HALF YEARLY REPORT FOR THE PERIOD ENDED DECEMBER 31, 2019

(Un-Audited)

NAGINA

NAGINA GROUP

NAGINA COTTON MILLS LTD.

CONTENTS

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. Shafiq ur Rehman	Independent Non-Executive Director
	Ms. Tosheeba Sarwar	Independent Non-Executive Director
	Mr. Hasan Ahmad	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. Amin Ellahi Shaikh	Executive Director
MANAGING DIRECTOR (Chief Executive)	Mr. Amin Ellahi Shaikh	
AUDIT COMMITTEE	Mr. Tajammal Husain Bokharee	Chairman
	Mr. Raza Ellahi Shaikh	Member
	Mr. Haroon Shahzada Ellahi Shaikh	Member
	Mr. Syed Mohsin Gilani	Secretary
HUMAN RESOURCE & REMUNERATION (HR & R) COMMITTEE	Mr. Shafiq ur Rehman	Chairman
	Mr. Amin Ellahi Shaikh	Member
	Mr. Haroon Shahzada Ellahi Shaikh	Member
	Mr. Muhammad Azam	Secretary
EXECUTIVE COMMITTEE	Mr. Amin Ellahi Shaikh	Chairman
	Mr. Shaukat Ellahi Shaikh	Member
	Mr. Raza Ellahi Shaikh	Member
	Mr. Haroon Shahzada 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
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

DIRECTORS' REVIEW

The Directors are pleased to present the un-audited condensed interim financial information of the company for the half year ended on December 31, 2019 duly reviewed by the auditors. The comparative figures for the corresponding half year ended on December 31, 2018 are included for comparison, except in statement of financial position where figures are for the year ended on June 30, 2019.

Company Performance

Alhamdulillah, during the first half of the financial year 2020 ended on December 31, 2019, your company has earned net after tax profit of Rs. 75,716,134 compared to Rs. 138,612,548. Earning per share (EPS) for the half year is Rs. 4.05 compared to Rs. 7.41 for the corresponding period of previous year.

Sales revenue for the period under review is Rs. 4,071,539,011 Compared to Rs. 3,284,126,224 during the same period last year showing increase of 23.98%. This increase is mainly due to rise in volume of yarn sales. Cost of sales also increased from 87.86% of sales to 91.59% of sales during the period under review. Main reasons for cost increase are higher raw material costs, energy costs and depreciation due to additions in fixed assets. Gross Profit (GP) decreased from 12.14% of sales to 8.41% of sales.

Overall operating expense decreased from 4.27% of sales during the corresponding period of previous year to 3.91% of sales during the period under review. Because of incremental long term loans obtained, finance cost increased by 25.21% over the same period of previous year.

According to the figures issued by the Pakistan Cotton Ginners Association, for the crop year 2019-20, Kapas, (seed cotton) arrivals upto February 15, 2020, at the Ginneries totaled 8.548 million bales compared to 10.701 million bales for similar period of financial year 2018-19 showing decrease in arrival of 20.12%.

Future Outlook

The company managed to earn profit during the period under review. However, because of cotton crop shortage local cotton prices have gone up and resulted in higher raw material costs. In light of the domestic shortage of raw cotton the management has arranged bulk cotton imports. It is hoped that the timely decision to import raw cotton will enable the company to maintain profits in the second half of the financial year.

During the period under review Pakistani Rupee strengthened against USD. Interest rates remain high which is raising the financial cost. We appreciate the government measures for release of pending sales tax refunds to the industry due to which corporate liquidity improved. However, government seems to be modifying its promise to provide concessional energy rates for the textile industry at 7.5 cents per unit. It is feared that textile industry electricity tariff will be increased and it will be detrimental for the profits of the company. Removal of import duties on raw cotton is a sensible government measure and will help the spinning industry to avert raw cotton shortages. It is hoped that export rebates, technology up-gradation fund (TUF), income tax and sales tax stuck up refunds will be released in a timely manner to the textile industry.

The company is investing in its Balancing, Modernisation and Replacement program on a continuous basis. New machinery is under installation and is likely to start production by April 2020.

