

Half Yearly Report 2018

December (Unaudited)



NIMIR
NIMIR INDUSTRIAL CHEMICALS LTD.

COMPANY INFORMATION

Board of Directors

Mr. Muhammad Saeed uz Zaman - Chairman
Mr. Zafar Mahmood - Chief Executive Officer
Mr. Khalid Mumtaz Qazi
Mr. Umar Iqbal
Mr. Javed Saleem Arif
Ms. Parveen Akhter Malik
Mr. Tariq Ahmad Khan
Mr. Muhammad Iqbal
Mr. Abdul Jaleel Shaikh
(Nominee - Pak Brunei Investment Company Limited)

Executive Management

Mr. Zafar Mahmood
Mr. Khalid Mumtaz Qazi
Mr. Imran Afzal
Mr. Umar Iqbal
Mr. Aamir Jamil

Chief Financial Officer

Syed Sajid Nasim

Company Secretary

Mr. Muhammad Inam-ur-Rahim

Head of Internal Audit

Mr. Nabeel Ahmad Khan

Audit Committee

Mr. Javed Saleem Arif - Chairman
Mr. Tariq Ahmad Khan - Member
Mr. Abdul Jaleel Shaikh - Member

Human Resource & Remuneration Committee

Ms. Parveen Akhter Malik - Chairperson
Mr. Muhammad Saeed uz Zaman - Member
Mr. Zafar Mahmood - Member

External Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisor

Cornelius, Lane & Mufti
Advocates & Solicitors

Shares' Registrar

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

Bankers

The Bank of Punjab
Habib Bank Limited
Standard Chartered Bank (Pakistan) Limited
Samba Bank Limited
Pak Brunei Investment Company Limited
Soneri Bank Limited
Askari Bank Limited
National Bank of Pakistan
MCB Bank Limited
Bank Alfalah Limited

Al Baraka Bank (Pakistan) Limited

Meezan Bank Limited

Registered Office / Factory

14.8 km., Sheikhpura-Faisalabad Road,
Bhikhi, District Sheikhpura, Pakistan.
Tel: +92 56 3883001-7
Fax: +92 56 3883010
Cell: +92 301-8221151, 301-8483950

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 the unaudited financial Statements of the Company for the half year ended December 31, 2018.

An analysis of the financial results for the half year ended December 31, 2018 is as under:

	December 31, 2018	December 31, 2017	Increase
	Rupees in Million		% age
Sales Revenue	7,453	5,517	35%
Gross Profit	1,014	779	30%
Pre-Tax Profit	620	471	32%
Profit after Tax	407	299	36%
Earnings per share (Rs.)	3.68	2.70	36%

Alhamdulillah, the first half of the current financial year was encouraging for the business and the Company achieved 35% growth in sales revenue, mainly led by volumes. Similar growth has also been witnessed in the Company's after tax profit.

After taking over the control in August last year, the new Government is endeavouring for the stability of the economy but it has not yet been successful in controlling the fiscal deficit, which is feared to remain around \$13-14 billion for the current fiscal year. The State Bank, in its recent monetary policy, has further increased the interest rate. The negotiations with IMF are still inconclusive and it is expected that both forex and interest rate would move adversely in coming days.

The above circumstances had a negative impact on the financial cost which increased by 58% during the period under review. The unprecedented increase in borrowing cost coupled with high cost of utilities (due to weaker Rupee) is a point of great concern. Hence, the company is adopting a cautious approach towards execution of the new projects.

The Board has recommended interim cash dividend of Rs. 1.5 per share (i.e.15%) for the half year ended December 31, 2018.

Despite all these odds, the management of your Company is committed to continue delivering the best possible results in the second half of the year too, Insha Allah.

For and on the behalf of the Board



Khalid Mumtaz Qazi
Director



Zafar Mahmood
Chief Executive Officer

Sheikhupura
February 19, 2019

ڈائریکٹرز رپورٹ

ڈائریکٹرز 31 دسمبر 2018ء کو ختم ہونے والی ششماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالی حسابات کے ساتھ اپنی جائزہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

31 دسمبر 2018ء کو ختم ہونے والی ششماہی کے لئے مالیاتی نتائج کا تجزیہ حسب ذیل ہے:

اضافہ فی صد	دسمبر 31, 2017	دسمبر 31, 2018	
	روپے بلین میں		
35%	5,517	7,453	فروخت کی آمدنی
30%	779	1,014	مجموعی منافع
32%	471	620	ٹیکس سے پہلے منافع
36%	299	407	ٹیکس کے بعد منافع
36%	2.70	3.68	فی شیئر آمدنی (روپے)

الحمد للہ، موجودہ مالی سال کی پہلی ششماہی کاروبار کے لئے حوصلہ افزاء رہی اور کمپنی نے بنیادی طور پر حجم کی بدولت، فروخت آمدنی میں 35% نمو حاصل کی۔ اسی طرح کی نمو کمپنی کے بعد از ٹیکس منافع میں بھی ظاہر ہوتی ہے۔


گزشتہ سال اگست میں، کنٹرول حاصل کرنے کے بعد، نئی حکومت معیشت کے استحکام کے لئے کوشش کر رہی ہے لیکن یہ مالی خسارہ کو کنٹرول کرنے میں ابھی کامیاب نہیں ہوئی ہے، جو موجودہ مالی سال کے لئے تقریباً 14-13 بلین ڈالر رہنے کا امکان ہے۔ اسٹیٹ بینک آف پاکستان نے، اپنی مانیٹری پالیسی میں سود کی شرح مزید بڑھا دی ہے۔ آئی ایم ایف کے ساتھ مذاکرات ابھی کامیاب نہیں ہوئے ہیں اور یہ توقع کی جاتی ہے کہ فارنیکس اور شرح سود دونوں آئندہ دنوں میں بڑھے گئے۔

مذکورہ بالا حالات نے مالی اخراجات پر منفی اثرات ڈالے ہیں جو زیر جائزہ مدت کے دوران 58% تک زیادہ ہوئے ہیں۔ روپے کی قدر میں کمی کی وجہ سے یوٹیلیٹی بلوں اور شرح سود میں ہوشربا اضافہ، ٹشویشن کا سبب ہیں۔ چنانچہ، کمپنی نئے منصوبوں کی تکمیل کی طرف ایک محتاط نقطہ نظر اختیار کر رہی ہے۔

بورڈ نے 31 دسمبر 2018ء کو ختم ہونے والی ششماہی کے لئے 1.5 روپے فی شیئر (یعنی 15%) عبوری منافع منقسمہ سفارش کیا ہے۔

ان تمام مشکلات کے باوجود، کمپنی کی انتظامیہ رواں مالی سال کے باقی عرصہ میں انشاء اللہ ممکنہ بہترین نتائج کو برقرار رکھنے کے لئے پُر عزم ہے۔

منجانب بورڈ



ظفر محمود

چیف ایگزیکٹو آفیسر



خالد ممتاز قاسمی

ڈائریکٹر

شیخوپورہ

19 فروری 2019ء

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Nimir Industrial Chemicals Limited as at December 31, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

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

Conclusion

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

Other Matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three month periods ended December 31, 2018 and December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2018.

