

**HALF YEARLY REPORT
FOR THE PERIOD ENDED
DECEMBER 31, 2017
(Un-Audited)**



NAGINA COTTON MILLS LTD.



NAGINA COTTON MILLS LTD.

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NAGINA COTTON MILLS LTD.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Shahzada Ellahi Shaikh	Non-Executive Director / Chairman
Mr. Tajammal Husain Bokharee	Independent Non-Executive Director
Mr. Javaid Bashir Sheikh	Non-Executive Director
Mr. Shafqat Ellahi Shaikh	Non-Executive Director
Mr. Raza Ellahi Shaikh	Non-Executive Director
Mr. Haroon Shahzada Ellahi Shaikh	Non-Executive Director
Mr. Shaukat Ellahi Shaikh	Executive Director
Mr. Tariq Zafar Bajwa	Executive Director
Mr. Munawar Iqbal	Executive Director

MANAGING DIRECTOR (Chief Executive)

Mr. Shaukat Ellahi Shaikh

AUDIT COMMITTEE

Mr. Tajammal Husain Bokharee	Chairman
Mr. Shafqat Ellahi Shaikh	Member
Mr. Raza Ellahi Shaikh	Member
Mr. Syed Mohsin Gilani	Secretary

HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE

Mr. Raza Ellahi Shaikh	Chairman
Mr. Shafqat Ellahi Shaikh	Member
Mr. Tariq Zafar Bajwa	Member
Mr. Muhammad Azam	Secretary

EXECUTIVE COMMITTEE

Mr. Shafqat Ellahi Shaikh	Chairman
Mr. Shahzada Ellahi Shaikh	Member
Mr. Shaukat Ellahi Shaikh	Member
Mr. Raza Ellahi Shaikh	Member
Mr. Muhammad Azam	Secretary

CORPORATE SECRETARY

Mr. Syed Mohsin Gilani

CHIEF FINANCIAL OFFICER (CFO)

Mr. Tariq Zafar Bajwa

HEAD OF INTERNAL AUDIT

Mr. Kashif Saleem

AUDITORS

Messrs Deloitte Yousuf Adil
Chartered Accountants

LEGAL ADVISOR

Makhdoom & Makhdoom Advocates

LEAD BANKERS

Albaraka Bank (Pakistan) Ltd.
Allied Bank Ltd.
Askari Bank Ltd.
Bank Alfalah Ltd.
Faysal Bank Ltd.
Habib Bank Ltd.
Habib Metropolitan Bank Ltd.
JS Bank Ltd.
Meezan Bank Ltd.
Industrial Development Bank of Pakistan
MCB Bank Ltd.
National Bank of Pakistan
Samba Bank Ltd.
Standard Chartered Bank (Pakistan) Ltd.
The Bank of Punjab
United Bank Ltd.

REGISTERED OFFICE

2nd Floor, Shaikh Sultan Trust Bldg. No.2
26, Civil Lines, Beaumont Road,
Karachi - 75530

WEB REFERENCE

www.nagina.com

SHARE REGISTRAR

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5th Floor, Karachi Chambers,
Hasrat Mohani Road,
Karachi.
Phone # 021-32412754, 32424826
Fax # 021-32424835

MILLS

Aminabad, A-16, S.I.T.E., National Highway, Kotri



NAGINA COTTON MILLS LTD.

DIRECTORS' REPORT TO THE MEMBERS

The Directors are pleased to present the un-audited condensed interim financial information of the company for the half year ended on December 31, 2017 duly reviewed by the auditors. The comparative figures for the corresponding half year ended on December 31, 2016 are included for comparison, except in balance sheet where figures are for the year ended on June 30, 2017.

Company Performance

Alhamdulillah, despite difficult business conditions, your company has managed to post net after tax profit of Rs. 21,441,486 compared to Rs. 41,326,836. Earning per share (EPS) for the half year is Rs.1.15 compared to Rs.2.21 for the corresponding period of previous year.

During the period under review, better yarn prices resulted in sales revenue increase by 3.94% over the same period of previous year. The sales value stood at Rs.2,781,814,001. Cost of sales has risen from 93.18% of sales to 93.23% of sales during period under review resulting in decrease in Gross Profit (GP) from 6.82% of sales to 6.77% of sales. Cost of sales escalation is mainly because of increased cotton and energy costs.

