

**HALF YEARLY REPORT
FOR THE PERIOD ENDED
DECEMBER 31, 2016
(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

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

The Directors are pleased to present the un-audited condensed interim financial information of the company for the half year ended on December 31, 2016 duly reviewed by the auditors. The comparative figures for the corresponding half year ended on December 31, 2015 are included for comparison, except in balance sheet where figures are for the year ended on June 30, 2016.

Company Performance

Alhamdulillah, your company has posted a net profit of Rs. 41,326,836 in comparison to loss of Rs. 41,657,746 during the corresponding half year of 2015. During the period under review, sales increased by 34.89% over the same period of previous year and stood at Rs.2,676,346,245. Surge in revenue was mainly due to better yarn selling prices as well as increase in productivity because of additional capacity. Cost of sales decreased from 96.22% of sales during the same period of last year to 93.18% of sales during period under review resulting in increase in Gross Profit (GP) from 3.78% of sales to 6.82% of sales.

Overall operating expense in proportion to sales during the period under review decreased to 3.99% from 4.73% of comparative period. Due to intensive negotiations with banks and better management of working capital lines, finance cost has reduced by 8.10% over the corresponding period of last year.

Earning per share (EPS) for the half year is Rs.2.21 compared to negative EPS of Rs.2.23 for the corresponding period of last year.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2016-17, Kapas, (seed cotton) arrivals upto February 03, 2017, at the Ginneries totaled 10.635 million bales compared to 9.613 million bales for last similar period of the year 2015-16 showing increase in arrival of 10.63%.

Future Outlook

Spinning industry operating environment continues to remain volatile. Yarn demand is still quite sluggish. Major yarn importing countries are full of cheap yarn from India and Vietnam. Competing countries have better operating conditions as a result of government subsidies and favourable exchange rates. 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. However Government has recently announced textile package by virtue of which weaving and spinning sector would be entitled to 4% rebate on export proceeds realization. This is a long awaited welcome step taken by the government. This measure will help in regaining Pakistani textile products share in international markets. Initially, the export incentive package is confined to exports done by June 30, 2017 and is likely to continue conditionally thereafter for another one year. Prices of raw cotton have started to rise because of global projected crop shortage. This increase in cotton prices may cause yarn prices to rise. Management is hopeful that consequently this will lead to increase in yarn prices and margins in the second half of the financial year 2016-17.

Company has implemented its BMR plan and its economic benefits are likely to flow in from next half year of financial year 2016-17.

Management is pursuing a policy of cost effective strategies, cost controls, aggressive marketing and production of value added products to keep the company profitable.

It is hoped that the Government will support the textile industry by expediting refunds of various taxes, providing sufficient gas to operate the mills, allow the market to establish the fair value of the Pakistani rupee against the USD and encourage value addition in the textile 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 23, 2017

ممبران کے لیے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 31 دسمبر 2016 کو مختصر ششماہی کے لئے آڈیٹرز سے جائزہ شدہ کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ 31 دسمبر 2015 کو ختم ہونے والی ششماہی کے تقابلی اعداد و شمار موازنہ کے لئے شامل کئے گئے ہیں۔ بیلنس شیٹ میں تقابلی اعداد و شمار 30 جون 2016 کو مختصر سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمد للہ کمپنی نے گزشتہ سال 2015 کی اسی ششماہی کے دوران 41,657,746 روپے نقصان کے مقابلے میں رواں ششماہی کے لئے خالص منافع 41,326,836 روپے حاصل کیا۔ زیر جائزہ مدت کے دوران کمپنی کی فروخت، گزشتہ سال کی اسی مدت سے 34.89 فیصد زیادہ رہی۔ اور مجموعی فروخت 2,676,346,245 روپے ہوئی۔ آمدنی میں اضافہ یارن کی قیمت فروخت میں بہتری اور اضافی صلاحیت کی بدولت پیداوار میں اضافے کی وجہ سے ہوا۔ فروخت کی لاگت گزشتہ سال کی اسی مدت کے دوران فروخت کی 96.22 فیصد سے کم ہو کر زیر جائزہ مدت کے دوران فروخت کی 93.18 فیصد ہو گئی جس کے نتیجے میں مجموعی منافع (GP) فروخت کا 3.78 فیصد سے بڑھ کر فروخت کا 6.82 فیصد ہو گیا۔