The engagement partner on the review resulting in this independent auditor's report is Abdullah Fahad Masood.



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	Note	(Unaudited) December 31, 2018 Rs '000'	(Audited) June 30, 2018 Rs '000'
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	2,972,432	2,553,192
Intangibles		623	962
Investment in subsidiary	5	281,852	281,852
Long term deposits		28,161	26,285
		3,283,068	2,862,291
CURRENT ASSETS			
Stores, spare parts and loose tools		152,453	141,339
Stock in trade	6	2,261,636	2,258,597
Trade debts - considered good - unsecured		1,182,738	1,621,681
Loans and advances		186,965	77,640
Trade deposits and short term prepayments		21,028	28,103
Other receivables		41,073	64,060
Tax refunds due from the Government		441,285	528,225
Cash and bank balances		38,505	6,446
		4,325,683	4,726,091
		7,608,751	7,588,382
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Authorized Share Capital			
145,000,000 (June 30, 2018: 145,000,000) Ordinary shares of Rs.10/- each		1,450,000	1,450,000
Issued, subscribed and paid up capital			
110,590,546 (June 30, 2018: 110,590,546) Ordinary shares of Rs. 10/- each		1,105,905	1,105,905
Revenue reserve - Un appropriated profit		1,694,396	1,508,959
		2,800,301	2,614,864
NON CURRENT LIABILITIES			
Long term loans - secured	7	482,438	418,255
Liabilities against assets subject to finance lease		66,290	61,939
Deferred tax liability		279,870	218,877
		828,598	699,071
CURRENT LIABILITIES			
Trade and other payables		788,943	876,394
Contract liabilities		48,088	34,572
Net defined benefit liability - funded gratuity		63,904	56,710
Mark up accrued		58,994	35,916
Unclaimed dividend		7,463	5,850
Short term borrowings - secured	8	2,535,614	2,774,291
Current maturity of long term loans	7	204,634	174,159
Current maturity of liabilities against assets subject to finance lease		25,868	46,186
Provision for taxation		246,344	270,369
		3,979,852	4,274,447
CONTINGENCIES AND COMMITMENTS			
	9	-	-
TOTAL EQUITY AND LIABILITIES			
		7,608,751	7,588,382

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


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE PERIOD ENDED DECEMBER 31, 2018

	Note	Six month period ended		Three month period ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		Rs '000'	Rs '000'	Rs '000'	Rs '000'
Revenue from contracts with customers-net	10	7,453,460	5,516,790	3,331,517	2,720,354
Cost of sales	11	(6,439,640)	(4,737,966)	(2,813,868)	(2,281,539)
Gross profit		1,013,820	778,824	517,649	438,815
Distribution costs		(79,330)	(66,659)	(38,082)	(33,576)
Administrative expenses		(92,773)	(77,606)	(46,779)	(43,343)
		(172,103)	(144,265)	(84,861)	(76,919)
Operating profit		841,717	634,559	432,788	361,896
Other expenses		(45,970)	(34,910)	(23,073)	(19,649)
Other income		6,842	7,286	4,354	5,796
Foreign exchange loss		(25,281)	(36,205)	(19,179)	(32,632)
Finance cost		(157,039)	(99,701)	(83,564)	(50,289)
Profit before taxation		620,269	471,029	311,326	265,122
Taxation					
Current		(152,658)	(127,147)	(53,370)	(60,018)
Deferred		(60,993)	(44,745)	(57,480)	(46,059)
		(213,651)	(171,892)	(110,850)	(106,077)
Profit after taxation		406,618	299,137	200,476	159,045
Earnings per share - Basic and diluted (Rs.)	12	3.68	2.70	1.81	1.44

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

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE PERIOD ENDED DECEMBER 31, 2018

	Six month period ended		Three month period ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Rs '000'	Rs '000'	Rs '000'	Rs '000'
Profit after taxation	406,618	299,137	200,476	159,045
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	406,618	299,137	200,476	159,045

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


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2018

	Six month period ended	
	December 31, 2018	December 31, 2017
	Rs '000'	Rs '000'
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	620,269	471,029
Adjustments for:		
Depreciation	126,959	96,073
Amortization	340	452
Gain on disposal of property, plant and equipment	(1,726)	(3,256)
Mark-up expense	151,895	96,662
Exchange loss - unrealized	12,879	17,477
Reversal of provision against stock in trade	-	(4,619)
Provision for gratuity	7,200	6,000
Workers' profit participation fund provision	33,312	25,297
Workers' welfare fund provision	12,659	9,613
	343,518	243,699
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
	963,787	714,728
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	(11,114)	20,585
Stock in trade	(3,039)	(669,968)
Trade debts	438,943	(89,260)
Loans and advances	(109,325)	(23,254)
Trade deposits and short term prepayments	7,076	(2,121)
Other receivables	22,987	(2,851)
Tax refunds due from the Government	(8,813)	104,394
	336,715	(662,475)
(Decrease) / Increase in current liabilities		
Trade and other payables	(50,621)	570,798
Contract liabilities	(13,516)	(10,398)
	1,236,365	612,653
CASH GENERATED FROM OPERATIONS		
Contribution to gratuity fund	(7)	(7,000)
Mark-up expense paid	(125,142)	(77,794)
Dividend paid during the period	(219,568)	(110,715)
Tax paid	(80,930)	(200,917)
Workers' welfare fund paid	(15,670)	-
Workers' profit participation fund paid	(52,978)	(30,000)
	(494,295)	(426,426)
	742,070	186,227
NET CASH GENERATED FROM OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment - net	(28,255)	(12,157)
Addition in capital work in progress	(530,269)	(323,105)
Sale proceeds from disposal of property, plant and equipment	14,150	3,510
Long term deposits	(1,876)	(1,432)
	(546,350)	(333,184)
NET CASH USED IN INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan repaid	(92,942)	(56,770)
Long term loan obtained	187,601	178,771
Repayment of liabilities against assets subject to finance lease	(35,006)	(22,612)
New leases acquired during the period	15,362	6,507
Short term borrowings - net	(238,676)	145,057
	(163,661)	250,953
NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	32,059	103,996
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
	6,446	15,516
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
	38,505	119,511

