

**HALF YEARLY REPORT
FOR THE PERIOD ENDED
DECEMBER 31, 2015
(Un-Audited)**



NAGINA COTTON MILLS LTD.



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NAGINA COTTON MILLS LTD.

COMPANY INFORMATION

BOARD OF DIRECTORS

| | |
|------------------------------|------------------------------------|
| Mr. Shaikh Enam Ellahi | Non-Executive Director / Chairman |
| Mr. Tajammal Husain Bokharee | Independent Non-Executive Director |
| Mr. Javaid Bashir Sheikh | Non-Executive Director |
| Mr. Shahzada Ellahi Shaikh | Non-Executive Director |
| Mr. Shafqat Ellahi Shaikh | Non-Executive Director |
| Mr. Raza 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. Shaikh Enam Ellahi | Chairman |
| Mr. Shahzada Ellahi Shaikh | Member |
| Mr. Shaukat Ellahi Shaikh | Member |
| Mr. Shafqat Ellahi Shaikh | Member |
| Mr. Muhammad Azam | Secretary |

CORPORATE SECRETARY

Mr. Syed Mohsin Gilani

CHIEF FINANCIAL OFFICER (CFO)

Mr. Tariq Zafar Bajwa

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.
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

M/s Hameed Majeed Associates (Pvt.) Ltd.
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

*IN THE NAME OF ALLAH THE MOST GRACIOUS
THE MOST BENEVOLENT THE MOST MERCIFUL*

The Directors are pleased to present the un-audited condensed interim financial information of the company for the half year ended on December 31, 2015 duly reviewed by the auditors. The comparative figures for the corresponding half year ended on December 31, 2014 are included for comparison, except in balance sheet where figures are for the year ended on June 30, 2015.

Company Performance

During the first half of the year bearish trends continued in the textile industry and in particular the spinning sector. Depressed yarn prices and sluggish international demand resulted in low selling prices of yarn both in export and local markets during the 1st half year under review. All these stated factors have contributed towards fall in sales revenue by 16.20% over the corresponding period of previous year. Because of lower sales value cost of sales surged to 96.22% of sales compared to 88.92% of sales during the corresponding period of previous year. The fall in revenue resulted in lower Gross Profit by 71.38% over the corresponding period and stood at Rs.75,052,205 (3.78% of sales) compared to Rs.262,235,431 (11.08% of sales during the corresponding period of previous year).

Distribution cost decreased slightly from 2.57% of sales to 2.29% of sales. Because of inflationary impact administrative expenses increased to 2.38% of sales in comparison to 2.04% of corresponding period of last year. Overall operating expenses remained lower by 21.02% over the corresponding period of previous year. Better funds management and better price negotiations have resulted in lower finance cost by 29.77% over the corresponding period of previous year and stood at Rs.30,032,301 compared to Rs.42,765,504.

Sharp decline in the unit price of yarn caused after tax loss of Rs.41,657,746 during 1st half year under review compared to profit of Rs.101,420,267 of the corresponding period of last year. Earning per share (EPS) for the half year is negative at Rs.2.23 compared to profit Rs.5.42 for the corresponding period of previous year.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2015-16, Kapas, (seed cotton) arrivals upto February 01, 2016, at the Gineries totaled 9.613 million bales compared to 14.435 million bales for last similar period of the year 2014-15 showing decrease in arrival of 33.41%.

Future Outlook

Outlook for the second half of the year is not encouraging. Yarn prices are likely to remain under pressure because of competition from regional countries. Competing countries have better operating conditions because of persistent devaluation of their currencies and subsidies. The aggressive policies of our competing countries are forcing prices of textile products to remain low. Pakistani rupee is maintaining relative strength against the USD and reducing our international competitiveness. Cotton prices have surged due to massive fall in cotton production in Pakistan. Cotton prices currently are slightly above the import price parity. Pakistan government has recently announced measures to reduce the interest rate on long term finances scheme (LTFF). Consequent to this the company is undergoing a BMR project amounting to Rs. 300 million. Through this project the company will have more variety in its product range and will be able to reduce operating cost.

It is hoped that the government will support the textile industry by expediting refunds of various taxes, providing sufficient gas to operate the mills, zero rate textile exports and encourage value addition in the textile sector. In addition the government should release the promised technology up-gradation fund to the spinning sector.

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.