مجموعی انتظامی اخراجات، زیر جائزہ مدت کے دوران فروخت کے 4.73 فیصد سے کم ہو کر تقابلی مدت کے 3.99 فیصد ہوئے۔ بینکوں کے ساتھ لگژریشن اور ورکنگ کپٹل لائسنوں کے بہتر انتظامات کی وجہ سے، مالی لاگت گزشتہ سال کی اسی مدت کے مقابلے میں 8.10 فیصد کم ہوئی ہے۔

رواں ششماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کی 2.23 روپے منفی EPS کے مقابلے میں 2.21 روپے مثبت ہوئی ہے۔

کراپ سال 2016-17 کے لئے، پاکستان کاٹن ہنزز ایسوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق 03 فروری 2017 تک کپاس، (سج کپاس) کی ہنزیز میں آمد گزشتہ سال 2015-16 کی اسی مدت میں 9.613 ملین گانٹھوں کے مقابلے میں 10.63 فیصد اضافے کے ساتھ 10.635 ملین گانٹھیں رہی۔

مستقبل کا نقطہ نظر

سپننگ صنعت کا انتظامی ماحول مستحکم رہا ہے۔ یارن کی طلب اب بھی ست روی کا شکار ہے۔ یارن درآمد کرنے والے اہم ممالک بھارت اور ویتنام سے درآمد شدہ سستے یارن سے بھرے پڑے ہیں۔ مسابقتی ممالک کیا انتظامی حالات حکومت کی سسٹمز اور سازگار انکسپنڈیشن کی وجہ سے بہتر ہیں۔ ہمارے مسابقتی ممالک کی جارحانہ پالیسیاں ٹیکسٹائل مصنوعات کی قیمتیں کم رکھنے پر مجبور کر رہی ہیں۔ امریکی ڈالر کے مقابلے پاکستانی روپیہ کی قدر برقرار رہی جو کہ ہماری بین الاقوامی مسابقت کو کم کر رہی ہے۔ تاہم حکومت نے حال ہی میں ایک ٹیکسٹائل انکسپنڈیشن کا اعلان کیا ہے جس میں ویونگ اور سپننگ شعبے برآمدات سے حاصل ہونے والی رقوم پر 4 فیصد رعایت کے حقدار ہوں گے۔ طویل انتظار کے بعد حکومت کی طرف سے اٹھایا گیا یہ اقدام خوش آئند ہے۔ یہ اقدام بین الاقوامی منڈیوں میں پاکستانی ٹیکسٹائل مصنوعات کا اپنا حصہ حاصل کرنے میں مدد کرے گا۔ ابتدائی طور پر، رعایتی برآمدات 30 جون 2017 تک کی گئی برآمدات کے لئے مختص ہے اور شروع و طویل مدتی طور پر مزید ایک سال جاری رہنے کا امکان ہے۔ خام کپاس کی قیمتیں عالمی سطح پر کپاس کی کم فصل کی وجہ سے بڑھنا شروع ہو گئی ہیں۔ کپاس کی قیمتوں میں یہ اضافہ یارن کی قیمتوں میں اضافے کا سبب بن سکتا ہے۔ انتظامیہ کو امید ہے کہ مالی سال 2016-17 کی دوسری ششماہی میں یارن کی قیمتیں اور مارجن میں اضافہ ہوگا۔



NAGINA COTTON MILLS LTD.

