	283,000
Equity portion of sponsors' interest free loans	9	8,178	7,751
Reserves		(687,197)	(751,332)
		715,161	537,208
Surplus on Revaluation of Property, Plant and Equipment	8	46,785	46,941
Non Current Liabilities			
Long term financing from sponsors	9	98,822	99,249
Diminishing musharika arrangements	10	2,439	-
Deferred tax liability		15,443	30,701
		116,704	129,950
Current Liabilities			
Trade and other payables		348,508	179,669
Accrued mark up		9,242	9,806
Short term borrowings	11	718,220	771,366
Current portion of diminishing musharika arrangements	10	513	-
Provision for taxation		44,430	17,998
		1,120,913	978,839
Contingencies and Commitments	12	-	-
Total Equity and Liabilities		1,999,563	1,692,938

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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2017 (UNAUDITED)

	Note	Nine Months Ended		Quarter Ended	
		March 31, 2017 Rs '000'	March 31, 2016 Rs '000'	March 31, 2017 Rs '000'	March 31, 2016 Rs '000'
Sales - net		1,931,674	1,155,157	723,262	398,840
Cost of sales	13	(1,697,006)	(1,009,308)	(628,098)	(350,547)
Gross Profit		234,668	145,849	95,164	48,293
Operating expenses:					
Distribution costs		(30,205)	(35,643)	(10,637)	(9,940)
Administrative expenses		(27,494)	(28,564)	(10,268)	(7,523)
		(57,699)	(64,207)	(20,905)	(17,463)
Operating Profit		176,969	81,642	74,259	30,830
Other operating charges		(39,819)	(9,460)	(24,317)	(4,304)
Finance cost		(45,512)	(36,118)	(14,926)	(7,083)
Other income		882	19,035	163	528
Profit before Taxation		92,520	55,099	35,179	19,971
Taxation					
Current		(43,799)	(11,617)	(19,373)	(3,989)
Deferred		15,258	3,584	8,734	-
		(28,541)	(8,033)	(10,639)	(3,989)
Net profit for the Period		63,979	47,066	24,540	15,982
Earning per Share - Basic & diluted (Rs.)		0.26	0.24	0.09	0.08

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

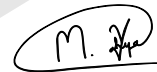
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2017 (UNAUDITED)

	Nine Months Ended		Quarter Ended	
	March 31, 2017 Rs '000'	March 31, 2016 Rs '000'	March 31, 2017 Rs '000'	March 31, 2016 Rs '000'
Net Profit for the Period	63,979	47,066	24,540	15,982
Other comprehensive income	-	-	-	-
Total Comprehensive Income for the Period	<u>63,979</u>	<u>47,066</u>	<u>24,540</u>	<u>15,982</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 NINE MONTHS ENDED MARCH 31, 2017 (UNAUDITED)

	Nine Months Ended	
	March 31, 2017	March 31, 2016
	Rupees '000'	Rupees '000'
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	92,520	55,099
Adjustments:		
Depreciation	27,921	20,170
Amortization of intangible asset	249	3,466
Provision for gratuity	206	143
Provision for obsolescence of stock	14,657	-
Provision for doubtful debts	15,469	8,292
Gain on disposal of property, plant and equipment	-	(10)
Exchange loss - net	2,028	-
Finance cost	45,512	36,118
Interest income	(29)	-
	106,013	68,179
Operating profit before working capital changes	198,533	123,278
(Increase) / decrease in current assets:		
Stores and spares	(1,137)	(179)
Stock in trade	(114,432)	17,958
Trade debts	(157,005)	(4,659)
Loans and advances	(72,349)	(26,829)
Short term prepayments and other receivables	9,620	(25,750)
Increase / (decrease) in current liabilities:		
Trade and other payables	168,839	(67,649)
	(166,464)	(107,108)
Cash generated from Operations	32,069	16,170
Finance cost paid	(46,074)	(44,063)
Income tax paid	(42,179)	(26,528)
Net Cash used in Operating Activities	(56,184)	(54,421)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(3,364)	(1,647)
Addition in capital work in progress	(19,362)	(2,903)
Proceed from disposal of property, plant and equipment	-	303
Long term deposits	(3,563)	-
Interest income received	29	-
Net Cash Used in Investing Activities	(26,260)	(4,247)
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
New diminishing musharika arrangements	3,063	-
Payments against diminishing musharika arrangements	(112)	-
Short term borrowings repaid-net	(53,146)	(55,552)
Net Cash Generated from Financing Activities	63,196	115,115
Net (Decrease) / Increase in Cash and Cash Equivalents	(19,248)	56,447
Cash and cash equivalents at the beginning of the period	70,966	1,947
Cash and Cash Equivalents at the End of the Period	51,718	58,394

