

Half Yearly Report

2019

December (Unaudited)

| BETTER LIFE THROUGH CHEMISTRY |



COMPANY INFORMATION

Board of Directors

Sheikh Amar Hameed - Chairman
Mr. Zafar Mahmood - Chief Executive Officer
Mr. Abdul Jalil Jamil
Mr. Muhammad Yahya Khan
Mr. Osman Hameed
Mr. Pervaiz Ahmad Khan
Mrs. Nazia Qureshi

Executive Management

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

Chief Financial Officer

Syed Sajid Nasim

Company Secretary

Mr. Muhammad Inam-ur-Rahim

Head of Internal Audit

Mr. Nabeel Ahmad Khan

Auditors

Crowe 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

Mrs. Nazia Qureshi - Chairperson
Sheikh Amar Hameed
Mr. Zafar Mahmood

Bankers

The Bank of Punjab
Soneri Bank Limited
Habib Bank Limited
MCB Bank Limited
Al Baraka Bank (Pakistan) Limited
Pak Brunei Investment Company Limited
Meezan Bank Limited
JS Bank Limited
Bank Alfalah Limited
Habib Metropolitan Bank Limited

Legal Advisors

M/s Hassan & Hassan
Advocates

Share Registrar

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

Registered Office / Plant - 1

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

Plant - 2

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

Lahore Office

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

Web Site

www.nimir.com.pk

DIRECTORS' REPORT

We are pleased to present our review report together with unaudited financial statements of Nimir Resins Limited for the half year ended December 31, 2019.

To narrow trade deficit, the Government has taken certain measures to curtail domestic consumption; devaluing currency, increasing interest rates and utility prices were among the key steps taken by the Government. As a result, economic activity has shrunk and many companies have shown negative growth in the period under review.

Due to a diversified product portfolio and our focus on top line growth, the impact of economic downturn on Nimir Resins was not significant. In volumetric terms our company could achieve only 1% growth, but overall sales revenue in PKR showed 18% growth during the first half of the current financial year. This helped us generate an encouraging after-tax profit of PKR 74 million against PKR 48 million earned in the last year.

We are committed to continue endeavouring improvement in the financial results in the remaining half of the year, Insha Allah.

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

Lahore
February 25, 2020



Muhammad Yahya Khan
Director

For and on the behalf of the Board



Zafar Mahmood
Chief Executive Officer

ڈائریکٹرز رپورٹ

ہم 31 دسمبر 2019 کو ختم ہونے والی ششماہی کے لئے نمر ریزنٹزمینٹڈ کے غیر نظر ثانی شدہ مالی حسابات کے ساتھ اپنی جائزہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

تجارتی خسارے کو کم کرنے کے لئے، حکومت نے ڈومیسٹک کنزیمپشن کو کم کرنے کے لئے کچھ اقدامات اٹھائے ہیں، کرنسی کی قدر میں کمی، شرح سود اور بلوں کی قیمتوں میں اضافہ حکومت کے اہم اقدامات میں شامل ہیں۔ نتیجے کے طور پر، معاشی سرگرمی سکتا ہے اور متعدد کمپنیوں نے زیر جائزہ مدت میں منفی نمو ظاہر کی ہے۔

متنوع پراڈکٹ پورٹ فولیو اور ٹاپ لائن نمو پر ہماری توجہ کی وجہ سے، نمر ریز انٹرنیٹ پر معاشی بد حالی کا اثر نمایاں نہیں تھا۔ حجم کے لحاظ سے ہماری کمپنی صرف 1 فیصد نمو حاصل کر سکی ہے، لیکن پاکستانی روپوں میں مجموعی طور پر فروخت آمدنی نے رواں مالی سال کی پہلی ششماہی کے دوران 18 فیصد نمو ظاہر کی۔ اس سے ہمیں پچھلے سال میں حاصل ہونے والے 48 ملین پاکستانی روپوں کے مقابلے میں 74 ملین پاکستانی روپے ٹیکس کے بعد منافع حاصل کرنے میں مدد ملی۔

ہم انشاء اللہ بقیہ ششماہی سال میں مالی نتائج میں بہتری کے لئے کوشاں رہیں گے۔

ہم اپنے سارے اسٹیک ہولڈرز کی مسلسل حمایت پر ان کے شکر گزار ہیں۔

مخائب بورڈ



محمد یوسف خان
ڈائریکٹر



ظفر محمود
چیف ایگزیکٹو آفیسر

لاہور

25 فروری 2020ء

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of NIMIR RESINS LIMITED ("the Company") as at December 31, 2019 and the related condensed interim statement of profit or loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and the notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these 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 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.