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


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2018

	Issued, subscribed and paid up Capital	Revenue reserve Unappropriated Profit	Total Equity
	Rs '000'	Rs '000'	Rs '000'
Balance as on July 01, 2017 - (Audited)	1,105,905	1,038,425	2,144,330
Total comprehensive income for the period ended December 31, 2017	-	299,137	299,137
Final dividend for the year ended June 30, 2017 at the rate of Rs.1 per share	-	(110,591)	(110,591)
Balance as on December 31, 2017	<u>1,105,905</u>	<u>1,226,971</u>	<u>2,332,876</u>
Balance as on July 01, 2018 - (Audited)	1,105,905	1,508,959	2,614,864
Total comprehensive income for the period ended December 31, 2018	-	406,618	406,618
Final dividend for the year ended June 30, 2018 at the rate of Rs.2 per share	-	(221,181)	(221,181)
Balance as on December 31, 2018	<u>1,105,905</u>	<u>1,694,396</u>	<u>2,800,301</u>

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


Chief Executive Officer


Director


Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2018

1 THE COMPANY AND ITS OPERATIONS

Nimir Industrial Chemicals Limited ("The Company") was incorporated in Pakistan as a Public Limited Company and its shares are listed on Pakistan Stock Exchange. The Company was a subsidiary of Nimir Resources (Private) Limited which held 56.74% of the total shares of the Company. However, during the period Nimir Resources (Private) Limited has applied for voluntarily winding up and shares of the Company were transferred to the individual shareholders of Nimir Resources (Private) Limited. The registered office of the Company is situated at 14.8 km, Sheikhpura-Faisalabad Road, Mouza Bhikki, District Sheikhpura, Pakistan. The Company is engaged in manufacture and sale of chemical products.

2 BASIS OF PREPARATION

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

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

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

2.2 The condensed interim financial statements do 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, 2018.

2.3 These condensed interim financial statements are unaudited but subject to limited scope review by the auditors and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of Pakistan Stock Exchange Limited.

2.4 The condensed interim financial statements have been prepared under the historical cost convention. These 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 unless otherwise stated.

2.5 These are separate financial statements, where the investment in subsidiary is shown at cost; consolidated financial information are separately presented.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2018, except as follows:

3.1 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following amendments and interpretation of IFRSs which became effective for the current period:

IAS 40 - Transfers to Investment Property (Amendments)

IFRS 4 - Insurance Contracts: Applying IFRS 9 with IFRS 4 Insurance Contracts (Amendments)

IFRS 2 - Share based Payments — Classification and Measurement (Amendments)

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

IFRS 15 - Revenue from Contracts with Customers

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any material effect on the condensed interim financial statements apart from change in policy and resultant retrospective adjustment, using modified retrospective approach, relating to revenue recognition (note 3.2). Such change does not financially impact these condensed interim financial statements. There are also certain changes in terminology in line with requirements of the new standards.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Company expects that such improvements to the standards do not have any material impact on the Company's condensed interim financial statements for the period.

3.2 Revenue from contracts with customers

Revenue from sale of goods is recognized at point when performance obligations are satisfied coinciding with transfer of control of the asset to the customer, usually at the time of issuance of delivery challan (i.e. on dispatch of goods to the customers). Under its previous accounting policy, the Company also recognized revenue upon dispatch of goods to customer and recognized any contract cost in the statement of profit or loss, as and when incurred. Similarly, the contract assets and liabilities were also recognized and measured, in accordance with the policy explained above. These contract asset and liabilities are now presented as separate line items.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of transaction price needs to be allocated such as sale incentives, promotions and rebates. In considering the transaction price for the sale of equipment, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to customer (if any).

3.2.1 Contract balances

(i) Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

(ii) Contract assets

Contract assets are recognized by the Company on right to consideration in exchange for goods or services transferred to customers when the right to bill has not been established. Contract assets are reviewed by the Company for impairment. The Company recognizes impairment loss in statement of comprehensive income to the extent that carrying amount of an asset exceeds:

- i)** The remaining amount of consideration that the Company expects to receive in exchange for goods or services to which the asset relates; less
- ii)** The costs that relate directly to providing those goods or services and that have not been recognized as expenses.

(iii) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue as the Company discharges performance obligations under the contract.

3.2.2 Costs to obtain a contract

The Company pays legal documentation costs for each contract that they obtain for sale of goods. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense these costs because the amortization period of the asset that the Company otherwise would have used is one year or less.

3.2.3 Costs to fulfill a contract

The Company incurs carriage costs on delivery of goods. The Company has elected to apply the optional practical expedient for costs to fulfill a contract which allows the Company to immediately expense these costs as the amortization period of the asset that the Company otherwise would have used is one year or less.

	(Un-Audited) December 31, 2018 Rs '000'	(Audited) June 30, 2018 Rs '000'
4 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	2,595,273	2,260,376
Capital work in progress	377,159	292,816
	2,972,432	2,553,192

Following are the additions / disposals (at cost) in the operating fixed assets:

	Additions Dec-2018 Rs '000'	Disposal Dec-2018 Rs '000'	Additions June-2018 Rs '000'	Disposal June-2018 Rs '000'
(Un-Audited).....	(Audited).....	
Freehold land	-	-	21,917	-
Building on freehold land	101,426	-	24,360	-
Plant and machinery - Owned	344,500	18,913	781,765	-
Furniture and fittings	226	-	755	-
Office and factory equipment	4,789	273	12,100	949
Vehicles - Owned	7,978	1,950	3,174	5,132
Vehicles - Leased	15,362	-	6,507	-
	474,281	21,136	850,578	6,081

5 INVESTMENT IN SUBSIDIARY

In 2016, Nimir Industrial Chemicals Limited formed a wholly owned subsidiary under the name of Nimir Holding (Private) Limited (NHPL). NHPL formed a sub-subsidiary, Nimir Management (Private) Limited (NMPL), which acquired the majority shareholding of Nimir Resins Limited, a listed company engaged in the business of industrial chemicals. The effective shareholding of the Company in Nimir Resins Limited is 37.64% (June 30, 2018: 37.64%). The Company has determined that Nimir Resins Limited is a subsidiary in accordance with IFRS 10 Consolidated Financial Statements.