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 FOR THE NINE MONTHS ENDED MARCH 31, 2017 (UNAUDITED)

	Share Capital	Share Deposit Money	Sponsors' Loan	Equity Portion of Sponsors' Loan	Share Premium	Reserves Revaluation Reserve	Accumulated Loss	Total Equity
	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	-	-	-	-	-	-	47,066	47,066
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 March 31, 2016	997,789	-	390,000	-	1,281	1,033	(759,162)	630,941
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	-	-	-	-	-	-	63,979	63,979
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	156	-	156
Transactions with owners of the Company								
Equity portion of sponsors' loan	-	-	-	6,240	-	-	-	6,240
Less: un-winding of discount	-	-	-	(5,813)	-	-	-	(5,813)
Issue of right shares	385,000	(271,609)	-	-	-	-	-	113,391
Balance as at March 31, 2017	1,382,789	11,391	-	8,178	1,281	1,293	(689,771)	715,161

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 NINE MONTHS ENDED MARCH 31, 2017 (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- Sheikhupura 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 of the Company for the nine-month period ended March 31, 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2** The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2016.
- 2.3** The financial statements have been prepared under the historical cost convention. The financial statements are prepared in Pak Rupees, which is the functional currency of the Company. Figures have been rounded off to the nearest thousand rupee.

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 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 statement of Nimir Resins Limited (Formerly Descon Chemicals 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 assets 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 nine months ended March 31, 2017 would have been lower and profit before tax would have been higher by Rs. 8.630 million.

5. Property, Plant and Equipment

	Note	March 31, 2017	June 30, 2016
		Unaudited Rupees '000'	Audited Rupees '000'
Operating fixed assets	5.1	459,949	469,965
Capital work in progress	5.2	9,303	4,482
		<u>469,252</u>	<u>474,447</u>

5.1 The movement in operating fixed assets during the period/year are as follows:

	Note	March 31, 2017	June 30, 2016
		Unaudited Rupees '000'	Audited Rupees '000'
Opening operating fixed assets (WDV)		469,965	486,004
Additions/transfers during the period / year (Cost)	5.1.1	17,905	13,698
Disposals during the period / year (WDV)		-	(8,730)
		487,870	490,972
Depreciation charge for the period / year		(27,921)	(21,007)
Closing operating fixed assets (WDV)		459,949	469,965

5.1.1 Addition including transfers during period / year

Buildings on freehold land	502	5,118
Plant and machinery	9,153	4,803
Office equipment, furniture and fixtures	850	649
IT equipment	611	2,282
Laboratory equipment	463	846
Vehicles (Owned)	3,255	-
Vehicles (Leased)	3,071	-
	17,905	13,698

5.2 Movement in capital work-in-progress is as follows:

Opening balance	4,482	98
Addition during the period / year	19,362	9,218
Transferred to operating fixed assets	(14,541)	(4,834)
Closing balance	9,303	4,482

6 Issued, Subscribed and Paid up Capital

March 2017	June 2016		March 31, 2017	June 30, 2016
No. of Shares '000'	No. of Shares '000'		Rupees '000'	Rupees '000'
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)
276,558	199,558		1,382,789	997,789

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	276,558	199,558

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 Holding 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
	173,213	124,586

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	March 31, 2017	June 30, 2016
	Unaudited Rupees '000'	Audited Rupees '000'
Land	43,088	43,088
Building	3,853	4,061
	46,941	47,149
Incremental depreciation (net of deferred tax) charged on revalued property, plant and equipment during the period / year	(156)	(208)
	46,785	46,941

9. Long Term Financing from Sponsors

Opening balance	9.1	107,000	31,611
Interest free loans received from sponsors		-	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	(6,240)	(7,751)
Unwinding of discount	9.2	5,813	
		(8,178)	(7,751)
Closing balance of sponsors' loans - at amortized cost		98,822	99,249

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	March 31, 2017	June 30, 2016
		Unaudited Rupees '000'	Audited Rupees '000'
Diminishing Musharika facility	10.1	2,952	-
Less: Current portion		(513)	-
		<u>2,439</u>	<u>-</u>

10.1 The Company has acquired 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 this asset to the extent of diminishing musharaka value. This loan is repayable in monthly instalments carrying mark up at 3 month Kibor +2.5 % per annum. The minimum payments under these arrangements are Rs. 3,534,488 that comprise present value of Rs. 2,951,739 and future finance charges of Rs. 582,749.

11. Short Term Borrowings

	March 31, 2017	June 30, 2016
	Unaudited Rupees '000'	Audited Rupees '000'
Banking companies - Secured		
Running finance/Istisna	503,599	417,466
Borrowings / FATRs	214,621	353,900
	<u>718,220</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. 1,815 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, 2018. This include shariah compliant arrangement limit of Rs. 350 million.