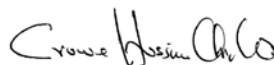
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial 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 account and the condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Nasir Muneer.



Lahore
February 25, 2020

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019 (UNAUDITED)

	Note	December 31, 2019 Unaudited Rs '000'	June 30, 2019 Audited Rs '000'
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 300,000,000 (June 30, 2019: 300,000,000) Ordinary shares of Rs. 5 each		1,500,000	1,500,000
Issued, subscribed and paid up share capital		1,413,211	1,413,211
Share deposit money		11,391	11,391
Sponsors' interest free loans		107,000	107,000
Reserves		(375,699)	(450,087)
Surplus on revaluation of property, plant and equipment		84,164	84,357
		1,240,067	1,165,872
Non Current Liabilities			
Long term financing	5	1,763	2,103
Diminishing musharaka finance	6	2,559	3,253
Post employment benefits obligation		14,583	10,952
		18,905	16,308
Current Liabilities			
Trade and other payables		655,096	288,835
Unclaimed dividends		293	293
Accrued mark up		37,101	34,838
Short term borrowings	7	1,148,888	1,484,829
Current portion of long term financing	5	682	682
Current portion of diminishing musharaka arrangements	6	1,625	1,575
Provision for taxation		41,657	59,115
		1,885,342	1,870,167
Contingencies and Commitments			
	8	-	-
Total Equity and Liabilities			
		3,144,314	3,052,347
ASSETS			
Non Current Assets			
Property, plant and equipment	9	519,534	523,723
Intangible assets		498	663
Long term deposits		12,857	9,336
Deferred tax asset		12,342	3,483
		545,231	537,205
Current Assets			
Stores and spares		15,070	15,958
Stock in trade		985,470	857,165
Short term investment		-	46,700
Trade debts		1,064,859	1,020,297
Loans and advances		83,579	33,065
Short term prepayments		4,038	327
Other receivables		14,135	12,572
Tax refunds due from government		388,179	505,286
Cash and bank balances		43,753	23,772
		2,599,083	2,515,142
Total Assets			
		3,144,314	3,052,347

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements (un-audited).



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019 (UNAUDITED)

	Note	Half Year Ended		Quarter Ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		Rs '000'	Rs '000'	Rs '000'	Rs '000'
Sales		2,540,924	2,151,181	1,430,960	1,163,713
Cost of sales	10	(2,252,461)	(1,975,730)	(1,269,626)	(1,064,589)
Gross Profit		288,463	175,451	161,334	99,124
Operating expenses:					
Distribution costs		(31,213)	(34,449)	(15,685)	(20,200)
Administrative expenses		(28,380)	(20,402)	(13,754)	(10,867)
		(59,593)	(54,851)	(29,439)	(31,067)
Operating Profit		228,870	120,600	131,895	68,057
Other operating expenses		(14,044)	(33,963)	(11,090)	(31,266)
Finance cost		(109,968)	(75,721)	(51,089)	(40,389)
Other income		8,229	4,167	6,001	2,631
		(115,783)	(105,517)	(56,178)	(69,024)
Profit / (Loss) before Taxation		113,087	15,083	75,717	(967)
Taxation	11				
Current		(47,751)	12,276	(31,076)	24,635
Deferred		8,859	20,992	7,342	14,289
		(38,892)	33,268	(23,734)	38,924
Net profit for the Period		74,195	48,351	51,983	37,957
Earnings per Share - Basic and Diluted		0.26	0.17	0.18	0.13

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements (un-audited).



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019 (UNAUDITED)

	Half Year Ended		Quarter Ended	
	December 31, 2019 Rs '000'	December 31, 2018 Rs '000'	December 31, 2019 Rs '000'	December 31, 2018 Rs '000'
Net Profit for the Period	74,195	48,351	51,983	37,957
Other comprehensive income				
Items that will not be re-classified subsequently to profit or loss	-	-	-	-
Items that may be re-classified subsequently to profit or loss	-	-	-	-
Total Comprehensive Income for the Period	74,195	48,351	51,983	37,957

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements (un-audited).