	Note	(Un-Audited) December 31, 2018 Rs '000'	(Audited) June 30, 2018 Rs '000'
6 STOCK IN TRADE			
Raw and packing material			
In hand		537,833	229,497
In transit		1,080,130	1,557,412
		1,617,963	1,786,909
Finished goods		643,673	471,688
		2,261,636	2,258,597
7 LONG TERM LOANS - secured			
Term finance - Secured I		-	18,750
Term finance - Secured II	7.1	61,979	83,854
Term finance - Secured III	7.2	28,125	37,500
Term finance - Secured IV	7.3	176,968	204,910
Term finance - Secured V	7.4	120,000	135,000
Term finance - Secured VI	7.5	300,000	112,399
		687,072	592,413
Less: Current maturity shown under current liabilities		(204,634)	(174,159)
		482,438	418,255

7.1 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 200 bps per annum repayable in 48 monthly instalments starting from December 2015 with grace period of six months. This facility is secured against first joint pari passu charge over present and future fixed assets of the Company.

7.2 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 200 bps per annum repayable in 48 monthly instalments starting from December 2015 with grace period of six months. This facility is secured against first joint pari passu charge over present and future fixed assets of the Company.

7.3 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 48 monthly instalments starting from February 2017 with grace period of one year. This facility is secured against first joint pari passu charge over present and future fixed assets of the Company.

7.4 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 54 monthly instalments starting from December 2017 with grace period of six months. This facility is secured against first joint pari passu charge over present and future fixed assets of the Company.

7.5 This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 48 monthly instalments starting from March 2018 with grace period of one year. This facility is secured against first joint pari passu charge over all present and future fixed assets of the Company.

8 SHORT TERM BORROWINGS - Secured

The aggregate of short term finance facilities available from various financial institutions (including commercial banks) at period end is Rs. 5,999 million (June 30, 2018: Rs. 5,254 million) which includes running finance facilities amounting to Rs.750 million (June 30, 2018: 750 million). The rate of mark up ranges from 1 month KIBOR to 6 months KIBOR + 0 to 100 bps with no floor and no cap (June 30, 2018: 1 month KIBOR to 6 months KIBOR + 0 to 150 bps with no floor and no cap). The facilities are secured against joint pari passu charge on the present and future current assets of the Company.

In addition to above, the unutilized facility for opening letters of credit and bank guarantees as at December 31, 2018 amounting to Rs. 1,478 million (June 30, 2018: Rs. 911 million) and Rs. 84 million (June 30, 2018: Rs. 89 million) respectively.

9 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

There is no material change in the contingencies since the last audited financial statements for the year ended June 30, 2018.

COMMITMENTS

Commitments in respect of letters of credit and letters of guarantee are as follows:

	(Un-Audited) December 31, 2018	(Audited) June 30, 2018
	Rs '000'	Rs '000'
Letters of credit established for the import of raw materials, spare parts and machinery	1,590,396	1,307,000
Letter of guarantee given to SNGPL	96,000	96,000
Letter of guarantee given to PSO	27,000	22,000
Letter of guarantee given to Total PARCO	3,000	3,000

10 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

	Six month period ended		Three month period ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Rs '000'	Rs '000'	Rs '000'	Rs '000'
(Un-Audited).....			
Gross sales	8,721,676	6,454,711	3,898,474	3,182,990
Less: Discount	(34)	(13)	(16)	(13)
Sales tax	(1,268,182)	(937,908)	(566,941)	(462,623)
	(1,268,216)	(937,921)	(566,957)	(462,636)
	<u>7,453,460</u>	<u>5,516,790</u>	<u>3,331,517</u>	<u>2,720,354</u>

11 COST OF SALES

Opening stock of finished goods	471,688	253,273	395,336	248,130
Cost of goods manufactured	6,611,625	5,032,720	3,062,205	2,581,436
	7,083,313	5,285,993	3,457,541	2,829,566
Less: Closing stock of finished goods	(643,673)	(548,027)	(643,673)	(548,027)
	<u>6,439,640</u>	<u>4,737,966</u>	<u>2,813,868</u>	<u>2,281,539</u>

12 EARNINGS PER SHARE - BASIC AND DILUTED

Profit attributable to ordinary shareholders (Rs. "000")	406,618	299,137	200,476	159,045
Weighted average number of shares (No. "000")	110,591	110,591	110,591	110,591
Earnings per share (Rs.)	<u>3.68</u>	<u>2.70</u>	<u>1.81</u>	<u>1.44</u>

13 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise parent company, related group companies, directors and key management personnel. Transactions with related parties during the period are as follows:

Transactions with related parties:

Relationship Status	Name of Company	Nature of Transaction	(Un-Audited)	
			Six month period ended	
			December 31, 2018	December 31, 2017
			Rs '000'	Rs '000'
Subsidiary	Nimir Resins Limited	Sale of goods	60,621	46,449
		Services acquired	1,464	1,365
		Services provided	1,953	1,842
		Reimbursement of expenses - net	1,428	33
Associate	Nimir Chemicals Pakistan Limited	Sale of goods	- **	8,170
Key Management Personnel	--	Managerial Remuneration	54,504	41,496 *
		Other Benefits	17,849	12,549 *
Staff retirement benefits	--	Contribution to gratuity fund	7	7,000

Balances with related parties:

Relationship Status	Name of Company	Nature of Transaction	(Un-Audited)	(Audited)
			December 31, 2018	June 30, 2018
			Rs '000'	Rs '000'
Subsidiary	Nimir Resins Limited	Trade Receivable	16,334	20,382
Associate	Nimir Chemicals Pakistan Limited	Trade Receivable	- **	459

* The remuneration of executives has been restated as per the requirement of fourth schedule of Companies Act, 2017.