Mark-up

Mark-up on short term borrowings is charged using 01 month KIBOR+ 25 bps and 3 to 6 Months KIBOR+ 175 % (2016: 3 to 6 Months KIBOR + 125 bps to 175 bps) per annum. Mark up is payable on quarterly basis in arrears or at the time of adjustment of liability whichever is earlier. The profit rate of shariah compliant arrangement charged using respective Kibor+150 bps per annum. 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, ranking charge on 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 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.

	March 31, 2017	June 30, 2016
	Unaudited Rupees '000'	Audited Rupees '000'
12.2 Guarantees		
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
	<u>8,090</u>	<u>8,090</u>
12.3 Commitments		
12.3.1 Letters of credit	<u>319,548</u>	<u>123,324</u>

12.3.2 Commitments for capital expenditures as at March 31, 2017 amounted to Rs. Nil (2016: 0.075 million)

13. Cost of Sales

	Nine Months Ended		Quarter Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	(Un-audited) Rs '000'	(Un-audited) Rs '000'	(Un-audited) Rs '000'	(Un-audited) Rs '000'
Opening stock of finished goods	113,364	124,062	109,381	89,044
Cost of goods manufactured	1,704,989	976,832	640,064	353,089
	<u>1,818,353</u>	<u>1,100,894</u>	<u>749,445</u>	<u>442,133</u>
Closing stock of finished goods	(121,347)	(91,586)	(121,347)	(91,586)
Cost of sales	<u>1,697,006</u>	<u>1,009,308</u>	<u>628,098</u>	<u>350,547</u>

14. Transactions with Related Parties

Related parties comprise related group companies, associated companies, staff retirement funds, directors and key management personnel. The transactions and balances with related parties are as follows:

Relation with Related Parties	Nature of Transaction / Balances	Nine Months Ended	
		March 31, 2017 (Un audited) Rs '000'	March 31, 2016 (Un audited) Rs '000'
Transactions before change of shareholding with			
- Associate	Purchase of goods and services	-	524
	Sale of material and goods	-	355
	Services rendered and reimbursement of expenses	-	25,674
Transactions after change of shareholding with			
- Holding Companies	Share deposit money received	-	304,380
	Right share issued	243,140	-
	Purchase of goods	65,997	9,590
	Purchase of stores	89	-
	Services received and expenses reimburse/(charged)	3,991	(683)
- Associated Companies	Share deposit money received	-	18,743
	Right shares issued	18,349	-
- Directors	Share deposit money received	-	26,877
	Right shares issued	26,600	-
- Key management personnel	Managerial remuneration	23,647	-
	Other benefits	911	-
Period end balances after change of shareholding of			
- Holding Companies	Trade payables	18,796	12,704
- Directors	Loan payables	107,000	-
Contribution to staff retirement benefits			
Gratuity fund		206	143
Employees' Provident Fund		1,853	2,022

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 March 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 March 31, 2017				
Sales	1,111,053	518,218	302,403	1,931,674
Segment results	80,874	80,694	15,401	176,969
Other operating expenses				(39,819)
Finance costs				(45,512)
Other income				882
Profit before taxation				92,520
Segment Results for the Period ended March 31, 2016				
Sales	706,627	345,325	103,205	1,155,157
Segment results March 31, 2016	38,078	46,432	(2,868)	81,642
Other operating expenses				(36,118)
Finance costs				(9,460)
Other income				19,035
Profit before taxation				55,099
Segment asset and liabilities as at March 31, 2017				
Segment assets	859,294	329,521	217,820	1,406,635
Segment liabilities	189,685	73,244	54,301	317,230
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:

	March 31, 2017	June 30, 2016
	(Un-audited)	(Audited)
	Rs '000'	Rs '000'
Segment assets for reportable segments	1,406,635	1,148,321
Corporate assets unallocated	304,150	308,322
Bank balances	51,718	70,966
Others	237,060	165,329
Total assets as per the balance sheet	<u>1,999,563</u>	<u>1,692,938</u>

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

	March 31, 2016	June 30, 2016
	(Un-audited)	(Audited)
	Rs '000'	Rs '000'
Segment liabilities for reportable segments	317,230	145,354
Corporate liabilities unallocated	818,752	870,615
Trade and other payables	65,383	82,573
Provision for taxation	44,430	17,998
Total liabilities as per the balance sheet	<u>1,245,795</u>	<u>1,116,540</u>

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

- Information about products

One product of the Company comprises 9.37% (2016: 14.24%) of total sales for the period.

- Information about major customers

One customer of the Company accounts for 13.08% (2016: 16.45%) of total sales for the period. Revenue from such customer was Rs. 252.711 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, April 25, 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) for better presentation.



CHIEF EXECUTIVE OFFICER



DIRECTOR



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