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

	Share Capital	Share Deposit Money	Sponsors Interest Free Loans	Capital Reserves		Revenue Reserves	Total
				Share Premium	Revaluation Surplus on Property, Plant and Equipment		
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Balance as at June 30, 2018	1,413,211	11,391	107,000	1,281	84,744	(606,677)	1,010,950
Total comprehensive income for the half year ended December 31, 2018	-	-	-	-	-	48,351	48,351
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	(272)	272	-
Balance as at December 31, 2018	1,413,211	11,391	107,000	1,281	84,472	(558,054)	1,059,301
Balance as at June 30, 2019	1,413,211	11,391	107,000	1,281	84,357	(451,368)	1,165,872
Total comprehensive income for the half year ended December 31, 2019	-	-	-	-	-	74,195	74,195
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	(193)	193	-
Balance as at December 31, 2019	1,413,211	11,391	107,000	1,281	84,164	(376,980)	1,240,067

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements (un-audited).



DIRECTOR



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UNAUDITED)

	Half Year Ended	
	December 31, 2019	December 31, 2018
	Rs '000'	Rs '000'
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	113,087	15,083
Adjustments:		
Depreciation	19,563	18,902
Amortization of intangible asset	166	166
Provision for gratuity	4,320	3,537
Provision for obsolescence of stock	-	10,036
Loss allowance	5,463	7,717
Workers' (profit) participation fund	6,083	822
Workers' welfare fund	2,498	537
Exchange (Gain) / loss - net	(319)	14,851
Gain on disposal of property, plant and equipment	(750)	-
Finance cost	108,958	74,631
	145,982	131,199
Operating profit before working capital changes	259,069	146,282
(Increase) / decrease in current assets:		
Stores and spares	888	(2,166)
Stock in trade	(128,305)	(92,691)
Short term investment	46,700	-
Trade debts	(50,024)	1,025
Loans and advances	(50,514)	492
Trade deposits and short term prepayments	(3,710)	(46)
Other receivables	(1,563)	(25,862)
Sales tax refundable - Net	67,146	(76,021)
(Decrease) / increase in current liabilities:		
Trade and other payables	370,138	(210,938)
	250,756	(406,207)
Cash Generated from / (Used in) Operations	509,825	(25,925)
Finance cost paid	(106,695)	(53,615)
Income tax paid	(15,247)	(25,680)
Gratuity paid	(690)	-
Workers' welfare fund	(3,344)	(3,081)
Workers' (profit) participation fund	(8,796)	(4,620)
Net Cash Generated from / (Used in) Operating Activities	375,053	(346,921)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(5,097)	(4,132)
Proceeds from disposal of property, plant and equipment	750	-
Capital work in progress - property, plant and equipment	(10,277)	(4,352)
Long term deposits	(3,522)	-
Net Cash Used in Investing Activities	(18,146)	(8,484)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing	(341)	3,127
Payments against diminishing musharaka finance	(644)	(965)
Short term borrowings - net	(335,941)	326,551
Net Cash (Used in) / Generated from Financing Activities	(336,926)	328,713
Net Increase / (Decrease) in Cash and Cash Equivalents	19,981	(26,692)
Cash and cash equivalents at the beginning of the period	23,772	39,170
Cash and Cash Equivalents at the End of the Period	43,753	12,478

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements (un-audited).



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UNAUDITED)

1 The Company and its Operations

- 1.1 Nimir Resins Limited (the Company) was 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.
- 1.2 The Company is a subsidiary of Nimir Management (Private) Limited whereas Nimir Industrial Chemicals Limited is the ultimate parent company of Nimir Resins Limited.
- 1.3 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-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 textile industry.

Corporate office of the Company is located at 14.5 KM, Lahore-Sheikhupura Road, Lahore, while the production plants of the Company are located at 14.5 KM, Lahore-Sheikhupura Road, Lahore and 14.8 KM, Sheikhupura Faisalabad Road, Sheikhupura.

2 Basis of Preparation

- 2.1 These condensed interim financial statements has 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 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 These condensed interim financial statements are unaudited and have been subjected to limited scope review by the auditors as required by Section 237 of the Companies Act, 2017. The figures for the quarters ended on December 31, 2018 and 2019 presented in the condensed financial statements have not been reviewed by the external auditors.
- 2.3 These condensed interim financial statements are 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. These condensed financial statements do 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, 2019.

3 Significant Accounting Policies

The accounting policies and methods of presentation of these condensed interim financial statements are the same as those followed in the preparation of annual financial statements for the preceding financial year ended June 30, 2019.