** Nimir Chemicals Pakistan Limited is no longer considered a related party of the Company.

14 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on Tuesday, February 19, 2019 has approved an interim dividend of Rs. 1.5 per share (i.e. 15%) for the period ended December 31, 2018 (December 31, 2017: Rs. 1 per share (i.e. 10%)). These interim financial statements do not reflect the effect of the above event.

15 GENERAL

15.1 Re - classification

Corresponding figures of the following have been reclassified in accordance with requirements of IFRS 15:

Particulars	Classified from	Re-classified to	June 30, 2018
			Rs '000'
Advances from customers	Trade and other payables	Contract liabilities	34,572

15.2 These condensed interim financial statements were authorized for issue by the Board of Directors of the Company on Tuesday, February 19, 2019.


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	Note	(Unaudited) December 31, 2018 Rs '000'	(Audited) June 30, 2018 Rs '000'
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 145,000,000 (30 June 2018: 145,000,000) Ordinary Shares of Rs.10 each		1,450,000	1,450,000
Issued, subscribed and paid up capital		1,105,905	1,105,905
Revenue reserve - un appropriated profit		1,850,994	1,642,848
Non-controlling interest		546,286	516,162
		3,503,185	3,264,915
NON CURRENT LIABILITIES			
Long term loans	4	591,883	525,255
Liabilities against assets subject to finance lease		66,290	61,939
Diminishing musharaka finance		4,057	4,828
Deferred tax liability		279,232	225,854
		941,462	817,876
CURRENT LIABILITIES			
Trade and other payables		1,018,824	1,317,115
Contract liabilities		60,459	50,746
Net defined benefit liability - funded gratuity		75,059	64,328
Mark up accrued		93,983	50,141
Unclaimed dividend		7,756	6,143
Short term borrowings	5	4,074,342	3,986,469
Current maturity of long term loans	4	205,316	174,159
Current maturity of liabilities against assets subject to finance lease		25,868	46,186
Current maturity of diminishing musharaka finance		1,509	1,446
Provision for taxation		273,546	313,550
		5,836,662	6,010,283
CONTINGENCIES AND COMMITMENTS			
	6	-	-
TOTAL EQUITY AND LIABILITIES			
		10,281,309	10,093,074
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	3,429,269	3,020,448
Intangibles		1,452	1,957
Long term deposits		38,901	37,025
Deferred tax assets		13,377	-
		3,482,999	3,059,430
CURRENT ASSETS			
Stores, spare parts and loose tools		168,303	155,023
Stock in trade	8	3,328,778	3,239,787
Trade debts - considered good - unsecured		1,911,335	2,370,810
Loans and advances		256,352	147,519
Trade deposits and short term prepayments		24,664	31,694
Interest accrued		-	264
Other receivables		68,044	65,169
Tax refunds due from the Government		918,972	908,251
Cash and bank balances		121,862	115,127
		6,798,310	7,033,644
TOTAL ASSETS			
		10,281,309	10,093,074

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


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED DECEMBER 31, 2018 (UN-AUDITED)

	Note	Six month period ended		Three month period ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		Rs '000'	Rs '000'	Rs '000'	Rs '000'
Revenue from contracts with customers-net	9	9,544,020	7,000,581	4,479,529	3,507,673
Cost of sales	10	(8,351,092)	(6,103,884)	(3,861,660)	(3,011,884)
Gross profit		1,192,928	896,697	617,869	495,789
Distribution costs		(113,779)	(85,612)	(58,282)	(42,872)
Administrative expenses		(112,130)	(98,191)	(56,792)	(54,483)
		(225,909)	(183,803)	(115,074)	(97,355)
Operating profit		967,019	712,894	502,795	398,434
Other expenses		(65,082)	(82,901)	(41,085)	(64,163)
Other income		11,463	12,156	7,810	10,741
Foreign exchange loss		(40,132)	(39,506)	(32,433)	(35,933)
Finance cost		(232,760)	(134,169)	(123,953)	(68,093)
Profit before taxation		640,508	468,474	313,134	240,986
Taxation		(181,057)	(132,507)	(72,600)	(59,907)
Profit after taxation		459,451	335,967	240,534	181,079
Attributable to:					
Equity holders of the parent		429,327	310,894	216,892	165,210
Non-controlling interests		30,124	25,073	23,642	15,869
		459,451	335,967	240,534	181,079
Earnings per share - Basic and diluted (Rs.)	12	3.88	2.81	1.96	1.49

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


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED DECEMBER 31, 2018 (UN-AUDITED)

	Six month period ended		Three month period ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Rs '000'	Rs '000'	Rs '000'	Rs '000'
Profit after taxation	459,451	335,967	240,534	181,079
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	459,451	335,967	240,534	181,079
Attributable to:				
Equity holders of the parent	429,327	310,894	216,892	165,210
Non-controlling interests	30,124	25,073	23,642	15,869
	459,451	335,967	240,534	181,079

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2018 (UN-AUDITED)

	Issued, subscribed and paid up capital	Revenue reserve Unappropriated profit	Non-controlling interest	Total
	Rs '000'	Rs '000'	Rs '000'	Rs '000'
Balance as on 01 July 2017 (Audited)	1,105,905	1,136,017	453,805	2,695,727
Total comprehensive income for the period ended 31 December 2017	-	310,894	25,073	335,967
Final dividend at the rate of Rs.1 per share	-	(110,591)	-	(110,591)
Balance as on 31 December 2017	1,105,905	1,336,320	478,878	2,921,103
Balance as on 01 July 2018 (Audited)	1,105,905	1,642,848	516,162	3,264,915
Final dividend at the rate of Rs. 2 per share	-	(221,181)	-	(221,181)
Total comprehensive income for the period ended 31 December 2018	-	429,327	30,124	459,451
Balance as on 31 December 2018	1,105,905	1,850,994	546,286	3,503,185

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


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2018 (UN-AUDITED)