کمپنی نے اپنا BMRB منصوبہ لاگو کیا ہے اور اس کے اقتصادی فوائد مالی سال 2016-17 کی اگلی ششماہی سے حاصل ہونے کے امکان ہیں۔ انتظامیہ کمپنی کو منافع بخش رکھنے کے لئے لاگت پر کنٹرول، چارجز مارکیٹنگ اور ویلیو ایڈڈ مصنوعات کی پیداوار کے لئے موثر لاگتی حکمت عملیوں کی پالیسی پر عمل پیرا ہے۔

امید ہے کہ حکومت مختلف ٹیکسوں کی رقم کی واپسی میں تیزی لانے، ملوں کو چلانے کے لئے وافرگیس کی فراہمی، امریکی ڈالر کے مقابلے پاکستانی روپے کی مناسب قدر قائم رکھ کر اور ٹیکسٹائل شعبہ میں ویلیو ایڈڈیشن کی حوصلہ افزائی میں جیزی لا کر ٹیکسٹائل صنعت کی مدد کرے گی۔

اظہار تشکر

کمپنی کے عملے اور کارکنوں کی مسلسل محنت اور جذبہ اور تمام سطحوں پر اچھے تعلقات کا اعتراف کرتے ہیں۔ ڈائریکٹرز مینجرز اور دیگر حصہ داروں کا بھی کمپنی کی مسلسل حمایت پر شکریہ ادا کرتے ہیں۔

منجانب بورڈ

شوکت امینی شیخ

مینجنگ ڈائریکٹر (چیف ایگزیکٹو)

23 فروری 2017ء

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of **NAGINA COTTON MILLS LIMITED** (the Company) as at December 31, 2016, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, 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 for the quarters ended December 31, 2016 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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, 2016 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 23, 2017
Karachi



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2016

	(Un-Audited) December 31, 2016	(Audited) June 30, 2016
Note	-----Rupees-----	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital 50,000,000 ordinary shares of Rs. 10/- each	500,000,000	500,000,000
Issued, subscribed and paid-up capital	187,000,000	187,000,000
Capital reserves	281,076,457	254,445,363
Accumulated profit	1,298,916,044	1,276,289,208
TOTAL EQUITY	1,766,992,501	1,717,734,571
LIABILITIES		
NON-CURRENT LIABILITIES		
Long-term finances	726,860,774	630,008,976
Employees retirement benefits	81,028,162	74,736,927
	807,888,936	704,745,903
CURRENT LIABILITIES		
Trade and other payables	593,921,143	428,035,638
Accrued interest / mark-up	10,187,181	10,517,052
Short-term borrowings	818,263,102	111,653,516
Current portion of long-term finances	103,707,462	84,718,723
	1,526,078,888	634,924,929
TOTAL LIABILITIES	2,333,967,824	1,339,670,832
CONTINGENCIES AND COMMITMENTS		
	7	
TOTAL EQUITY AND LIABILITIES	4,100,960,325	3,057,405,403

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

Shahzada Ellahi Shaikh
Director

February 23, 2017



NAGINA COTTON MILLS LTD.

		(Un-Audited) December 31, 2016	(Audited) June 30, 2016
	Note	-----Rupees-----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,474,619,313	1,435,680,166
Investment properties		14,657,459	14,801,190
Intangible assets		3,667,040	4,082,176
Long-term deposits		1,069,258	1,110,258
		1,494,013,070	1,455,673,790
CURRENT ASSETS			
Stores and spares		37,670,574	34,057,091
Stock-in-trade		1,770,316,399	724,010,229
Trade debts		368,921,876	329,873,056
Loans and advances		145,613,293	138,698,478
Prepayments		8,887,887	8,367,089
Other receivables		4,373,159	2,678,330
Sales tax refundable		73,970,588	57,411,550
Other financial assets	9	183,812,039	119,964,290
Cash and bank balances		13,381,440	186,671,500
		2,606,947,255	1,601,731,613
TOTAL ASSETS		4,100,960,325	3,057,405,403