4 Accounting Estimates and Judgment

The accounting estimates and associated assumptions used in the preparation of these interim financial statements are consistent with those applied in the preparation of annual financial statements of the Company for the year ended June 30, 2019.

5 Long Term Financing

		December 31, 2019 (Un-audited) Rs '000'	June 30, 2019 (Audited) Rs '000'
	Note		
Long term financing	5.1	2,445	2,786
Less: Current portion		(682)	(682)
		1,763	2,104

- 5.1 The Company obtained a loan of Rs. 3.411 million from Soneri Bank Limited for purchase of a vehicle during the year ended June 30, 2019. This loan is repayable in 60 equal monthly installments starting from August 01, 2018. Markup is charged at the rate of three months KIBOR plus 1.5% payable monthly in arrear. The loan is secured through joint ownership of vehicle with Bank's name till repayment of the loan.

6 Diminishing Musharika Arrangements

		December 31, 2019 (Un-audited) Rs '000'	June 30, 2019 (Audited) Rs '000'
	Note		
Diminishing musharika facility	6.1	4,184	4,828
Less: Current portion		(1,625)	(1,575)
		<u>2,559</u>	<u>3,253</u>

- 6.1 The Company acquired vehicles 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 opening value. The effective rate of rent per unit is three months KIBOR plus 2.5% with floor rate of 8.55% - 8.66% per annum (2019: 8.55% - 8.66%).

7 Short Term Borrowings

	December 31, 2019 (Un-audited) Rs '000'	June 30, 2019 (Audited) Rs '000'
Banking companies - Secured		
Running finance	652,953	563,695
Borrowings / FATRs	495,935	921,134
	<u>1,148,888</u>	<u>1,484,829</u>

7.1 Terms and conditions of borrowings

Purpose

The Company has obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 3,165 million (2019: Rs. 3,165 million) including running finance facilities amounting to Rs. 900 million (2019: Rs. 900 million), towards working capital requirements, retirement of local and foreign LCs, discounting local bills / receivables and loan against trust receipts etc. The above balance represents utilized portion of funded facilities, whereas the Company has also utilized Rs. 437.278 million (2019: Rs. 380.363 million) from its non-funded facilities.

Mark-up

Mark-up on short term borrowings is charged using 1 to 6 Months KIBOR+ 0.00% to 1.25% (2019: 1 to 6 Months KIBOR+ 0.00% to 1.25%) per annum. Mark up is payable on monthly / quarterly basis in arrears or at the time of adjustment of liability whichever is earlier. Furthermore, some limits carry opening commission against foreign and local LCs at 0.05% to 0.10% (2019: 0.05% to 0.10%) per quarter.

Securities

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

8 Contingencies and Commitments

8.1 Contingencies

- 8.1.1 In respect of tax year 2011, the Company was confronted for audit through random computer

balloting. On production of records, the concerned Assistant Commissioner of Inland Revenue (ACIR) made additions of Rs. 61.702 million vide order dated October 30, 2017, whereas the Company had declared a tax loss of Rs. 147.994 million in its tax return. Against this order, the Company has initiated preferred appeal on January 11, 2018 with CIR(appeals) and such appeal is pending adjudication.

- 8.1.2** In respect of tax year 2014, the Company was confronted for audit through random computer balloting. On production of records, the concerned Assistant Commissioner of Inland Revenue (ACIR) has made additions of Rs. 27.828 million, whereas the Company had declared a tax loss of Rs. 55.554 million in its tax return. Against this order, the Company has initiated preferred appeal on October 25, 2017 with CIR(appeals) and such appeal is pending adjudication.
- 8.1.3** The Company has filed a suit in Civil Court, Lahore against M/s Chitral Ghee and Oil Mills Company for the recovery of balance of advance given to said vendor party, calculated at Rs. 22.17 million. In another suit before the Civil Court, Lahore the same party has demanded an amount of Rs. 5.860 million allegedly receivable from the Company on account of supplies of various products made to the Company. Both the matters are pending adjudication.