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

February 25, 2016

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

Introduction

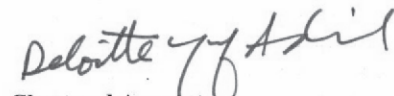
We have reviewed the accompanying condensed interim balance sheet of **Nagina Cotton Mills Limited** ("the Company") as at December 31, 2015, the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes to the accounts for the half year then ended [here-in-after referred to as "condensed interim financial information"]. Management is responsible for the preparation and presentation of this condensed 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 condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2015 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2015.

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 condensed 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, 2015 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:

Mushtaq Ali Hirani

Dated: February 25, 2016

Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

Member of
Deloitte Touche Tohmatsu Limited



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2015

| | (Un-Audited) December 31, 2015 | (Audited) June 30, 2015 |
|---|--------------------------------------|---|
| | Note | -----Rupees----- |
| EQUITY AND LIABILITIES | | |
| SHARE CAPITAL AND RESERVES | | |
| Authorized capital 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>247,738,113</u> 253,964,417 |
| Accumulated profit | | <u>1,322,144,432</u> 1,429,252,178 |
| TOTAL EQUITY | | <u>1,756,882,545</u> 1,870,216,595 |
| LIABILITIES | | |
| NON-CURRENT LIABILITIES | | |
| Long-term finances | | <u>532,106,309</u> 398,853,549 |
| Employees retirement benefits | | <u>91,033,526</u> 83,628,947 |
| | | <u>623,139,835</u> 482,482,496 |
| CURRENT LIABILITIES | | |
| Trade and other payables | | <u>435,885,856</u> 311,338,463 |
| Accrued interest / mark-up | | <u>7,817,919</u> 6,148,894 |
| Short-term borrowings | 6 | <u>905,744,222</u> 26,744,279 |
| Current portion of long-term finances | | <u>70,407,895</u> 71,376,895 |
| | | <u>1,419,855,892</u> 415,608,531 |
| TOTAL LIABILITIES | | <u>2,042,995,727</u> 898,091,027 |
| CONTINGENCIES AND COMMITMENTS | 7 | |
| TOTAL EQUITY AND LIABILITIES | | <u>3,799,878,272</u> <u>2,768,307,622</u> |

The annexed explanatory notes from 1 to 13 form an integral part of this condensed interim financial information.

February 25, 2016

Shahzada Ellahi Shaikh
Director



NAGINA COTTON MILLS LTD.

| | | (Un-Audited) December 31, 2015 | (Audited) June 30, 2015 |
|-------------------------------|------|--------------------------------------|-------------------------------|
| | Note | -----Rupees----- | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 8 | 1,278,150,961 | 1,315,501,708 |
| Investment properties | | 14,952,486 | 15,103,781 |
| Long-term deposits | | 1,055,759 | 1,068,980 |
| | | 1,294,159,206 | 1,331,674,469 |
| CURRENT ASSETS | | | |
| Stores and spares | | 22,258,124 | 25,116,025 |
| Stock-in-trade | | 1,440,461,318 | 478,506,703 |
| Trade debts | | 233,471,095 | 66,280,225 |
| Loans and advances | | 199,935,384 | 122,448,878 |
| Prepayments | | 13,920,062 | 2,359,653 |
| Other receivables | | 11,453,461 | 1,905,360 |
| Sales tax refundable | | 34,298,737 | 51,083,739 |
| Other financial assets | 9 | 36,700,000 | 599,319,634 |
| Cash and bank balances | | 513,220,885 | 89,612,936 |
| | | 2,505,719,066 | 1,436,633,153 |
| TOTAL ASSETS | | 3,799,878,272 | 2,768,307,622 |

The annexed explanatory notes from 1 to 13 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, 2015