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	**Amin Ellahi Shaikh**
February 26, 2020	Chairman	Mg. Director (Chief Executive)

ڈائریکٹرز کا جائزہ

ڈائریکٹرز 31 دسمبر 2019ء کو مختتمہ ششماہی کے لئے کمپنی کی غیر نظر ثانی شدہ مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 31 دسمبر 2018ء کو ختم ہونے والی ششماہی کے تقابلی اعداد و شمار بھی موازنہ کے لئے شامل کئے گئے ہیں، ماسوائے سٹیٹمنٹ آف فنانشل پوزیشن کے جہاں تقابلی اعداد و شمار 30 جون 2019ء کو مختتمہ سال کے لئے ہیں۔

کمپنی کی کارکردگی

الحمدللہ، آپ کی کمپنی نے گزشتہ سال کی اسی ششماہی کے دوران 138,612,548 روپے کے مقابلے 31 دسمبر 2019 کو ختم ہونے والے مالی سال 2020 کی پہلی ششماہی کے دوران 75,716,134 روپے کا بعد از ٹیکس خالص منافع کمایا۔ ششماہی کے لئے فی شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے لئے 7.41 روپے کے مقابلے 4.05 روپے ہے۔

کمپنی کی فروخت آمدنی گزشتہ سال اسی مدت کے دوران 3,284,126,224 روپے کے مقابلے زیرِ جائزہ مدت کے دوران 4,071,539,011 روپے پر قائم رہی جو 23.98 فیصد اضافہ ظاہر کر رہی ہے۔ فروخت آمدنی میں اضافہ سوتر کے فروخت حجم میں اضافہ کے نتیجے میں ہوا۔ زیرِ جائزہ مدت کے دوران فروخت کی لاگت بھی بڑھی جو گزشتہ سال فروخت کی 87.86 فیصد کے مقابلے فروخت کی 91.59 فیصد تک رہی۔ لاگت میں اضافہ کی خاص وجوہات خام مال کی لاگت، بجلی کی قیمتوں اور طویل مدتی اثاثوں میں اضافوں کے باعث ڈیپریسی ایشن میں اضافہ کی وجہ سے ہے۔ مجموعی منافع (GP) فروخت کے 12.14 فیصد سے کم ہو کر فروخت کے 8.41 فیصد تک ہو گیا۔

مجموعی کاروباری اخراجات گزشتہ سال کی اسی مدت کے دوران فروخت کے 4.27 فیصد سے کم ہو کر زیرِ جائزہ مدت کے دوران فروخت کے 3.91 فیصد تک ہو گئے۔ طویل مدتی قرضوں کے حصول کی وجہ سے، مالی اخراجات گزشتہ سال کی اسی مدت سے 25.21 فیصد تک زیادہ ہوئے۔

فصل سال 20-2019 کیلئے پاکستان کاٹن جنرز ایسوسی ایشن کی طرف سے جاری کردہ اعداد و شمار کے مطابق کپاس (بیج کپاس) کی 15 فروری 2020ء تک جنریز میں آمد گذشتہ سال 19-2018 کی اسی مدت میں 10.701 ملین گانٹھوں کے مقابلے میں کل 8.548 ملین گانٹھیں ہو گئیں جو 20.12 فیصد کی کمی ظاہر کرتی ہے۔

مستقبل کا نقطہ نظر

زیرِ جائزہ مدت میں کمپنی منافع کمانے میں کامیاب رہی۔ تاہم، کپاس کی فصل کی قلت کی وجہ سے مقامی کپاس کی قیمتیں بڑھ گئیں اور نتیجتاً خام مال کی قیمتوں میں اضافہ ہو گیا۔ خام کپاس کی مقامی قلت کی روشنی میں انتظامیہ کو بڑی مقدار میں کپاس درآمد کی۔ امید کی جاتی ہے کہ خام کپاس درآمد کرنے کا بروقت فیصلہ کمپنی کو مالی سال کی دوسری ششماہی میں منافع برقرار رکھنے کے قابل بنائے گا۔