8.2 Guarantees	Note	December 31, 2019	June 30, 2019
		(Un-audited) Rs '000'	(Audited) Rs '000'
Sui Northern Gas Pipelines Limited		3,090	3,090
Pakistan State Oil Company Limited		3,000	3,000
Total Parco Pakistan Limited		7,000	7,000
		<u>13,090</u>	<u>13,090</u>
8.3 Commitments			
Letters of credit		<u>424,188</u>	<u>367,273</u>
9 Property, Plant and Equipment			
Operating fixed assets	9.1	498,309	507,861
Capital work in progress	9.2	21,225	15,862
		<u>519,534</u>	<u>523,723</u>
9.1 Operating fixed assets			
Opening written down value		507,861	498,024
Additions during the period / year		10,011	53,267
Disposals during the period / year		(1,263)	(1,542)
Write off / scrapped during the year		-	(46,191)
		<u>516,609</u>	<u>503,558</u>
Depreciation charge for the period / year		(19,563)	(43,285)
Disposals during the year		1,263	1,542
Write off / scrapped during the year		-	46,046
		<u>(18,300)</u>	<u>4,303</u>
		<u>498,309</u>	<u>507,861</u>
9.2 Capital Work in Progress			
Opening balance		15,862	8,340
Additions during the period / year		10,277	48,988
		<u>26,139</u>	<u>57,328</u>
Transferred to property, plant and equipment		(4,914)	(41,466)
		<u>21,225</u>	<u>15,862</u>

10 Cost of Sales

	Half Year Ended		Quarter Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Un-audited) Rs '000'	(Un-audited) Rs '000'	(Un-audited) Rs '000'	(Un-audited) Rs '000'
Opening stock of finished goods	203,753	180,120	250,155	181,069
Cost of goods manufactured	2,360,350	2,023,143	1,331,113	1,111,053
	2,564,103	2,203,263	1,581,268	1,292,122
Closing stock of finished goods	(311,642)	(227,533)	(311,642)	(227,533)
Cost of goods sold	2,252,461	1,975,730	1,269,626	1,064,589

11 Taxation

	Half Year Ended		Quarter Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Un-audited) Rs '000'	(Un-audited) Rs '000'	(Un-audited) Rs '000'	(Un-audited) Rs '000'
Current tax:				
- Current period	38,162	25,888	21,487	13,529
- Adjustment for prior years	9,589	(38,164)	9,589	(38,164)
	47,751	(12,276)	31,076	(24,635)
Deferred tax	(8,859)	(20,992)	(7,342)	(14,289)
	38,892	(33,268)	23,734	(38,924)

12 Transactions with Related Parties

Related parties comprise related group companies, associated companies, staff retirement funds, directors and executives. 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, 2019	December 31, 2018
			(Un audited) Rs '000'	(Un audited) Rs '000' (Restated)
Nimir Industrial	Ultimate parent	Purchase of goods	90,263	60,621
Chemicals Limited	Company	Sale of goods	602	-
		Services provided	1,597	1,464
		Services received/acquired	2,150	1,953
		Other expenses reimbursed	241	1,428
Contribution to staff retirement benefits				
		Gratuity fund charge	4,320	3,537
Key Management Personnel				
		Remuneration	16,682	15,346
		Other benefit	3,531	4,307

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

13 Segment Reporting

13.1 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 two operating segments:

- Coating, Emulsion and Blending
- Textile, Paper and 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.

13.2 Segment analysis

The segment information for the reportable segments is as follows:

	Coating, Emulsion & Blending	Textile Paper & Other	Total
	Rs '000'	Rs '000'	Rs '000'
Segment Results for the half year ended December 31, 2019			
Revenue	<u>1,563,509</u>	<u>977,415</u>	<u>2,540,924</u>
Segment results	<u>94,206</u>	<u>134,664</u>	<u>228,870</u>
Other operating expenses			(14,044)
Finance cost			(109,968)
Other income			8,229
Profit before taxation			<u>113,087</u>
Segment Results for the half year ended December 31, 2018			
Revenue	<u>1,258,401</u>	<u>892,780</u>	<u>2,151,181</u>
Segment results	<u>50,752</u>	<u>69,848</u>	<u>120,600</u>
Other operating expenses			(33,963)
Finance cost			(75,721)
Other income			4,167
Profit before taxation			<u>15,083</u>

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

- Information about major customers

One customer of the Company accounts for 16.04% (2018: 13.80%) of total sales for the period. Revenue from such customer was Rs. 407.660 million (2018: Rs. 296.761 million).

- Information about geographical area
- All non-current assets of the Company are located in Pakistan as at the reporting date.
- Revenue from export sale is Nil (2018: 2.720 million).

14 Authorization of Financial Statements

These condensed interim financial statements (un-audited) are approved and authorized for issuance on Tuesday February 25, 2020 by the Board of Directors of the Company.

15 General

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



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