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, 2016

	Half Year Ended		Quarter Ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Note	Rupees.....		Rupees.....	
Sales	2,676,346,245	1,984,141,350	1,401,328,755	1,107,837,275
Cost of goods sold	10 (2,493,816,229)	(1,909,089,145)	(1,308,911,370)	(1,086,939,139)
Gross profit	182,530,016	75,052,205	92,417,385	20,898,136
Distribution cost	(49,150,934)	(45,356,007)	(25,569,427)	(23,786,004)
Administrative expenses	(53,404,289)	(47,320,736)	(24,370,119)	(24,082,551)
Other expenses	(4,278,541)	(1,102,912)	(1,842,403)	(200,753)
	(106,833,764)	(93,779,655)	(51,781,949)	(48,069,308)
	75,696,252	(18,727,450)	40,635,436	(27,171,172)
Other income	21,945,949	30,536,959	11,300,233	12,597,441
Operating profit	97,642,201	11,809,509	51,935,669	(14,573,731)
Finance cost	(27,601,176)	(30,032,301)	(14,764,851)	(15,442,406)
Profit / (loss) before taxation	70,041,025	(18,222,792)	37,170,818	(30,016,137)
Provision for taxation - current	(28,714,189)	(23,434,954)	(14,372,097)	(13,150,110)
Profit / (loss) after taxation	41,326,836	(41,657,746)	22,798,721	(43,166,247)
Other comprehensive income				
Items that may be reclassified subsequently to profit and loss				
Unrealized gain / (loss) on remeasurement of available for sale investment	26,631,094	(6,226,304)	27,354,860	1,040,249
Total comprehensive income for the period	67,957,930	(47,884,050)	50,153,581	(42,125,998)
Earning per share - basic and diluted	2.21	(2.23)	1.22	(2.31)

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

Shahzada Ellahi Shaikh
Director

February 23, 2017

Shaikat Ellahi Shaikh
Mg. Director (Chief Executive)



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Half Year Ended	
	December 31, 2016	December 31, 2015
Rupees.....	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	70,041,025	(18,222,792)
Adjustments for		
Depreciation on operating fixed assets	71,390,540	66,165,450
Depreciation on investment property	143,733	151,295
Amortization	415,137	-
Provision for employees retirement benefits	10,549,032	12,090,256
Gain on disposal of property, plant and equipment	(253,556)	(816,239)
Gain on sale of other financial asset	(5,279,327)	(19,790,450)
Finance cost	27,601,176	30,032,301
Rental income	(9,230,840)	(8,009,087)
Dividend income	(6,522,250)	(975,000)
Changes in working capital	158,854,670	60,625,734
Decrease / (increase) in current assets		
Stores and spares	(3,613,481)	2,857,901
Stock-in-trade	(1,046,306,169)	(961,954,615)
Trade debts	(39,048,819)	(167,190,870)
Loans and advances	(5,563,200)	(77,580,693)
Prepayments	(520,798)	(11,560,409)
Other receivables	460,955	(9,548,101)
Sales tax refundable	(16,559,033)	16,785,002
Increase in current liabilities	165,885,488	124,547,393
Trade and other payables	(945,265,057)	(1,083,644,392)
Cash used in operations	(786,410,387)	(1,023,018,658)
(Payments made) / receipts of		
Employees retirement benefits	(4,257,800)	(4,685,677)
Finance cost	(27,931,042)	(28,363,276)
Income taxes	(30,065,797)	(23,340,766)
Long term deposits	41,000	13,221
Net cash used in operating activities	A (848,624,026)	(1,079,395,156)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(111,436,130)	(31,441,964)
Proceeds from disposal of property, plant and equipment	1,360,000	3,443,500
Purchase of other financial asset	(636,216,656)	(1,400,102,997)
Proceeds from sale of other financial asset	604,279,330	1,976,286,777
Rental income received	9,230,840	8,009,087
Dividend received	4,366,469	975,000
Net cash (used in) / generated from investing activities	B (128,416,147)	557,169,403
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	154,545,765	167,040,628
Repayment of long term finances	(38,705,230)	(34,756,868)
Net increase in short term borrowings excluding running finances	544,772,626	586,890,610
Dividend paid	(18,700,000)	(65,450,000)
Net cash generated from financing activities	C 641,913,161	653,724,370
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(335,127,012)	131,498,616
Cash and cash equivalents at beginning of the period	121,101,649	65,617,818
Cash and cash equivalents at end of the period	(214,025,363)	197,116,434
Cash and cash equivalents		
Cash and bank balances	13,381,440	513,220,885
Short term running finances	(227,406,803)	(316,104,451)
	(214,025,363)	197,116,434