| | Half Year Ended | | Quarter Ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2015 | December 31, 2014 | December 31, 2015 | December 31, 2014 |
| Note.....Rupees.....Rupees..... | | | | |
| Sales | 1,984,141,350 | 2,367,582,044 | 1,107,837,275 | 1,216,963,299 |
| Cost of goods sold | 10 (1,909,089,145) | (2,105,346,613) | (1,086,939,139) | (1,067,388,315) |
| Gross profit | 75,052,205 | 262,235,431 | 20,898,136 | 149,574,984 |
| Distribution cost | (45,356,007) | (60,883,758) | (23,786,004) | (30,863,551) |
| Administrative expenses | (47,320,736) | (48,344,320) | (24,082,551) | (24,222,062) |
| Other expenses | (1,102,912) | (9,514,435) | (200,753) | (5,800,970) |
| | (93,779,655) | (118,742,513) | (48,069,308) | (60,886,583) |
| Other income | (18,727,450) | 143,492,918 | (27,171,172) | 88,688,401 |
| | 30,536,959 | 26,008,350 | 12,597,441 | 10,047,751 |
| Operating profit / (loss) | 11,809,509 | 169,501,268 | (14,573,731) | 98,736,152 |
| Finance cost | (30,032,301) | (42,765,504) | (15,442,406) | (20,926,388) |
| (Loss) / profit before taxation | (18,222,792) | 126,735,764 | (30,016,137) | 77,809,764 |
| Provision for taxation - current | (23,434,954) | (25,315,497) | (13,150,110) | (12,601,052) |
| (Loss) / profit after taxation | (41,657,746) | 101,420,267 | (43,166,247) | 65,208,712 |
| Other comprehensive income | | | | |
| Items that may be reclassified subsequently to profit and loss | | | | |
| Unrealized (loss) / gain on remeasurement of available for sale investment | (6,226,304) | - | 1,040,249 | - |
| Total comprehensive income for the period | (47,884,050) | 101,420,267 | (42,125,998) | 65,208,712 |
| Earnings per share - basic and diluted | (2.23) | 5.42 | (2.31) | 3.49 |

The annexed explanatory notes from 1 to 13 form an integral part of this condensed interim financial information.

February 25, 2016


Shahzada Ellahi Shaikh
Director


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, 2015

A. CASH FLOWS FROM OPERATING ACTIVITIES

(Loss) / profit before taxation

Adjustments for

Depreciation
Provision for employees retirement benefits
Gain on disposal of property, plant and equipment
Gain on sale of other financial asset
Unrealised gain on revaluation of other financial asset
Unrealised loss on revaluation of FCY short term loan (FE 25)
Finance cost
Rental Income
Dividend income

Changes in working capital

Decrease / (increase) in current assets

Stores and spares
Stock-in-trade
Trade debts
Loans and advances
Prepayments
Other receivables
Sales tax refundable

Increase in current liabilities

Trade and other payables

Cash used in operations

(Payments made) / receipts of

Employees retirement benefits
Finance cost
Income taxes
Long term deposits

Net cash used in operating activities

A

B. CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment
Proceeds from disposal of property, plant and equipment
Purchase of other financial asset
Proceeds from sale of other financial asset
Rental Income received
Dividend Income received

Net cash generated from / (used in) investing activities

B

C. CASH FLOWS FROM FINANCING ACTIVITIES

Long term finances obtained
Repayment of long term finances
Repayment of principal portion of liabilities against assets subject to finance lease
Net (decrease) / increase in short term borrowings excluding running finances
Dividend paid

Net cash generated from / (used in) financing activities

C

Net increase / (decrease) in cash and cash equivalents

(A+B+C)

Cash and cash equivalents at beginning of the period

Cash and cash equivalents at end of the period

Cash and cash equivalents

Cash and bank balances
Short term running finances

| Half Year Ended | |
|---------------------|---------------------|
| December 31 2015 | December 31 2014 |
| Rupees..... | |
| (18,222,792) | 126,735,764 |
| 66,316,745 | 55,079,512 |
| 12,090,256 | 10,325,656 |
| (816,239) | (337,382) |
| (19,790,450) | (15,821,698) |
| - | (7,892) |
| - | 3,627,955 |
| 30,032,301 | 42,765,504 |
| (8,009,087) | (7,509,944) |
| (975,000) | - |
| 60,625,734 | 214,857,475 |
| 2,857,901 | (5,191,254) |
| (961,954,615) | (787,182,145) |
| (167,190,870) | 74,129,401 |
| (77,580,693) | 910,069 |
| (11,560,409) | (3,024,564) |
| (9,548,101) | (13,786) |
| 16,785,002 | (753,798) |
| 124,547,393 | 129,334,490 |
| (1,083,644,392) | (591,791,587) |
| (1,023,018,658) | (376,934,112) |
| (4,685,677) | (7,896,485) |
| (28,363,276) | (43,467,723) |
| (23,340,766) | (30,114,434) |
| 13,221 | 199,849 |
| (1,079,395,156) | (458,212,905) |
| (31,441,964) | (72,961,128) |
| 3,443,500 | 1,751,900 |
| (1,400,102,997) | (1,174,000,000) |
| 1,976,286,777 | 1,156,821,696 |
| 8,009,087 | 7,509,944 |
| 975,000 | - |
| 557,169,403 | (80,877,588) |
| 167,040,628 | - |
| (34,756,868) | (49,109,744) |
| - | (452,476) |
| 586,890,610 | (126,525,423) |
| (65,450,000) | (112,200,000) |
| 653,724,370 | (288,287,643) |
| 131,498,616 | (827,378,136) |
| 65,617,818 | 775,556,721 |
| 197,116,434 | (51,821,415) |
| 513,220,885 | 57,673,714 |
| (316,104,451) | (109,495,129) |
| 197,116,434 | (51,821,415) |