زیرِ جائزہ مدت کے دوران پاکستانی روپیہ امریکی ڈالر کے مقابلے میں مستحکم ہوا۔ شرح سود بدستور زیادہ رہی جو مالی لاگت میں اضافہ کر رہی ہے۔ ہم زیر التوا سیل ٹیکس کی قابل واپسی رقوم کی صنعت کو واپسی کے حکومتی اقدامات کو سراہتے ہیں جس کی وجہ سے کارپوریٹ لیکویڈیٹی میں بہتری آئی۔ تاہم، حکومت ٹیکسٹائل کی صنعت کو 7.5 سینٹ فی یونٹ پر مراعاتی توانائی کی شرح فراہم کرنے کے اپنے وعدے میں ترمیم کرتی نظر آ رہی ہے۔ خدشہ ہے کہ ٹیکسٹائل انڈسٹری کے بجلی کے نرخوں میں اضافہ ہو گا اور یہ کمپنی کے منافع کے لئے نقصان دہ ہو گا۔ خام کپاس پر درآمدی محصولات کا خاتمہ ایک سمجھدار حکومتی اقدام ہے اور سپننگ کی صنعت کو خام کپاس کی قلت کو دور کرنے میں مدد کرے گی۔ امید کی جاتی ہے کہ برآمدی رعایات، ٹیکنالوجی اپ گریڈیشن فنڈ (ٹی یو ایف)، انکم ٹیکس اور سیلز ٹیکس کی رکی ہوئی قابل واپسی رقوم کو ٹیکسٹائل صنعت کو بروقت ادا کئے جائیں گے۔

کمپنی اپنی پیداواری سہولیات میں مسلسل توازن ، جدت اور توسیع کو جاری رکھے ہوئے ہے۔نئ مشینری کی تنصیب جاری ہے اور اپریل 2020 تک پیداوار شروع ہونے کا امکان ہے۔

اظہار تشکر

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

منجانب بورڈ

شہزادہ الٰہی شیخ
چیئرمین

امین الٰہی شیخ
مینجنگ ڈائریکٹر (چیف ایگزیکٹو)

لاہور:26 فروری 2020ء

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21- 3454 1314

www.deloitte.com

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Nagina Cotton Mills Limited

Report on review of Interim Financial Statements

We have reviewed the accompanying condensed interim statement of financial position of **NAGINA COTTON MILLS LIMITED** (the Company) as at December 31, 2019, and related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity and notes to the financial statements for the half year then ended (here-in-after to referred to as the 'interim financial statements'). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

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

The engagement partner on the review resulting in this independent auditor's review report is Nadeem Yousuf Adil.

Other matters

The figures of interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2019 and December 31, 2018 have not been reviewed and we do not express a conclusion on them.

Deloitte Yousuf Adil

Chartered Accountants

Place: Karachi
Date: February 27, 2020

Member of
Deloitte Touche Tohmatsu Limited

NAGINA
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NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	Note	(Un-Audited) December 31, 2019	(Audited) June 30, 2019
		--------------Rupees--------------	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 50,000,000 (June 30, 2019: 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		**247,379,587**	199,466,200
Revenue reserve		**1,620,005,839**	1,637,446,859
TOTAL EQUITY		**2,054,385,426**	2,023,913,059
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term finances		**1,430,783,421**	1,019,058,577
Deferred liabilities		**121,806,156**	118,839,945
		1,552,589,577	1,137,898,522
CURRENT LIABILITIES			
Trade and other payables		**1,197,452,236**	992,448,149
Unclaimed dividend		**8,019,322**	7,293,599
Accrued interest/mark-up		**39,558,261**	52,022,463
Short-term borrowings	6	**2,560,441,995**	1,443,682,458
Current portion of long-term finances		**126,694,054**	159,538,235
		3,932,165,868	2,654,984,904
TOTAL LIABILITIES		**5,484,755,445**	3,792,883,426
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		**7,539,140,871**	5,816,796,485

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

February 26, 2020

Shahzada Ellahi Shaikh
Chairman

Tariq Zafar Bajwa
Chief Financial Officer

NAGINA COTTON MILLS LTD.

NAGINA GROUP

	Note	(Un-Audited) December 31, 2019	(Audited) June 30, 2019
		-------------Rupees-------------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	**2,699,494,218**	2,019,054,724
Investment properties		**13,857,976**	13,981,207
Intangible assets		**1,176,220**	1,591,356
Long-term deposits		**1,069,258**	1,069,258
Sales tax refund bonds		**-**	19,542,877
		2,715,597,672	2,055,239,422
CURRENT ASSETS			
Stores and spares		**40,945,008**	32,701,494
Stock-in-trade		**2,295,461,060**	1,199,645,565
Trade receivables		**712,789,921**	1,636,329,352
Loans and advances		**784,352,399**	202,228,041
Prepayments		**12,573,903**	2,990,165
Other receivables		**12,497,327**	18,940,006
Sales tax refundable		**237,540,107**	75,016,697
Other financial assets	9	**509,853,281**	440,510,198
Cash and bank balances		**217,530,193**	153,195,545
		4,823,543,199	3,761,557,063
TOTAL ASSETS		**7,539,140,871**	5,816,796,485