Overall operating expense arose by 9.77% over the corresponding period of previous year. Finance cost increased by 57.53% over the same period of previous year. Increase in finance cost is due to more rupee based borrowings for raw material procurement. Contrary to the past, company did not resort to dollar based borrowings due to fear of devaluation.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2017-18, Kapas, (seed cotton) arrivals up to January 31, 2018, at the Ginneries totaled 11.433 million bales compared to 10.635 million bales for similar period of the year 2016-17 showing increase in arrival of 7.51%.

Future Outlook

The export rebate scheme announced by the government has been a stimulus for our export sales. The export scheme has helped in restoring the international competitiveness of the textile industry. We hope that export rebates would be released in a timely manner to the textile industry. International markets for yarn are still facing severe competition. In spite of slightly better yarn prices it is difficult to achieve profitability. Local cotton crop size has improved in comparison to last year. We hope that next crop size would be even higher. A good crop size in the country would help in maintaining competitiveness of the industry and to increase export volumes. Management is focusing on product diversification, seeking new export markets with application of effective cost controls in order to improve margins. Recently rupee has devalued by 5% against the USD which has helped margins. However, rise in domestic interest rates can lead to heavy financial costs and hurt profitability. We hope that the Government would resolve issues such as release of delayed tax refunds, long awaited technology up-gradation fund (TUF) and insure supply of cost effective uninterrupted energy.

Acknowledgement

Continued diligence and devotion of the staff and workers of the Company and good human relations at all levels deserve acknowledgement. The Directors also wish to place on record their gratitude to the bankers for their continued support to the Company.

On behalf of the Board

Shahzada Ellahi Shaikh
Chairman

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

February 22, 2018

ممبران کے لئے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 31 دسمبر 2017 کو مختصر ششماہی کے لئے آڈیٹرز سے جائزہ شدہ کمپنی کی غیر نظر جاتی شدہ لیاقتی معلومات پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔ 31 دسمبر 2016 کو مختصر ہونے والی ششماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں۔ ماسوائے پیلس شیٹ کے، یہاں تقابلی اعداد و شمار 30 جون 2017 کو مختصر ہونے والے ہیں۔

کمپنی کی کارکردگی

اقتصادی مشکل کاروباری حالات کے باوجود آپ کی کمپنی نے گزشتہ سال کی اسی مدت کے دوران بعد از ٹیکس خالص منافع 41,326,836 روپے کے مقابلہ میں 21,441,486 روپے کم کیا ہے۔ ششماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 2.21 روپے کے مقابلے میں 1.15 روپے ہے۔

زیر چارج مدت کے دوران دھماگے کی قیمتیں بہتر ہونے کے نتیجے میں، گزشتہ سال کی اسی مدت سے فروخت کی آمدنی میں 3.94 فیصد اضافہ ہوا ہے۔ فروخت 2,781,814,001 روپے پر قائم رہی۔ زیر چارج مدت کے دوران فروخت کی لاگت فروخت کی 93.18% سے بڑھ کر فروخت کی 93.23% تک ہو گئی۔ جس کے نتیجے میں مجموعی منافع (GIP) فروخت کے 6.82% سے کم ہو کر فروخت کے 6.77% تک ہو گیا۔ فروخت کی لاگت میں تیزی سے اضافہ نہ ہونے کی وجہ سے، پکاس اور توانائی کی لاگت میں اضافہ کی وجہ سے ہے۔

مجموعی آپریٹنگ اخراجات گزشتہ سال کی اسی مدت سے 9.77% سے بڑھ گئے۔ مالی اخراجات گزشتہ سال کی اسی مدت سے 57.53% سے بڑھ گئے۔ مالی اخراجات میں اضافہ تمام مالی خریداری کے لئے روپیہ بیاقترض میں اضافہ کی وجہ سے ہے۔ ماسوائے بریکس کرنسی کی قدر میں کمی کے خطرے کے باعث کمپنی نے ڈالر بیاقترض حاصل نہیں کیا۔