	Six month period ended	
	December 31, 2018	December 31, 2017
	Rs '000'	Rs '000'
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	640,508	468,474
Adjustment for:		
Depreciation	145,862	112,971
Amortization of intangible assets	505	618
Mark-up expense	226,526	131,130
Provision for gratuity	10,737	8,791
Provision for doubtful debts	7,717	36,243
Gain on disposal of property, plant and equipment	(1,726)	(3,255)
Interest Income	(1,919)	(1,428)
Exchange loss - unrealized	27,730	20,779
Provision for obsolescence of stock	10,036	6,411
Workers' profit participation fund provision	34,134	25,297
Workers' welfare fund provision	13,195	9,613
	472,797	347,170
OPERATING CASH FLOWS BEFORE WORKING CAPITAL CHANGES	1,113,305	815,644
Decrease / (increase) in current assets		
Stores, spares and loose tools	(13,280)	20,083
Stock in trade	(99,027)	(612,733)
Trade debts	407,795	(145,688)
Loans and advances	(108,833)	(43,287)
Trade deposits and short term prepayments	7,030	(4,382)
Other receivables	(2,875)	(2,041)
Tax refunds due from the Government	(84,834)	104,396
	105,976	(683,652)
(Decrease) / increase in current liabilities		
Trade and other payables	(233,611)	621,703
Contract liabilities	(9,713)	(20,013)
	975,957	733,681
CASH GENERATED FROM OPERATIONS	975,957	733,681
Dividend paid	(219,568)	(110,715)
Contribution to gratuity fund	(7)	(7,223)
Mark-up expense paid	(178,753)	(110,914)
Tax paid	(106,945)	(241,619)
Workers' profit participation fund paid	(57,597)	(35,000)
Workers' welfare fund paid	(18,751)	-
	(581,621)	(505,471)
NET CASH GENERATED FROM OPERATING ACTIVITIES	394,336	228,210
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(32,486)	(13,699)
Addition in capital work in progress	(534,621)	(340,647)
Sale proceeds from disposal of property, plant and equipment	14,150	3,510
Interest income received	2,183	1,653
Long term deposits	(1,876)	(1,431)
	(552,650)	(350,614)
NET CASH USED IN INVESTING ACTIVITIES	(552,650)	(350,614)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan obtained	190,727	178,771
Long term loan repaid	(92,942)	(56,770)
Repayment of liabilities against assets subject to finance lease	(35,006)	(22,611)
New leases acquired during the period	15,362	6,507
Payment against diminishing musharaka finance	(965)	(887)
Short term borrowings - net	87,873	201,493
	165,049	306,503
NET CASH GENERATED FROM FINANCING ACTIVITIES	165,049	306,503
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,735	184,099
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	115,127	100,619
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	121,862	284,718

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


Chief Executive Officer


Director


Chief Financial Officer

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2018 (UN-AUDITED)

1 THE GROUP AND ITS OPERATIONS

- 1.1 Nimir Industrial Chemicals Limited ("NICL") is part of Nimir Group ("The Group") which consist of:

Subsidiary Companies

Nimir Holding (Private) Limited ("NHPL")

Nimir Management (Private) Limited ("NMPL")

Nimir Resins Limited ("NRL")

The shareholding of Nimir Group is as follows:

- | | |
|-------------------------------------|--------|
| • The holding of NICL in NHPL: | 100% |
| • The holding of NHPL in NMPL: | 51% |
| • The holding of NMPL in NRL: | 51% |
| • The holding of NHPL in NRL: | 11.63% |
| • Effective holding of NICL in NRL: | 37.64% |

Nimir Industrial Chemicals Limited ("The Holding Company") was incorporated in Pakistan as a public limited Company and its shares are listed on Pakistan Stock Exchange. The Holding Company was a subsidiary of Nimir Resources (Private) Limited which held 56.74% of the total shares of the Company. However, during the period Nimir Resources (Private) Limited has applied for voluntarily winding up and shares of the Company were transferred to the individual shareholders of Nimir Resources (Private) Limited. The registered office of the Company is situated at 14.8 km, Sheikhpura-Faisalabad Road, Bhikhi, District Sheikhpura, Pakistan. The company is engaged in manufacture and sale of chemical products.

Nimir Holding (Private) Limited and Nimir Management (Private) Limited were incorporated in Pakistan as private limited companies on September 28, 2015 and December 4, 2015 respectively for the purpose of investment in Nimir Resins Limited. The registered office of NHPL and NMPL is situated at Nimir House, 12-B, New Muslim Town, Lahore, Pakistan.

Nimir Resins Limited was initially incorporated in Pakistan on December 17, 1964 as a private limited Company under the Companies Act, 1913 (now the Companies Act, 2017) 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 1, 2010 when the company entered into a scheme of arrangement for merger / amalgamation with Descon Chemicals (Private) Limited. Upon acquisition by Nimir Group, the name of the company changed to Nimir Resins Limited as per the approval of Securities and Exchange Commission of Pakistan dated April 18, 2016. The shares of Nimir Resins Limited 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 for paint industry, polyesters, and optical brightener for paper and textile industries and textile auxiliaries for textile industry.

2 BASIS OF PREPARATION

- 2.1 This condensed interim consolidated financial information of the Group have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

- 2.2 The condensed interim consolidated financial statements does not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended June 30, 2018.
- 2.3 The condensed interim consolidated financial statements have been prepared under the historical cost convention. These financial statements are prepared in Pak Rupees, which is the functional currency of the Group. Figures have been rounded off to the nearest thousand rupee.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the financial statements for the year ended 30 June 2018, except as follows:

3.1 New / Revised Standards, Interpretations and Amendments

The Group has adopted the following amendments and interpretation of IFRSs which became effective for the current period:

IAS 40 - Transfers to Investment Property (Amendments)

IFRS 4 - Insurance Contracts: Applying IFRS 9 with IFRS 4 Insurance Contracts (Amendments)

IFRS 2 - Share based Payments — Classification and Measurement (Amendments)

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

IFRS 15 - Revenue from Contracts with Customers

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any material effect on the condensed interim consolidated financial statements apart from change in policy and resultant retrospective adjustment, using modified retrospective approach, relating to revenue recognition (note 3.2) and assessment of impairment using the expected credit loss model (note 3.3). Such change does not financially impact these condensed interim consolidated financial statements. There are also certain changes in terminology in line with requirements of the new standards.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Group expects that such improvements to the standards do not have any material impact on the Group's condensed interim consolidated financial statements for the period.

3.2 Revenue from contracts with customers

Revenue from sale of goods is recognized at point when performance obligations are satisfied coinciding with transfer of control of the asset to the customer, usually at the time of issuance of delivery challan (i.e. on dispatch of goods to the customers). Under its previous accounting policy, the Group also recognized revenue upon dispatch of goods to customer and recognized any contract cost in the statement of profit or loss, as and when incurred. Similarly, the contract assets and liabilities were also recognized and measured, in accordance with the policy explained above. These contract asset and liabilities are now presented as separate line items.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of transaction price needs to be allocated such as sale incentives, promotions and rebates. In considering the transaction price for the sale of equipment, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to customer (if any).