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

Amin Ellahi Shaikh
Mg. Director (Chief Executive)

NAGINA

NAGINA GROUP

NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

		Half Year Ended		Quarter Ended	
		December 31, 2019	December 31, 2018	**December 31, 2019**	December 31, 2018
	Note	……………..…….Rupees…………………		……………..…….Rupees…………………	
Sales - net	10	**4,071,539,011**	3,284,126,224	**2,017,127,357**	1,672,526,798
Cost of goods sold	11	**(3,729,243,171)**	(2,885,309,331)	**(1,878,568,402)**	(1,513,816,178)
Gross profit		**342,295,840**	398,816,893	**138,558,955**	158,710,620
Distribution cost		**(75,331,058)**	(53,615,953)	**(34,302,969)**	(30,556,741)
Administrative expenses		**(74,332,531)**	(71,410,031)	**(38,338,169)**	(33,918,209)
Other expenses		**(9,557,295)**	(15,042,686)	**(4,124,632)**	(4,239,773)
		(159,220,884)	(140,068,670)	**(76,765,770)**	(68,714,723)
		183,074,956	258,748,223	**61,793,185**	89,995,897
Other income		**55,187,669**	16,222,827	**49,163,899**	20,588,688
Operating profit		**238,262,625**	274,971,050	**110,957,084**	110,584,585
Finance cost		**(109,308,401)**	(87,303,000)	**(53,941,681)**	(59,464,243)
Profit before taxation		**128,954,224**	187,668,050	**57,015,403**	51,120,342
Provision for taxation		**(53,238,090)**	(49,055,502)	**(28,567,309)**	(15,913,376)
Profit after taxation		**75,716,134**	138,612,548	**28,448,094**	35,206,966
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss.					
Unrealised gain on remeasurement of investments classified as fair value through other comprehensive income	9.4	**47,913,387**	-	**61,479,494**	-
Realised gain on sale of investment classified as fair value through other comprehensive income		**342,846**	-	**342,846**	-
Items that are or may be reclassified subsequently to profit or loss.					
Unrealised loss on remeasurement of available for sale investments		-	(52,492,075)	-	(58,947,668)
Other comprehensive income / (loss) for the period		**48,256,233**	(52,492,075)	**61,822,340**	(58,947,668)
Total comprehensive income / (loss) for the period		**123,972,367**	86,120,473	**90,270,434**	(23,740,702)
Earning per share - basic and diluted		**4.05**	7.41	**1.52**	1.88

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

	Shahzada Ellahi Shaikh	**Tariq Zafar Bajwa**	**Amin Ellahi Shaikh**
February 26, 2020	Chairman	Chief Financial Officer	Mg. Director (Chief Executive)