The annexed explanatory notes from 1 to 13 form an integral part of this condensed interim financial information.

Shahzada Ellahi Shaikh
Director

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)

February 25, 2016



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

| Issued, subscribed and paid up capital | Capital reserves | | | Revenue reserve | Total |
|---|-------------------------|----------------------------|---|-----------------------|-------|
| | Amalgamation reserve | Redemption reserve fund | Deficit on revaluation of available for sale investment | Accumulated profit | |

-----Rupees-----

Balance at June 30, 2014 (Audited) 187,000,000 12,104,417 241,860,000 - 1,401,848,201 1,842,812,618

Comprehensive income

| | | | | | | |
|----------------------------|---|---|---|---|-------------|-------------|
| Profit after taxation | - | - | - | - | 101,420,267 | 101,420,267 |
| Other comprehensive income | - | - | - | - | - | - |

Total comprehensive income for the period - - - - 101,420,267 101,420,267

Transactions with owners:

Final dividend for the year ended June 30, 2014
@ 60% i.e. Rs. 6 per ordinary share

| | | | | | |
|---|---|---|---|---------------|---------------|
| - | - | - | - | (112,200,000) | (112,200,000) |
|---|---|---|---|---------------|---------------|

Balance at December 31, 2014 (Un-Audited) 187,000,000 12,104,417 241,860,000 - 1,391,068,468 1,832,032,885

Comprehensive income

| | | | | | | |
|----------------------------|---|---|---|---|------------|------------|
| Profit after taxation | - | - | - | - | 32,268,490 | 32,268,490 |
| Other comprehensive income | - | - | - | - | 5,915,220 | 5,915,220 |

Total comprehensive income for the half year ended - - - - 38,183,710 38,183,710

Balance at June 30, 2015 (Audited) 187,000,000 12,104,417 241,860,000 - 1,429,252,178 1,870,216,595

Comprehensive income

| | | | | | | |
|----------------------------|---|---|---|-------------|--------------|--------------|
| Loss after taxation | - | - | - | - | (41,657,746) | (41,657,746) |
| Other comprehensive income | - | - | - | (6,226,304) | - | (6,226,304) |

Total comprehensive income for the period - - - (6,226,304) (41,657,746) (47,884,050)

Transactions with owners

Final dividend for the year ended June 30, 2015
@ 35% i.e. Rs. 3.5 per ordinary share

| | | | | | |
|---|---|---|---|--------------|--------------|
| - | - | - | - | (65,450,000) | (65,450,000) |
|---|---|---|---|--------------|--------------|

Balance at December 31, 2015 (Un-Audited) 187,000,000 12,104,417 241,860,000 (6,226,304) 1,322,144,432 1,756,882,545

The annexed explanatory notes from 1 to 13 form an integral part of this condensed interim financial information.

Shahzada Ellahi Shaikh
Director

February 25, 2016

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

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 Act, 1913 as repealed by the Companies Ordinance 1984 and listed on Pakistan Stock Exchange Limited. 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, 2015 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 Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the 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, 2015.
- 2.2 The condensed interim financial information has been prepared under 'historical cost convention' except employee benefit obligation and financial instruments at fair value.
- 2.3 The condensed interim financial information is presented in Pakistani Rupees which is also the Company's functional and presentational 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 Clause (xix) of the Code of Corporate Governance 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, 2015, 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, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2015, which do not have any impact on this condensed interim financial information except for IFRS 13 "Fair Value Measurement".

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. However, it does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The application of this standard does not have an impact on this condensed interim financial information except certain additional disclosures as given in note 12.