3.2.1 Contract balances

(i) Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

(ii) Contract assets

Contract assets are recognized by the Group on right to consideration in exchange for goods or services transferred to customers when the right to bill has not been established. Contract assets are reviewed by the Group for impairment. The Group recognizes impairment loss in statement of comprehensive income to the extent that carrying amount of an asset exceeds:

- i) The remaining amount of consideration that the Group expects to receive in exchange for goods or services to which the asset relates; less
- ii) The costs that relate directly to providing those goods or services and that have not been recognized as expenses.

(iii) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue as the Group discharges performance obligations under the contract.

3.2.2 Costs to obtain a contract

The Group pays legal documentation costs for each contract that they obtain for sale of goods. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense these costs because the amortization period of the asset that the Group otherwise would have used is one year or less.

3.2.3 Costs to fulfill a contract

The Group incurs carriage costs on delivery of goods. The Group has elected to apply the optional practical expedient for costs to fulfill a contract which allows the Group to immediately expense these costs as the amortization period of the asset that the Group otherwise would have used is one year or less.

3.3 Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms, (if any).

	Note	(Un-audited) December 31, 2018 Rs '000'	(Audited) June 30, 2018 Rs '000'
4 LONG TERM LOANS - Secured			
Term finance - Secured I		-	18,750
Term finance - Secured II	4.1	61,979	83,854
Term finance - Secured III	4.2	28,125	37,500
Term finance - Secured IV	4.3	176,968	204,910
Term finance - Secured V	4.4	120,000	135,000
Term finance - Secured VI	4.5	300,000	112,399
Term finance - Secured VII		3,127	-
Loan from directors / sponsors	4.6	107,000	107,000
		797,199	699,413
Less: Current maturity shown under current liabilities		(205,316)	(174,159)
		<u>591,883</u>	<u>525,255</u>

- 4.1** This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 200 bps per annum repayable in 48 monthly instalments starting from December 2015 with grace period of six months. This facility is secured against first joint pari passu charge over present and future fixed assets of the Holding Company.
- 4.2** This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 200 bps per annum repayable in 48 monthly instalments starting from December 2015 with grace period of six months. This facility is secured against first joint pari passu charge over present and future fixed assets of the Holding Company.
- 4.3** This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 48 monthly instalments starting from February 2017 with grace period of one year. This facility is secured against first joint pari passu charge over present and future fixed assets of the Holding Company.
- 4.4** This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 54 monthly instalments starting from December 2017 with grace period of six months. This facility is secured against first joint pari passu charge over present and future fixed assets of the Holding Company.
- 4.5** This represents long term finance facility obtained from a financial institution carrying mark-up at the rate of 3 months KIBOR plus 125 bps per annum repayable in 48 monthly instalments starting from March 2018 with grace period of one year. This facility is secured against first joint pari passu charge over all present and future fixed assets of the Holding Company.

- 4.6 This represents loan obtained from ex-director / sponsors of Nimir Resins Limited. This loan is interest free and repayable on demand, however, the lender has agreed not to demand repayment for a period of next twelve months. As a result of understanding reached between subsidiaries and ex-director during the year and resultant reinstatement adjustment in the books of Nimir Resins Limited, the amount has been stated with an adjustment to equity portion.

5 SHORT TERM BORROWINGS - Secured

- 5.1 The aggregate of short term finance facilities from various commercial banks available at period end is Rs. 8,914 million (June 30, 2018: Rs. 5,821 million) which includes running finance facilities amounting Rs. 1,550 million (June 30, 2018: Rs. 1,350 million). The rate of mark up ranges from 1 month KIBOR to 6 months KIBOR + 0 to 175 bps with no floor and no cap (June 30, 2018: 1 month KIBOR + 50 bps to 6 months KIBOR + 175 bps with no floor and no cap). The facilities are secured against joint pari passu charge on the present and future current assets of the Group.
- 5.2 The unutilized facility for opening letters of credit and bank guarantees as at December 31, 2018 amounts to Rs. 2,837 million (June 30, 2018: Rs. 1,249 million) and Rs. 86 million (June 30, 2018: Rs. 93 million) respectively.

6 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

There is no material change in the contingencies since the last audited consolidated financial statements for the year ended June 30, 2018.

COMMITMENTS

Commitments in respect of letters of credit, letters of guarantee, capital expenditure and diminishing musharika are as follows:

	(Un-audited) December 31, 2018 Rs '000'	(Audited) June 30, 2018 Rs '000'
Letters of credit established for the import of raw materials, spare parts and machinery	2,081,759	1,819,000
Letter of guarantee given to SNGPL	99,090	99,000
Letter of guarantee given to PSO	30,000	25,000
Letter of guarantee given to TOTAL PARCO	10,000	8,000

7 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	3,047,228	2,719,292
Capital work in progress	382,041	301,156
	<u>3,429,269</u>	<u>3,020,448</u>

Following are the additions / disposals (at cost) in the operating fixed assets:

	(Un-Audited)		(Audited)	
	Additions	Disposal	Additions	Disposal
	Dec-2018	Dec-2018	June-2018	June-2018
	Rs '000'	Rs '000'	Rs '000'	Rs '000'
Free hold land	-	-	21,917	-
Building on freehold land	101,426	-	27,582	-
Plant and machinery - Owned	355,633	18,913	804,480	-
Furniture and fittings	226	-	755	-
Office and factory equipment	5,598	273	17,334	949
Vehicles - Owned	7,978	1,950	9,982	5,132
Vehicles - Leased	15,362	-	6,507	-
	<u>486,223</u>	<u>21,136</u>	<u>888,557</u>	<u>6,081</u>

	(Un-audited) December 31, 2018	(Audited) June 30, 2018
	Rs '000'	Rs '000'
8 STOCK IN TRADE		
Raw and packing material		
- in hand	1,258,438	667,822
- in transit	1,226,318	1,953,986
	<u>2,484,756</u>	<u>2,621,808</u>
Finished goods	871,207	651,810
Less: Provision for obsolescence	(27,185)	(33,831)
	<u>844,022</u>	<u>617,979</u>
	<u>3,328,778</u>	<u>3,239,787</u>