NAGINA

NAGINA GROUP

NAGINA COTTON MILLS LTD.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

			Half Year Ended	
			December 31, 2019	December 31, 2018
			..........Rupees..........	
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Profit before taxation		**128,954,224**	187,668,050
	Adjustments for:			
	Depreciation		**98,747,539**	72,399,481
	Amortization		**415,136**	415,137
	Provision for gratuity		**19,536,459**	14,126,813
	Loss on disposal of property, plant and equipment		**3,097,483**	3,175,152
	Loss on sale of investments classified as FVTPL		**8,947,678**	12,983,594
	Unrealized gain on investment classified as FVTPL		**(27,424,347)**	-
	Unrealized gain on revaluation of foreign currency short term finance		**(3,509,301)**	-
	Finance cost		**109,308,401**	87,303,000
	Rental income		**(10,817,687)**	(11,479,772)
	Dividend income		**(24,361,494)**	(19,393,916)
	Reversal of interest income on sales tax refund bonds		**42,877**	-
			302,936,968	347,197,539
	Changes in working capital			
	(Increase) / decrease in current assets:			
	Stores and spares		**(8,243,514)**	(5,399,494)
	Stock-in-trade		**(1,095,815,495)**	(1,277,223,422)
	Trade receivables		**923,539,431**	(145,475,232)
	Loans and advances		**(571,985,689)**	7,039,683
	Prepayments		**(9,583,738)**	(6,431,062)
	Other receivables		**6,442,679**	3,629,621
	Sales tax refundable		**(162,523,410)**	(17,325,456)
			(918,169,736)	(1,441,185,362)
	Increase in current liabilities			
	Trade and other payables		**205,004,087**	175,112,725
			(713,165,649)	(1,266,072,637)
	Cash used in operations		**(410,228,681)**	(918,875,098)
	Payments made:			
	Employees retirement benefits		**(16,570,248)**	(11,492,718)
	Finance cost		**(121,772,603)**	(61,855,903)
	Income tax		**(63,376,759)**	(33,118,265)
	Net cash used in operating activities	**A**	**(611,948,291)**	(1,025,341,984)
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Purchase of property, plant and equipment		**(814,740,530)**	(86,982,435)
	Proceeds from disposal of property, plant and equipment		**32,579,245**	11,184,500
	Purchase of other financial assets		**(172,522,909)**	(147,190,908)
	Proceeds from sale of other financial assets		**169,912,728**	65,225,102
	Rental income received		**10,817,687**	11,479,772
	Dividend received		**24,361,494**	19,393,916
	Investment in sales tax refund bonds		**(8,300,000)**	-
	Proceeds from disposal of sales tax refund bonds		**27,800,000**	-
	Net cash used in investing activities	**B**	**(730,092,285)**	(126,890,053)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Long term finances obtained		**462,292,160**	-
	Repayment of long term finances		**(83,411,497)**	(66,380,367)
	Net increase / (decrease) in short term borrowings excluding running finances		**1,055,433,470**	(600,000,000)
	Dividend paid		**(92,774,277)**	(73,892,750)
	Net cash generated from / (used in) financing activities	**C**	**1,341,539,856**	(740,273,117)
	Net decrease in cash and cash equivalents	**(A+B+C)**	**(500,720)**	(1,892,505,154)
	Cash and cash equivalents at beginning of the period		**(1,290,486,913)**	(239,844,703)
	Cash and cash equivalents at end of the period		**(1,290,987,633)**	(2,132,349,857)
	Cash and cash equivalents			
	Cash and bank balances		**217,530,193**	28,322,920
	Short term running finances		**(1,508,517,826)**	(2,160,672,777)
			(1,290,987,633)	(2,132,349,857)

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

February 26, 2020	**Shahzada Ellahi Shaikh** Chairman	**Tariq Zafar Bajwa** Chief Financial Officer	**Amin Ellahi Shaikh** Mg. Director (Chief Executive)

NAGINA
NAGINA GROUP

NAGINA COTTON MILLS LTD.

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

		Capital reserves				Revenue reserve	
	Issued, subscribed and paid up capital	Amalgamation reserve	Capital redemption reserve	Reserves for the investemnts carried at fair value through other comprehensive income	Surplus on revaluation of available for sale investment	Unappropriated profit	Total
	---------------	---------------	---------------	Rupees	---------------	---------------	---------------
Balance as at June 30, 2018 (Audited)	187,000,000	12,104,417	241,860,000	-	2,330,695	1,423,578,516	1,866,873,628
Effect of change in accounting policy	-	-	-	12,410,508	(2,330,695)	(10,079,813)	-
Comprehensive income							
Profit after taxation	-	-	-	-	-	138,612,548	138,612,548
Other comprehensive loss							
Unrealized loss on remeasurement of investments classified as fair value through other comprehensive income	-	-	-	(52,492,075)	-	-	(52,492,075)
Total comprehensive income for the period	-	-	-	(52,492,075)	-	138,612,548	86,120,473
Transactions with owners:							
Final dividend for the year ended June 30, 2018 @ 40% i.e. Rs. 4 per ordinary share	-	-	-	-	-	(74,800,000)	(74,800,000)
Balance as at December 31, 2018 (Un-audited)	**187,000,000**	**12,104,417**	**241,860,000**	**(40,081,567)**	**-**	**1,477,311,251**	**1,878,194,101**
Comprehensive income							
Profit after taxation	-	-	-	-	-	170,007,114	170,007,114
Other comprehensive income							
Remeasurement of defined benefit liability	-	-	-	-	-	(9,871,506)	(9,871,506)
Unrealized loss on remeasurement of investments classified as fair value through other comprehensive income	-	-	-	(14,416,650)	-	-	(14,416,650)
Total comprehensive (loss)/income for the period	-	-	-	(14,416,650)	-	160,135,608	145,718,958
Balance as at June 30, 2019 (Audited)	**187,000,000**	**12,104,417**	**241,860,000**	**(54,498,217)**	**-**	**1,637,446,859**	**2,023,913,059**
Comprehensive income							
Profit after taxation	-	-	-	-	-	75,716,134	75,716,134
Other comprehensive income							
Unrealized gain on remeasurement of investments classified as fair value through other comprehensive income	-	-	-	47,913,387	-	-	47,913,387
Realized gain on remeasurement of investments classified as fair value through other comprehensive income	-	-	-	-	-	342,846	342,846
Total comprehensive income for the period	-	-	-	47,913,387	-	76,058,980	123,972,367
Transactions with owners							
Final dividend for the year ended June 30, 2019 @ 50% i.e. Rs. 5 per ordinary share	-	-	-	-	-	(93,500,000)	(93,500,000)
Balance as at December 31, 2019 (Un-Audited)	**187,000,000**	**12,104,417**	**241,860,000**	**(6,584,830)**	**-**	**1,620,005,839**	**2,054,385,426**