- 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, 2015, except as disclosed here under;

Available for sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available for sale. After initial recognition, investments which are classified as available for sale are measured at fair value. Gains or losses on available for sale investments are recognized directly in other comprehensive income until the investment is sold, derecognized or is determined to be impaired, at

which time the cumulative gain or loss previously reported in other comprehensive income is included in profit and loss account. These are sub-categorized as follows:

Quoted

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date.

Un-quoted

Investments in unquoted equity instruments are stated at cost less any identified impairment losses.

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, 2015.

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, 2015.

| | Note | (Un-audited) December 31, 2015 | (Audited) June 30, 2015 |
|--------------------------------------|------|--------------------------------------|-------------------------------|
| | | -----Rupees----- | |
| 6. SHORT-TERM BORROWINGS | | | |
| - Banking companies - secured | | | |
| Running finance | 6.1 | 316,104,451 | 23,995,118 |
| Cash finance | 6.1 | 20,639,771 | 2,749,161 |
| Term Finance | 6.2 | 569,000,000 | - |
| | | 905,744,222 | 26,744,279 |

6.1 The Company can avail cash and running finance facilities from various banks aggregating to Rs. 2,820 million (June 2015 : Rs. 2,520 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 0.1% to 0.75% (June 2015 : from 1 to 3 month KIBOR plus 0.1% to 0.75%) payable on quarterly basis.

6.2 The company has obtained term finance facilities from Habib bank limited, Askari bank limited and Allied bank limited. 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. These facilities are subject to variable markup ranging from 1 week to 1 month KIBOR plus 0.1% to 0.2% and is repayable by January 2016.

| | | (Un-audited) December 31, 2015 | (Audited) June 30, 2015 |
|--|--|--------------------------------------|-------------------------------|
| | Note | -----Rupees----- | |
| 7. CONTINGENCIES AND COMMITMENTS | | | |
| 7.1 Contingencies | | | |
| Bank guarantees issued on behalf of the Company | 7.1.1 | 14,602,000 | 14,602,000 |
| Bills discounted | | 648,298,066 | 690,181,911 |
| | | 662,900,066 | 704,783,911 |
| 7.1.1 | There is no change in contingencies as disclosed in note 13.1 to the financial statement for the year ended June 30, 2015 except bills discounted. | | |
| 7.2 Commitments | | | |
| Civil Work | | 12,139,307 | 13,990,888 |
| Letters of credit | | | |
| - Machinery | | 148,663,623 | 87,202,598 |
| - Stores and spares | | 8,486,081 | 2,854,516 |
| - Raw Material | | 106,210,157 | - |
| Rental of assets under operating lease agreements | | | |
| - Not later than one year | | 861,061 | 2,583,184 |
| 8. PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | | | |
| Owned | 8.1 | 1,251,347,761 | 1,294,647,924 |
| Capital work in progress | 8.2 | 26,803,200 | 20,853,784 |
| | | 1,278,150,961 | 1,315,501,708 |
| 8.1 Operating fixed assets - Owned | | | |
| Opening written down value | | 1,294,647,924 | 1,060,717,809 |
| Additions during the period / year | | | |
| Mills building on lease hold land | | - | 1,627,573 |
| Machinery and equipment | | 14,478,570 | 339,114,593 |
| Electric installations and equipment | | 1,940,793 | 5,839,984 |
| Furniture and fittings | | 612,762 | 1,192,889 |
| Office equipment | | 412,033 | 943,261 |
| Vehicles | | 8,048,390 | 9,448,989 |
| | | 25,492,548 | 358,167,289 |
| Written down value of property, plant and equipment transferred from leased assets | | - | 1,484,210 |
| Written down value of property, plant and equipment disposed off | | (2,627,261) | (9,948,857) |
| Depreciation charged during the period / year | | (66,165,450) | (115,772,527) |
| Written down value at end of the period / year | | 1,251,347,761 | 1,294,647,924 |
| 8.2 Capital work in progress | | | |
| Opening balance | | 20,853,784 | 25,821,943 |
| Additions during the period / year | | 24,475,975 | 337,389,331 |
| Transfers during the period / year | | (18,526,559) | (342,357,490) |
| Closing balance | | 26,803,200 | 20,853,784 |
| 9. OTHER FINANCIAL ASSETS | | | |
| Available for Sale | 9.1 | 36,700,000 | - |
| Held for trading | 9.2 | - | 599,319,634 |
| | | 36,700,000 | 599,319,634 |
| 9.1 | This represent investment in listed equity shares. | | |