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 23, 2017



NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Issued, subscribed and paid up capital	Capital reserves			Revenue reserve	Total
		Amalgamation reserve	Redemption reserve fund	Surplus / (Deficit) on revaluation of available for sale investment	Accumulated profit	
-----Rupees-----						
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
Comprehensive income						
Loss after taxation	-	-	-	-	(51,287,221)	(51,287,221)
Other comprehensive income	-	-	-	6,707,250	5,431,997	12,139,247
Total comprehensive income for the period	-	-	-	6,707,250	(45,855,224)	(39,147,974)
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	-	-	-	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. 1.00 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

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

Shahzada Ellahi Shaikh
Director

February 23, 2017

Shaukat Ellahi Shaikh
Mg. Director (Chief Executive)



NAGINA COTTON MILLS LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

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 (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, 2016 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, 2016.
- 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 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, 2016, 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, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2016, 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, 2016.



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, 2016.

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, 2016.

		(Un-audited) December 31, 2016	(Audited) June 30, 2016
		-----Rupees-----	
6. SHORT-TERM BORROWINGS	Note		
- Banking companies - secured			
Running finance		227,406,803	65,569,851
Foreign currency finance		573,953,988	46,083,665
Cash finance		6,902,311	-
Term finance		10,000,000	-
	6.1	818,263,102	111,653,516

- 6.1** The Company can avail foreign currency, cash running and term finance facilities from various banks aggregating to Rs. 2,870 million (2016: Rs. 2,870 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 0.2% to 0.75% (2016: 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 KIBOR plus 0.9% to 1.20% (2016 :0.9% to 1.1343%) per annum.

The aggregate unavailed short-term borrowing facilities available amounted to Rs. 2,052 million (2016: Rs. 2,758 million).

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There is no change in contingencies as disclosed in note 12.1 to the financial statement for the year ended June 30, 2016, except for bills discounted which is Rs. 1,060,195,520 (June 2016: Rs. 267,394,310).



NAGINA COTTON MILLS LTD.

		(Un-audited) December 31, 2016	(Audited) June 30, 2016
	Note	-----Rupees-----	
7.2 Commitments			
Civil work		18,254,788	15,673,016
Letters of credit			
- Machinery		-	91,891,000
- Raw material		244,962,916	17,881,889
- Stores and spares		15,282,836	6,580,538
Rentals of assets under operating lease agreements			
- Not later than one year		904,017	29,640
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
Owned	8.1	1,346,159,732	1,409,029,696
Capital work in progress	8.2	128,459,581	26,650,470
		<u>1,474,619,313</u>	<u>1,435,680,166</u>
8.1 Operating fixed assets - Owned			
Opening written down value		1,409,029,696	1,294,647,924
Additions during the period / year			
Other buildings on leasehold land		5,890,828	-
Machinery and equipment		681,372	238,329,170
Electric installations and equipment		298,064	2,264,916
Furniture and fixtures		425,161	1,163,432
Office equipment		571,494	2,936,994
Vehicles		1,760,100	9,837,297
		<u>9,627,019</u>	<u>254,531,809</u>
Written down value of property, plant and equipment disposed off		(1,106,443)	(3,958,407)
Depreciation charged during the period / year		(71,390,540)	(136,191,630)
Written down value at end of the period / year		<u>1,346,159,732</u>	<u>1,409,029,696</u>



NAGINA COTTON MILLS LTD.