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

	Shahzada Ellahi Shaikh	**Tariq Zafar Bajwa**	**Amin Ellahi Shaikh**
February 26, 2020	Chairman	Chief Financial Officer	Mg. Director (Chief Executive)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

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 repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The principal business of the Company is to manufacture and sale of yarn. The Company's manufacturing facilities are located in Kotri Industrial Trading Estate in the province of Sindh, measuring area of 20.75 acres.

Following is the geographical location and address of all business units of the Company:

Head Office:
2nd floor, Shaikh Sultan Trust Building No.2, 26-Civil Lines, Beaumont Road, Karachi -75530, in the province of Sindh.

Manufacturing facility:
A-16, National Highway, Aminabad, S.I.T.E Kotri, in the province of Sindh.

Liaison Office:
Nagina House 91 – B-1, M.M. Alam Road, Gulberg-III, Lahore-54660, in the province of Punjab.

2. STATEMENT OF COMPLIANCE

2.1 These un-audited condensed interim financial statements of the Company for the half year ended December 31, 2019 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standard Board (IASB) and provisions of and directives issued under the Companies Act, 2017. Where the provisions of or directives issued under the Companies Act, 2017 differ with the requirements of IAS-34, the provisions of or directives issued under the Companies Act 2017 have been followed. These condensed interim financial statements do not include all the notes required for the full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2019.

2.2 These condensed interim financial statements have been prepared under 'Historical cost convention' except employees retirement benefits and financial instruments at fair value.

2.3 These condensed interim financial statements are presented in Pak Rupees which is also the Company's functional and presentation currency . Figures presented in these condensed interim financial statements have been rounded off to the nearest rupee.

2.4 These condensed interim financial statements are un-audited. However, a limited scope review of these condensed interim financial statements have been performed by the external auditors of the Company in accordance with the requirement of Section 237 of the Companies Act, 2017.

2.5 The comparative condensed interim statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2019; whereas comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity of the Company have been extracted from the un-audited condensed interim financial statements for the half year ended December 31, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2019 except certain relevant new accounting standards (IFRS-16) are effective from annual reporting period beginning on or after January 01,2019 as notified by the SECP and also adopted by the Company as stated below:

3.1 Changes in accounting standards, amendments / interpretations and IFRSs which are effective during the half year ended December 31, 2019.

3.1.1 First time adoption of IFRS 16-Leases

During the period IFRS 16-Leases became applicable to the company. IFRS 16 replaces IAS 17 "Accounting For Leases" and related interpretations and set out the principles for recognition, measurement, presentation and disclosure of leases. The standard introduces a single , on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of Low-value items.

Lessor accounting remains similar to the current standard i.e lessors continue to classify lease as either finance or operating lease.

The Company has adopted IFRS 16 from July 01,2019 and its adoption does not have any impact on these condensed interim financial statements as the lease is short term lease.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually 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 these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies, the key source of estimation and uncertainty were the same as those that applied to the financial statements of the Company for the year ended June 30, 2019.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended June 30, 2019.

	Note	**(Un-audited) December 31, 2019**	(Audited) June 30, 2019
		--------------Rupees--------------	
6. SHORT-TERM BORROWINGS			
- Banking companies - secured			
Running finance		**1,508,517,826**	1,443,682,458
Foreign currency finance		**1,051,924,169**	-
	6.1	**2,560,441,995**	1,443,682,458

6.1 The Company can avail foreign currency and running finance facilities from various banks aggregating to Rs. 3,830 million (June 2019 : Rs. 3,430 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. Running finance facilities are subject to variable markup ranging from 1 to 3 month KIBOR plus 0.2% to 1.00% (2019 : from 1 to 3 month KIBOR plus 0.2% to 1.00%) per annum payable on quarterly basis, whereas interest rates on foreign currency loans balances at reporting date were 2.30% to 4.81% (2019: Nil) per annum.