فصل ساں 2017-18 کیلئے پاکستان کابن جزئی سودی ایجنٹ کی طرف سے جاری کردہ اعداد و شمار کے مطابق پکاس (بیج پکاس) کی 31 جنوری 2018 تک جزئی میں آمد گزشتہ مالی سال 2016-17 کی اسی مدت میں 10,635 ملین ڈالروں کے مقابلے میں 11,433 ملین ڈالروں تک ہو گئی جو 7.51 فیصد کا اضافہ ظاہر کرتی ہے۔

مستقبل کا نقطہ نظر

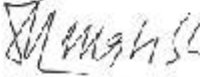
حکومت کی طرف سے اعلان کردہ برآمدی رعایت اسکیم جاری برآمدات کا محرک ہے۔ برآمدی اسکیم نے قیام تک صنعت کے بین الاقوامی مقابلے کی بحالی میں مدد کی ہے۔ ہم امید کرتے ہیں کہ برآمدی رعایت لیکن کل صنعت کو بروقت ادائیگی جائیں گی۔ دھماگے کی بین الاقوامی مارکیٹوں کو ابھی بھی سخت مقابلوں کا سامنا ہے۔ قدرے بہتر مارکیٹ کی قیمتوں کے باوجود منافع کماتا مشکل ہے۔ مقامی پکاس کی فصل کا سائز گزشتہ سال کے موازنہ میں بہتر ہوا ہے۔ امید ہے کہ اگلی فصل کا سائز بھی زیادہ ہوگا۔ ملک میں فصل کا اچھا سائز صنعت کی سہولت کو برقرار رکھنے اور برآمدات کو بڑھانے میں مدد کرے گا۔ انتظامیہ منافع کو بہتر بنانے کے لیے مؤثر لاگت سٹرول کے اطلاق کے ساتھ مصنوعات کی تنوع، یعنی برآمدی مارکیٹوں کی تلاش پر توجہ مرکوز کر رہی ہے۔ حال ہی میں امریکی ڈالر کے بریکس روپیہ کی قدر 5% تک کم ہوئی جس سے منافع میں بہتری ہوئی ہے۔ تاہم، مقامی شرح سود میں اضافہ کی وجہ سے مالی لاگت میں بھاری اضافہ ہو سکتا ہے جو منافع کو نقصان پہنچانے کا سبب بن سکتا ہے۔ امید ہے کہ حکومت لٹل کا کاروبار اور ایسی جس قوم کی واپسی طویل انتظار کے بعد چھٹا لوجی کھاپ گریڈیشن فنڈ (TUF) کی ادائیگی اور مؤثر لاگت بلا تعلق توانائی کی فراہمی جیسے مسائل کو حل کرے گی۔



NAGINA COTTON MILLS LTD.

اظہار تشکر
کٹنی کے عملے اور کارکنوں کی مسلسل محنت اور جذبہ اور تمام سطحوں پر اچھے انسانی تعلقات کا اعتراف کرتے ہیں۔ ڈائریکٹرز کٹنی کی مسلسل حمایت پر فخر کا بھی شہریہ ادا کرتے ہیں۔

منجانب پورڈ


شوکت الہی شیخ
مینجنگ ڈائریکٹر (چیف ایگزیکٹو)


شوکت الہی شیخ
چیمبر مین

لاہور: 22 فروری 2018ء

Auditors' Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **NAGINA COTTON MILLS LIMITED** (the Company) as at December 31, 2017, the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes to the accounts for the half year then ended [here-in-after referred to as "interim financial information"]. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the interim profit and loss account and for the quarters ended December 31, 2017 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2017.

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 information 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 information as of and for the half year ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.


Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Dated: February 22, 2018
Place: Karachi



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2017

	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	-----Rupees-----	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital 50,000,000 (June 30, 2017: 50,000,000) ordinary shares of Rs. 10/- each	<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up capital	<u>187,000,000</u>	187,000,000
Capital reserves	<u>198,483,536</u>	238,059,984
Unappropriated Profit	<u>1,296,490,226</u>	1,331,148,740
TOTAL EQUITY	1,681,973,762	1,756,208,724
LIABILITIES		
NON-CURRENT LIABILITIES		
Long-term finances	<u>738,267,180</u>	792,275,827
Deferred liabilities	<u>87,809,278</u>	84,752,937
	826,076,458	877,028,764
CURRENT LIABILITIES		
Trade and other payables	<u>820,874,680</u>	592,194,669
Accrued interest / mark-up	<u>16,796,043</u>	8,241,442
Short-term borrowings	<u>1,401,183,668</u>	310,457,231
Current portion of long-term finances	<u>126,667,049</u>	113,063,284
	2,365,521,440	1,023,956,626
TOTAL LIABILITIES	3,191,597,898	1,900,985,390
CONTINGENCIES AND COMMITMENTS	7	
TOTAL EQUITY AND LIABILITIES	<u>4,873,571,660</u>	<u>3,657,194,114</u>

The annexed explanatory notes from 1 to 14 form an integral part of this condensed interim financial information.

February 22, 2018


Shahzada Ellahi Shaikh
Chairman


Tariq Zafar Bajwa
Chief Financial Officer



NAGINA COTTON MILLS LTD.

		(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	Note	-----Rupees-----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,489,328,332	1,550,833,381
Investment properties		14,377,185	14,513,729
Intangible assets		2,836,766	3,251,903
Long-term deposits		1,069,258	1,069,258
		1,507,611,541	1,569,668,271
CURRENT ASSETS			
Stores and spares		39,801,333	31,359,837
Stock-in-trade		1,919,347,494	715,961,623
Trade debts		582,870,818	454,983,103
Loans and advances		169,545,458	165,242,357
Prepayments		9,251,170	5,122,393
Other receivables		75,864,744	55,802,297
Sales tax refundable		63,891,525	102,484,321
Other financial assets	9	465,229,921	534,699,288
Cash and bank balances		40,157,656	21,870,624
		3,365,960,119	2,087,525,843
TOTAL ASSETS		4,873,571,660	3,657,194,114

The annexed explanatory notes from 1 to 14 form an integral part of this condensed interim financial information.

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half Year Ended		Quarter Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Note	Rupees.....		Rupees.....	
Sales	2,781,814,001	2,676,346,245	1,548,194,658	1,401,328,755
Cost of goods sold	10 (2,593,356,954)	(2,493,816,229)	(1,443,366,650)	(1,308,911,370)
Gross profit	188,457,047	182,530,016	104,828,008	92,417,385
Distribution cost	(52,683,434)	(49,150,934)	(27,917,023)	(25,569,427)
Administrative expenses	(60,728,514)	(53,404,289)	(29,436,008)	(24,370,119)
Other expenses	(3,859,574)	(4,278,541)	(2,776,888)	(1,842,403)
	(117,271,522)	(106,833,764)	(60,129,919)	(51,781,949)
	71,185,525	75,696,252	44,698,089	40,635,436
Other income	24,372,021	21,945,949	18,283,646	11,300,233
Operating profit	95,557,546	97,642,201	62,981,735	51,935,669
Finance cost	(43,481,261)	(27,601,176)	(25,513,870)	(14,764,851)
Profit before taxation	52,076,285	70,041,025	37,467,865	37,170,818
Provision for taxation - current	(30,634,799)	(28,714,189)	(16,590,137)	(14,372,097)
Profit after taxation	21,441,486	41,326,836	20,877,728	22,798,721
Other comprehensive income				
Items that may be reclassified subsequently to profit and loss account				
Unrealized (loss) / gain on remeasurement of available for sale investments - net	(39,576,448)	26,631,094	(8,308,154)	27,354,860
Total comprehensive (loss) / income for the period	(18,134,962)	67,957,930	12,569,574	50,153,581
Earning per share - basic and diluted	1.15	2.21	1.12	1.22

The annexed explanatory notes from 1 to 14 form an integral part of this condensed interim financial information.