	Six month period ended		Three month period ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Rs '000'	Rs '000'	Rs '000'	Rs '000'
(Un-Audited).....			
9 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET				
Revenue from contracts with customers	11,015,189	8,141,455	5,132,000	4,070,405
Less:				
Discount	(34)	(13)	(16)	(13)
Sales tax	(1,471,135)	(1,140,861)	(652,455)	(562,719)
	<u>(1,471,169)</u>	<u>(1,140,874)</u>	<u>(652,471)</u>	<u>(562,732)</u>
Revenue from contracts with customers - net	<u>9,544,020</u>	<u>7,000,581</u>	<u>4,479,529</u>	<u>3,507,673</u>
10 COST OF SALES				
Opening stock of finished goods	651,810	438,947	576,405	381,778
Cost of goods manufactured	8,570,489	6,366,320	4,156,462	3,331,489
	<u>9,222,299</u>	<u>6,805,267</u>	<u>4,732,867</u>	<u>3,713,267</u>
Less: Closing stock of finished goods	(871,207)	(701,383)	(871,207)	(701,383)
	<u>8,351,092</u>	<u>6,103,884</u>	<u>3,861,660</u>	<u>3,011,884</u>

11 OPERATING SEGMENT INFORMATION

(Un-audited)

	Oleo chemicals and chlor alkali		Coating, emulsion and resins		Other segments		Inter segment eliminations		Total	
	Six-month period ended December 31, 2018	December 31, 2017	Six-month period ended December 31, 2018	December 31, 2017	Six-month period ended December 31, 2018	December 31, 2017	Six-month period ended December 31, 2018	December 31, 2017	Six-month period ended December 31, 2018	December 31, 2017
	----- Rs. '000' -----									
Sales	7,453,460	5,516,790	2,151,181	1,530,241	-	-	(60,621)	(46,449)	9,544,020	7,000,581
Cost of sales	(6,439,640)	(4,737,966)	(1,975,730)	(1,408,418)	-	-	64,278	42,499	(8,351,092)	(6,103,884)
Gross profit	1,013,820	778,824	175,451	121,823	-	-	3,657	(3,950)	1,192,928	896,697
Distribution cost	(79,330)	(66,659)	(34,449)	(18,952)	-	-	-	-	(113,779)	(85,612)
Administrative expenses	(92,773)	(77,606)	(20,402)	(21,013)	(59)	(67)	1,104	495	(112,130)	(98,191)
Operating profit	841,717	634,559	120,600	81,858	(59)	(67)	4,761	(3,455)	967,019	712,894
Other expenses	(45,970)	(34,910)	(19,112)	(47,991)	-	-	-	-	(65,082)	(82,901)
Other income	6,842	7,286	4,167	4,297	1,919	1,428	(1,464)	(855)	11,463	12,156
Foreign exchange loss	(25,281)	(36,205)	(14,851)	(3,302)	-	-	-	-	(40,132)	(39,506)
Finance cost	(157,039)	(99,701)	(75,721)	(34,468)	-	-	-	-	(232,760)	(134,169)
Profit before taxation	620,269	471,029	15,083	394	1,860	1,361	3,297	(4,310)	640,508	468,474
Taxation	(213,651)	(171,892)	33,267	40,660	(672)	(1,265)	-	-	(181,056)	(132,507)
Profit after taxation	406,618	299,137	48,350	41,044	1,188	96	3,297	(4,310)	459,451	335,967
Segment assets	7,608,751	7,588,383	2,953,467	2,778,428	581,537	580,215	(862,446)	(853,952)	10,281,309	10,093,074
Segment liabilities	4,808,450	4,973,519	1,894,168	1,767,478	94,373	94,237	(18,867)	(7,075)	6,778,124	6,828,159

11.1 Inter segment sales, purchases and balances have been eliminated.

12 EARNINGS PER SHARE - BASIC AND DILUTED

	Six month period ended		Three month period ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
(Un-Audited).....			
Profit attributable to ordinary shareholders (Rs. "000")	429,327	310,894	216,892	165,210
Weighted average number of shares (No. "000")	110,591	110,591	110,591	110,591
Earnings per share (Rs.)	3.88	2.81	1.96	1.49

13 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise parent company, related group companies, directors and key management personnel. Transactions with related parties during the period are as follows:

Transactions with related parties:

Relationship Status	Name of Company	Nature of Transaction	(Un-Audited)	
			Six month period ended	
			December 31, 2018	December 31, 2017
			Rs '000'	Rs '000'
Associates	Nimir Chemicals Pakistan Limited	Sale of goods	- **	8,170
		Shares issued	-	1,388
Directors / Sponsors	--	Bonus / Right shares issued	-	2,017
Key Management Personnel	--	Managerial Remuneration	69,850	58,680 *
		Other Benefits	22,156	14,471 *
Staff retirement benefits	--	Contribution to gratuity fund	3,544	9,791

Balances with related parties:

Relationship Status	Name of Company	Nature of Transaction	(Un-Audited)	(Audited)
			December 31, 2018	
			December 31, 2018	June 30, 2018
			Rs '000'	Rs '000'
Associate	Nimir Chemicals Pakistan Limited	Trade Receivable	- **	459

* The remuneration of executives has been restated as per the requirement of fourth schedule of Companies Act, 2017.

** Nimir Chemicals Pakistan Limited is no longer considered a related party of the Company.

14 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Holding Company in their meeting held on Tuesday, February 19, 2019 has approved an interim dividend of Rs. 1.5 per share (i.e. 15%) for the period ended December 31, 2018 (December 31, 2017: Rs. 1 per share (i.e. 10%). These interim financial statements do not reflect the effect of the above event.

15 GENERAL

15.1 Re - classification

Corresponding figures of the following have been reclassified in accordance with requirements of IFRS 15:

Particulars	Classified from	Re-classified to	June 30, 2018
			Rs '000'
Advances from customers	Trade and other payables	Contract liabilities	50,746

15.2 These financial statements were authorized for issue by the Board of Directors on Tuesday, February 19, 2019.


Chief Executive Officer


Director


Chief Financial Officer



NIMIR
NIMIR INDUSTRIAL CHEMICALS LTD.

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14.8 Km., Sheikhpura-Faisalabad Road,
Mouza Bhikhi, District Sheikhpura, Pakistan
Ph: +92 56 3883001-7 • Fax: +92 56 3883010

www.nimir.com.pk