The aggregate unavailed short-term borrowing facilities available amounted to Rs.1,270 million (2019 : Rs. 1,986 million).

		Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
7.	**CONTINGENCIES AND COMMITMENTS**		-------------Rupees-------------	
7.1	**Contingencies**			
	Bank guarantees issued on behalf of the Company	7.1.1	**16,602,000**	16,602,000
	Bank guarantee in favor of Excise and Taxation department		**56,842,448**	48,796,448
	Revolving Letter of credit Favouring SSGC		**82,051,880**	82,051,880
	Bills discounted		**1,123,500,263**	42,100,862

7.1.1 It includes guarantee issued in favor of Hyderabad Electric Supply Cooperation (HESCO) amounting Rs.14.602 million.

		Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
			-------------Rupees-------------	
7.2	**Commitments**			
	Civil work		**1,178,719**	7,200,000
	Letters of credit			
	- Raw Material		**663,998,971**	438,785,755
	- Machinery		**415,345,864**	999,728,296
	- Stores and spares		**1,795,807**	2,046,444
	Rentals of assets under operating lease agreements			
	- Not later than one year		**-**	2,166,269
8.	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating fixed assets - owned	8.1	**1,847,205,117**	1,959,988,354
	Capital work in progress	8.2	**849,835,201**	58,544,415
	Capital Advances	8.3	**2,453,900**	521,955
			2,699,494,218	2,019,054,724
8.1	**Operating fixed assets - owned**			
	Opening written down value		**1,959,988,354**	1,424,759,699
	Additions during the period / year			
	Mills buildings on lease hold land		**53,870**	-
	Other building on lease hold land		**-**	16,838,242
	Machinery and equipment		**16,126,979**	666,047,003
	Electric installations and equipment		**3,102,360**	2,907,631
	Gas installation		**-**	1,389,775
	Furniture and fixtures		**1,220,391**	1,445,281
	Office equipment		**775,499**	517,800
	Vehicles		**238,700**	17,783,931
			21,517,799	706,929,663
	Written down value of property, plant and equipment disposed off		**(35,676,728)**	(17,429,323)
	Depreciation charged during the period / year		**(98,624,308)**	(154,271,684)
	Written down value at end of the period / year		**1,847,205,117**	1,959,988,354

		Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
			--------------Rupees--------------	
8.2	**Capital work in progress**			
	Opening balance		**58,544,415**	10,724,200
	Additions during the period / year		**811,256,841**	735,263,436
	Transfers during the period / year		**(19,966,055)**	(687,443,221)
	Closing balance		**849,835,201**	58,544,415

8.3 It includes advances to supplier against purchase of vehicles and furniture and fixtures.

9. OTHER FINANCIAL ASSETS

	Note	December 31, 2019	June 30, 2019
Fair value through profit or loss			
Investment in listed equity securities	9.1	**118,240,938**	89,858,644
Investment in Mutual funds	9.2	**-**	6,952,598
Fair value through other comprehensive income			
Investment in listed equity securities		**380,375,285**	334,002,347
Investment in Mutual funds		**11,237,058**	9,696,610
		509,853,281	440,510,198

9.1 Equity investments designated at FVTPL of Rs. 118.241 million (June 30,2019: Rs.89.859 million) are held in Specially Managed Account maintained with and managed by NBP Asset Management Company Limited.

9.2 These are mutual fund investment carried at FVTPL of Rs. Nil (June 30,2019: Rs. 6.953 million) held in Specially Managed Account maintained with and managed by NBP Asset Management Company Limited.