February 22, 2018


Shahzada Ellahi Shaikh
Chairman


Tariq Zafar Bajwa
Chief Financial Officer


Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half Year Ended	
	December 31, 2017	December 31, 2016
A. CASH FLOWS FROM OPERATING ACTIVITIESRupees.....	
Profit before taxation	52,076,285	70,041,025
Adjustments for		
Depreciation on operating fixed assets	77,458,496	71,390,540
Depreciation on investment property	136,544	143,733
Amortization	415,137	415,137
Provision for employees retirement benefits	11,741,379	10,549,032
Loss / (gain) on disposal of property, plant and equipment	1,747,602	(253,556)
Gain on sale of other financial asset	(3,155,887)	(5,279,327)
Unrealized gain on revaluation of FCY Short Term Loan	(408,927)	-
Finance cost	43,481,261	27,601,176
Rental income	(10,900,320)	(9,230,840)
Dividend income	(10,949,840)	(6,522,250)
	<u>161,641,730</u>	<u>158,854,670</u>
Changes in working capital (Increase) / decrease in current assets		
Stores and spares	(8,441,496)	(3,613,481)
Stock-in-trade	(1,203,385,871)	(1,046,306,169)
Trade debts	(127,887,715)	(39,048,819)
Loans and advances	(5,899,417)	(5,563,200)
Prepayments	(4,128,777)	(520,798)
Other receivables	(20,062,447)	460,955
Sales tax refundable	38,592,796	(16,559,033)
Increase in current liabilities		
Trade and other payables	228,363,143	165,885,488
	<u>(1,102,849,784)</u>	<u>(945,265,057)</u>
Cash used in operations	<u>(941,208,054)</u>	<u>(786,410,387)</u>
(Payments made) / receipts of		
Employees retirement benefits	(8,685,038)	(4,257,800)
Finance cost	(34,926,660)	(27,931,042)
Income taxes	(29,038,483)	(30,065,797)
Long term deposits	-	41,000
Net cash used in operating activities	<u>A (1,013,858,235)</u>	<u>(848,624,026)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(23,768,049)	(111,436,130)
Proceeds from disposal of property, plant and equipment	6,067,000	1,360,000
Purchase of other financial asset	(52,624,423)	(636,216,656)
Proceeds from sale of other financial asset	85,673,229	604,279,330
Rental income received	10,900,320	9,230,840
Dividend received	10,949,840	4,366,469
Net cash generated from / (used) in investing activities	<u>B 37,197,917</u>	<u>(128,416,147)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	15,099,000	154,545,765
Repayment of long term finances	(55,503,882)	(38,705,230)
Net (decrease) / increase in short term borrowings excluding running finances	(61,385,187)	544,772,626
Dividend paid	(55,783,132)	(18,700,000)
Net cash (used) in / generated from financing activities	<u>C (157,573,201)</u>	<u>641,913,161</u>
Net decrease in cash and cash equivalents	<u>(A+B+C) (1,134,233,519)</u>	<u>(335,127,012)</u>
Cash and cash equivalents at beginning of the period	<u>(24,278,252)</u>	<u>121,101,649</u>
Cash and cash equivalents at end of the period	<u>(1,158,511,771)</u>	<u>(214,025,363)</u>
Cash and cash equivalents		
Cash and bank balances	40,157,656	13,381,440
Short term running finances	(1,198,669,427)	(227,406,803)
	<u>(1,158,511,771)</u>	<u>(214,025,363)</u>

The annexed explanatory notes from 1 to 14 form an integral part of this condensed interim financial information.





Shazhada Ellahi Shaikh **Tariq Zafar Bajwa** **Shaukat Ellahi Shaikh**
 Chairman Chief Financial Officer Mg. Director (Chief Executive)

February 22, 2018



NAGINA COTTON MILLS LTD.