9.2 This represent investment in Mutual Funds units.

| | Half Year Ended (Un-audited) | | Quarter Ended (Un-audited) | |
|-------------------------------|-------------------------------------|------------------------------|-----------------------------------|------------------------------|
| | December 31, 2015 | December 31, 2014 | December 31, 2015 | December 31, 2014 |
| | Rupees | | | |
| 10. COST OF GOODS SOLD | | | | |
| Raw material consumed | 1,399,643,065 | 1,541,102,432 | 788,813,262 | 802,538,020 |
| Packing material consumed | 34,598,548 | 38,756,276 | 17,238,926 | 20,588,209 |
| Stores and spares consumed | 35,133,883 | 41,210,453 | 16,623,735 | 27,533,349 |
| Salaries, wages and benefits | 183,201,331 | 175,280,226 | 96,350,067 | 83,739,522 |
| Fuel | 215,559,034 | 204,954,592 | 113,890,921 | 103,334,122 |
| Rent, rates and taxes | 274,857 | 269,675 | 84,039 | 134,852 |
| Insurance | 4,711,245 | 4,626,258 | 2,292,042 | 2,360,472 |
| Repairs and maintenance | 6,142,670 | 6,018,012 | 2,999,016 | 3,967,706 |
| Depreciation | 61,301,535 | 50,069,752 | 30,780,882 | 25,033,788 |
| Other manufacturing overheads | 5,202,672 | 4,349,311 | 2,654,701 | 1,663,756 |
| | 1,945,768,840 | 2,066,636,987 | 1,071,727,591 | 1,070,893,796 |
| Work-in-process | | | | |
| At beginning of period | 29,200,532 | 43,867,820 | 54,832,983 | 40,619,381 |
| At end of period | (43,712,777) | (42,681,721) | (43,712,777) | (42,681,721) |
| | (14,512,245) | 1,186,099 | 11,120,206 | (2,062,340) |
| | 1,931,256,595 | 2,067,823,086 | 1,082,847,797 | 1,068,831,456 |
| Finished goods | | | | |
| At beginning of period | 31,783,493 | 43,461,944 | 58,042,285 | 31,958,405 |
| Purchase of finished goods | - | 32,274,313 | - | 4,811,184 |
| At end of period | (53,950,943) | (38,212,730) | (53,950,943) | (38,212,730) |
| | (22,167,450) | 37,523,527 | 4,091,342 | (1,443,141) |
| | 1,909,089,145 | 2,105,346,613 | 1,086,939,139 | 1,067,388,315 |

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:

| | | Half Year Ended (Un-audited) | |
|---|---------------------------------|-------------------------------------|-----------------------------|
| | | December 31 2015 | December 31 2014 |
| | |Rupees..... | |
| Nature of Relationship | Nature of Transaction | | |
| Associated companies | Purchase of stores materials | 4,675,564 | 3,369,796 |
| | Sale of goods | 81,606,421 | 1,282,811 |
| | Rental Income | 660,000 | 600,000 |
| | Dividend paid | 10,711,897 | 18,363,252 |
| Key management personnel | Remuneration and other benefits | 4,922,332 | 4,260,323 |
| Directors, family members of directors and key management personnel | Dividend paid | 48,776,830 | 83,617,416 |

There is no balance outstanding with or from associated undertakings as at the reporting date.


12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses 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).

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

| December 31, 2015 | | | | |
|--|----------------------|----------------|----------------|-------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | ----- Rupees ----- | | | |
| Fair value through profit or loss | | | | |
| - Held for trading | - | - | - | - |
| Financial assets - at fair value | | | | |
| Available for sale | | | | |
| - Listed equity securities | 36,700,000 | - | - | 36,700,000 |
| | 36,700,000 | - | - | 36,700,000 |
| | | | | |
| | June 30, 2015 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| | ----- Rupees ----- | | | |
| Fair value through profit or loss | | | | |
| - Held for trading | 599,319,634 | - | - | 599,319,634 |
| Financial assets - at fair value | | | | |
| Available for sale | | | | |
| - Listed equity securities | - | - | - | - |
| | 599,319,634 | - | - | 599,319,634 |

13. 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 25, 2016.

February 25, 2016


Shahzada Ellahi Shaikh
 Director


Shaukat Ellahi Shaikh
 Mg. Director (Chief Executive)

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