	Note	(Un-audited) December 31, 2016	(Audited) June 30, 2016
		-----Rupees-----	
8.2 Capital work in progress			
Opening balance		26,650,470	20,853,784
Additions during the period / year		109,855,076	254,258,358
Transfers during the period / year		(8,045,965)	(248,461,672)
Closing balance		<u>128,459,581</u>	<u>26,650,470</u>

9. OTHER FINANCIAL ASSETS

Available for sale	9.1	<u>183,812,039</u>	<u>119,964,290</u>
--------------------	-----	--------------------	--------------------

9.1 This represent investments in listed equity shares.

Half Year Ended (Un-audited)		Quarter Ended (Un-audited)	
December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
----- Rupees -----			

10. COST OF GOODS SOLD

Raw material	1,909,381,876	1,402,332,450	987,762,884	790,329,533
Packing material	40,100,796	34,598,548	20,793,991	17,238,926
Stores and spares	47,476,967	35,133,883	24,623,940	16,623,735
Salaries, wages and benefits	181,775,819	183,201,331	90,645,466	96,350,067
Fuel and power	226,279,392	215,559,034	115,094,011	113,890,921
Rent, rates and taxes	266,458	274,857	133,229	84,039
Insurance	4,563,284	4,711,245	2,366,789	2,292,042
Repairs and maintenance	2,998,223	6,142,670	1,771,414	2,999,016
Depreciation	67,196,327	61,301,535	33,626,703	30,780,882
Other manufacturing overheads	2,853,483	2,513,287	1,206,109	1,138,430
	<u>2,482,892,625</u>	<u>1,945,768,840</u>	<u>1,278,024,536</u>	<u>1,071,727,591</u>
Work-in-process				
At beginning of period	51,742,678	29,200,532	64,591,781	54,832,983
At end of period	(53,076,540)	(43,712,777)	(53,076,540)	(43,712,777)
	<u>(1,333,862)</u>	<u>(14,512,245)</u>	<u>11,515,241</u>	<u>11,120,206</u>
	<u>2,481,558,763</u>	<u>1,931,256,595</u>	<u>1,289,539,777</u>	<u>1,082,847,797</u>
Finished goods				
At beginning of period	50,793,087	31,783,493	70,932,132	58,042,285
At end of period	(55,038,971)	(53,950,943)	(55,038,971)	(53,950,943)
	<u>(4,245,884)</u>	<u>(22,167,450)</u>	<u>15,893,161</u>	<u>4,091,342</u>
Cost of sales of raw material	16,503,350	-	3,478,432	-
	<u>2,493,816,229</u>	<u>1,909,089,145</u>	<u>1,308,911,370</u>	<u>1,086,939,139</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:

		Half Year Ended (Un-audited)	
		December 31, 2016	December 31, 2015
	Rupees.....	
Nature of Relationship	Nature of Transaction		
Associated companies	Purchase of goods	6,443,472	-
	Purchase of stores materials	46,785	4,675,564
	Sale of goods	17,288,950	81,606,421
	Rental income	720,000	660,000
	Dividend paid	3,060,542	10,711,897
Key management personnel	Remuneration and other benefits	5,526,419	4,922,332
Directors, family members of directors and key management personnel	Dividend paid	13,936,237	48,776,830

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

12. 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, 2016			
Level 1	Level 2	Level 3	Total
Rupees			
Financial assets - at fair value			
Available for sale			
- Listed equity securities	183,812,039	-	183,812,039
	183,812,039	-	183,812,039

June 30, 2016			
Level 1	Level 2	Level 3	Total
Rupees			
Financial assets - at fair value			
Available for sale			
- Listed equity securities	119,964,290	-	119,964,290
	119,964,290	-	119,964,290

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 23, 2017.

February 23, 2017


Shahzada Ellahi Shaikh
 Director


Shaukat Ellahi Shaikh
 Mg. Director (Chief Executive)

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