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

	Issued, subscribed and paid up capital	Capital reserves			Revenue reserve	Total
		Amalgamation reserve	Redemption reserve	Surplus / (Deficit) on revaluation of available for sale investment	Unappropriated Profit	
-----Rupees-----						
Balance at June 30, 2016 (Audited)	187,000,000	12,104,417	241,860,000	480,946	1,276,289,208	1,717,734,571
Comprehensive income						
Profit after taxation	-	-	-	-	41,326,836	41,326,836
Other comprehensive income						
Gain on revaluation of available for sale investment	-	-	-	26,631,094	-	26,631,094
Total comprehensive income for the period	-	-	-	26,631,094	41,326,836	67,957,930
Transactions with owners:						
Final dividend for the year ended June 30, 2016 @ 10% i.e. Re. 1 per ordinary share	-	-	-	-	(18,700,000)	(18,700,000)
Balance at December 31, 2016 (Un-audited)	187,000,000	12,104,417	241,860,000	27,112,040	1,298,916,044	1,766,992,501
Comprehensive income						
Profit after taxation	-	-	-	-	37,101,380	37,101,380
Other comprehensive loss						
Remeasurement of defined benefit liability	-	-	-	-	(4,868,684)	(4,868,684)
Loss on revaluation of available for sale investment	-	-	-	(43,016,473)	-	(43,016,473)
Total comprehensive (loss) / income for the period	-	-	-	(43,016,473)	32,232,696	(10,783,777)
Balance at June 30, 2017 (Audited)	187,000,000	12,104,417	241,860,000	(15,904,433)	1,331,148,740	1,756,208,724
Comprehensive income						
Profit after taxation	-	-	-	-	21,441,486	21,441,486
Other comprehensive loss						
Loss on revaluation of available for sale investment - net	-	-	-	(39,576,448)	-	(39,576,448)
Total comprehensive (loss) / income for the period	-	-	-	(39,576,448)	21,441,486	(18,134,962)
Transactions with owners						
Final dividend for the year ended June 30, 2017 @ 30% i.e. Rs. 3 per ordinary share	-	-	-	-	(56,100,000)	(56,100,000)
Balance at December 31, 2017 (Un-Audited)	187,000,000	12,104,417	241,860,000	(55,480,881)	1,296,490,226	1,681,973,762

The annexed explanatory notes from 1 to 14 form an integral part of this condensed interim financial information.

Shahzada Ellahi Shaikh
Chairman

Tariq Zafar Bajwa
Chief Financial Officer

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

February 22, 2018



NAGINA COTTON MILLS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

1. LEGAL STATUS AND OPERATIONS

Nagina Cotton Mills Limited (the Company) was incorporated in Pakistan on May 16, 1967 as a public limited company under the Companies Ordinance, 1984 repealed by the Companies Act, 2017 and listed on Pakistan Stock Exchange Limited (PSX). The registered office is situated at 2nd floor, Sheikh Sultan Trust Building No.2, 26-Civil Lines, Beaumont Road, Karachi in the province of Sindh. The principal business of the Company is manufacture and sale of yarn. The company's manufacturing facilities are located in Kotri Industrial Trading Estate in the Province of Sindh.

2. STATEMENT OF COMPLIANCE

- 2.1** This condensed interim financial information of the Company for the half year ended December 31, 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed. This condensed interim financial information do not include all of the information required for the full financial statements and, therefore, this should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2017.

During the year, the Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, Securities and Exchange Commission of Pakistan has notified through Circular No. 23 dated October 04, 2017 that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Institute of Chartered Accountants of Pakistan has published a circular No. 17 / 2017 dated October 06, 2017 stating that the said order of the Commission is also applicable for preparation of interim financial statements of the companies for the periods ending on or before December 31, 2017. Therefore, these financial statements have been prepared under the repealed Companies Ordinance 1984.

- 2.2** This condensed interim financial information has been prepared under 'historical cost convention' except employee benefit obligation and financial instruments at fair value.
- 2.3** This condensed interim financial information is presented in Pakistani Rupees which is also the Company's functional and presentation currency and figures presented in the condensed interim financial information have been rounded off to the nearest rupee.
- 2.4** This condensed interim financial information is unaudited. However, a limited scope review of this condensed interim financial information has been performed by the external auditors of the Company in accordance with the requirements of section 5.19.13 of the PSX Rule Book and they have issued their review report thereon.
- 2.5** The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2017, whereas comparative condensed profit and loss account, condensed cash flow statement and condensed statement of changes in equity are stated from the unaudited condensed interim financial information for the half year ended December 31, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1** Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2017, which do not have any impact on this condensed interim financial information.
- 3.2** The accounting policies, applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2017.



NAGINA COTTON MILLS LTD.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan for interim financial reporting requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continuously evaluated and are based on historical experience and other factors including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the annual financial statements of the Company for the year ended June 30, 2017.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended June 30, 2017.

	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
Note	-----Rupees-----	
6. SHORT-TERM BORROWINGS		
- Banking companies - secured		
Running finance	1,198,669,427	46,148,876
Foreign currency finance	2,514,241	264,308,355
Term finance	200,000,000	-
6.1	1,401,183,668	310,457,231

- 6.1 The Company can avail foreign currency, cash running and term finance facilities from various banks aggregating to Rs. 2,880 million (2017: Rs. 2,760 million). These borrowings are secured against hypothecation of stocks and book debts / receivables of the Company and pari passu charge on present and future current assets, demand promissory notes and lien on export orders / contracts. Cash and running finance facilities are subject to variable markup ranging from 1 to 3 month KIBOR plus 0.10% to 0.75% (2017: 1 to 3 month KIBOR plus 0.2% to 0.75%) per annum payable on quarterly basis where as foreign currency finance markup rate ranging from 1.9% to 2% (2017 :0.9% to 2%) per annum. During the period, the company has obtained term financing facility which is subject to variable markup of 3 month KIBOR plus 0.03%.

The aggregate unavailed short-term borrowing facilities available amounted to Rs. 1,479 million (2017: Rs. 2,450 million).

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There is no change in contingencies as disclosed in note 12.1 to the financial statements for the year ended June 30, 2017, except for bills discounted which is Rs.586,816,114/- (June 2017: Rs. 269,136,348).



NAGINA COTTON MILLS LTD.

	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
Note	-----Rupees-----	
7.2 Commitments		
Civil work	966,922	1,666,922
Letters of credit		
- Machinery	-	17,605,000
- Raw material	70,933,300	3,477,197
- Stores and spares	5,879,634	8,915,988
Commitments for rentals of assets under operating lease agreements		
- Not later than one year	949,288	1,930,087
8. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	8.1 1,484,236,419	1,528,622,577
Capital work in progress	8.2 5,091,913	22,210,804
	<u>1,489,328,332</u>	<u>1,550,833,381</u>
8.1 Operating fixed assets - owned		
Opening written down value	1,528,622,577	1,409,029,696
Additions during the period / year		
Other buildings on leasehold land	477,228	36,932,794
Machinery and equipment	27,693,746	227,425,495
Electric installations and equipment	2,535,661	2,719,873
Furniture and fixtures	316,900	1,339,825
Office equipment	666,950	1,070,154
Vehicles	9,196,455	4,215,600
	40,886,940	273,703,741
Written down value of property, plant and equipment disposed off	(7,814,602)	(3,567,515)
Depreciation charged during the period / year	(77,458,496)	(150,543,345)
Written down value at end of the period / year	<u>1,484,236,419</u>	<u>1,528,622,577</u>



NAGINA COTTON MILLS LTD.

	(Un-Audited) December 31, 2017	(Audited) June 30, 2017
	-----Rupees-----	
8.2 Capital work in progress		
Opening balance	22,210,804	26,650,470
Additions during the period / year	22,680,744	266,078,332
Transfers during the period / year	(39,799,635)	(270,517,998)
Closing balance	<u>5,091,913</u>	<u>22,210,804</u>
9. OTHER FINANCIAL ASSETS - Available for sale		
Investment in listed equity securities	420,060,236	507,055,203
Investment in Mutual funds	45,169,685	27,644,085
	<u>465,229,921</u>	<u>534,699,288</u>
9.1 Reconciliation between fair value and cost of investments classified as 'available for sale'		
Fair value of investments		
-in listed equity securities	420,060,236	507,055,203
-in mutual funds	45,169,685	27,644,085
	465,229,921	534,699,288
Unrealized loss on remeasurement of investments	55,480,881	15,904,433
Cost of investment	<u>520,710,802</u>	<u>550,603,721</u>
Loss on revaluation of available for sale investments		
Opening balance	(15,904,433)	480,946
Charge for the period	(43,033,942)	(16,385,379)
Transfer of unrealized loss on sale of investments	3,457,494	-
	(39,576,448)	(16,385,379)
Closing balance	<u>(55,480,881)</u>	<u>(15,904,433)</u>

	Half year ended (Un-Audited)		Quarter ended (Un-Audited)	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	----- Rupees -----			
10. COST OF GOODS SOLD				
Raw material	1,933,660,924	1,909,381,876	1,040,694,708	987,762,884
Packing material	41,798,403	40,100,796	21,883,660	20,793,991
Stores and spares	57,215,044	47,476,967	26,524,694	24,623,940
Salaries, wages and benefits	184,574,415	181,775,819	93,668,691	90,645,466
Fuel and power	248,799,875	226,279,392	125,966,658	115,094,011
Rent, rates and taxes	274,857	266,458	137,428	133,229
Insurance	4,584,618	4,563,284	2,368,029	2,366,789
Repairs and maintenance	15,928,755	2,998,223	11,334,684	1,771,414
Depreciation	73,384,605	67,196,327	37,920,765	33,626,703
Other manufacturing overheads	4,890,267	2,853,483	2,987,322	1,206,109
	2,565,111,763	2,482,892,625	1,363,486,639	1,278,024,536
Work-in-process				
At beginning of period	45,082,213	51,742,678	57,785,993	64,591,781
At end of period	(50,756,399)	(53,076,540)	(50,756,399)	(53,076,540)
	(5,674,186)	(1,333,862)	7,029,594	11,515,241
	2,559,437,577	2,481,558,763	1,370,516,233	1,289,539,777
Finished goods				
At beginning of period	54,282,407	50,793,087	98,627,441	70,932,132
At end of period	(92,040,212)	(55,038,971)	(92,040,212)	(55,038,971)
	(37,757,805)	(4,245,884)	6,587,229	15,893,161
Cost of sales of raw material	71,677,182	16,503,350	66,263,188	3,478,432
	<u>2,593,356,954</u>	<u>2,493,816,229</u>	<u>1,443,366,650</u>	<u>1,308,911,370</u>



NAGINA COTTON MILLS LTD.

11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors and key management personnel of the Company. The Company enters into transactions with various related parties at agreed terms. The transactions with related parties during the period generally consist of sales and purchases. Nature and description of related party transactions during the period along with monetary values are as follows:

Nature of relationship	Nature of transaction	Half year ended (Un-Audited)	
		December 31, 2017	December 31, 2016
	Rupees.....	
Associated companies	Purchase of goods and services	62,224	6,490,257
	Sale of goods and services	825,800	18,008,950
	Dividend paid	9,181,626	3,060,542
Key management personnel	Remuneration and other benefits	5,712,486	5,526,419
	Dividend paid to Directors and their close family members	41,808,711	13,936,237

There is no balance outstanding with or from related parties as at the reporting date.

12. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	(Audited) June 30, 2017	Cash flows		Non-cash flows	(Un-Audited) December 31, 2017
		Obtained	Repaid	Foreign exchange loss	
----- Rupees -----					
Long-term finances	905,339,111	15,099,000	(55,503,882)	-	864,934,229
Foreign currency finance	264,308,355	242,210,000	(503,595,187)	(408,927)	2,514,241
Term finance	-	200,000,000	-	-	200,000,000
	<u>1,169,647,466</u>	<u>457,309,000</u>	<u>(559,099,069)</u>	<u>(408,927)</u>	<u>1,067,448,470</u>

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analysis financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable input).



NAGINA COTTON MILLS LTD.

The following table presents the Company's financial assets which are carried at fair value:

December 31, 2017				
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Financial assets - at fair value				
Available for sale				
- Listed equity securities	420,060,236	-	-	420,060,236
- Mutual funds	45,169,685	-	-	45,169,685
	<u>465,229,921</u>	<u>-</u>	<u>-</u>	<u>465,229,921</u>
June 30, 2017				
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Financial assets - at fair value				
Available for sale				
- Listed equity securities	507,055,203	-	-	507,055,203
- Mutual funds	27,644,085	-	-	27,644,085
	<u>534,699,288</u>	<u>-</u>	<u>-</u>	<u>534,699,288</u>

14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on February 22, 2018.

Shahzada Ellahi Shaikh
Chairman

Tariq Zafar Bajwa
Chief Financial Officer

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

February 22, 2018



NAGINA COTTON MILLS LTD.

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