9.3 Reconciliation between fair value and cost of investments classified as 'equity instrument'

9.3.1 Through profit or loss

	Note	December 31, 2019	June 30, 2019
Fair value of investments			
-in listed equity securities		**118,240,938**	89,858,644
-in mutual funds		**-**	6,952,598
		118,240,938	96,811,242
Add: Unrealized (gain) / loss on remeasurement of investments as at		**(8,853,912)**	18,570,435
Cost of investments		**109,387,026**	115,381,677

9.3.2 Through other comprehensive income

	Note	December 31, 2019	June 30, 2019
Fair value of investments			
-in listed equity securities		**380,375,285**	334,002,347
-in mutual funds		**11,237,058**	9,696,610
		391,612,343	343,698,957
Add: Unrealized loss on remeasurement of investments	9.4	**6,584,830**	54,498,217
Cost of investments		**398,197,173**	398,197,174

9.4 Unrealised loss on remeasurement of equity instruments through other comprehensive Income

	December 31, 2019	June 30, 2019
Opening balance	**(54,498,217)**	-
Effect of change in accounting policy due to implementation of IFRS-9	**-**	12,410,508
Gain /(loss) on remeasurement of investments	**47,913,387**	(66,908,725)
Charge for the period / year	**47,913,387**	(54,498,217)
Closing balance	**(6,584,830)**	(54,498,217)

	Half year ended (Un-audited)		Quarter ended (Un-audited)	
	December 31, 2019	December 31, 2018	**December 31, 2019**	December 31, 2018
10. Sales	……… Rupees ………			
Export				
Yarn	**2,284,767,111**	1,307,442,874	**982,213,325**	672,239,014
Waste	**13,710,369**	-	**118,788**	-
	2,298,477,480	1,307,442,874	**982,332,113**	672,239,014
Local				
Yarn	**1,678,247,136**	1,914,081,133	**988,248,643**	970,050,254
Waste	**88,387,195**	59,956,553	**46,546,601**	27,591,866
Raw Material	**6,427,200**	2,332,164	**-**	2,332,164
Doubling Services	**-**	313,500	**-**	313,500
	1,773,061,531	1,976,683,350	**1,034,795,244**	1,000,287,784
Total Sales	**4,071,539,011**	3,284,126,224	**2,017,127,357**	1,672,526,798

	Half year ended (Un-audited)		Quarter ended (Un-audited)	
	December 31, 2019	December 31, 2018	**December 31, 2019**	December 31, 2018
11. COST OF GOODS SOLD	……… Rupees ………			
Raw material consumed	**3,020,942,403**	2,308,340,280	**1,481,166,502**	1,186,156,055
Packing material consumed	**48,024,334**	42,052,579	**22,668,460**	20,451,659
Stores and spares consumed	**52,486,782**	50,776,125	**27,227,962**	29,397,534
Salaries, wages and benefits	**213,708,887**	196,553,415	**110,942,079**	97,768,066
Fuel	**294,595,977**	244,972,015	**141,320,520**	122,128,298
Rent, rates and taxes	**266,455**	266,456	**133,228**	133,228
Insurance	**5,664,426**	4,738,546	**3,252,898**	2,473,214
Repairs and maintenance	**5,379,866**	11,792,855	**3,593,151**	6,144,743
Depreciation	**93,678,323**	68,031,884	**46,669,804**	34,238,264
Other manufacturing overheads	**3,953,334**	3,458,235	**2,163,644**	1,712,283
Manufacturing cost	**3,738,700,787**	2,930,982,390	**1,839,138,248**	1,500,603,344
Work-in-process				
At beginning of period	**62,029,593**	61,017,474	**82,624,633**	67,798,105
At end of period	**(66,452,951)**	(51,046,657)	**(66,452,951)**	(51,046,657)
	(4,423,358)	9,970,817	**16,171,682**	16,751,448
Cost of goods manufactured	**3,734,277,429**	2,940,953,207	**1,855,309,930**	1,517,354,792
Finished goods				
At beginning of period	**116,448,510**	68,490,128	**149,556,058**	120,595,390
Purchase of finished goods	**2,365,345**	-	**2,365,345**	-
At end of period	**(128,662,931)**	(125,771,489)	**(128,662,931)**	(125,771,489)
	(9,849,076)	(57,281,361)	**23,258,472**	(5,176,099)
Cost of sales of raw material	**4,814,818**	1,637,485	**-**	1,637,485
	3,729,243,171	2,885,309,331	**1,878,568,402**	1,513,816,178

12. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors and key management personnel of the Company. Transactions with related parties are carried out as per agreed terms. The transaction 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, 2019	**December 31, 2018**
Nature of relationship	**Nature of transaction**	……Rupees……	
Associated companies	Purchase of goods and services	**646,334**	98,234
	Purchase of fixed assets	**-**	10,881,000
	Sale of goods and services	**152,797,639**	108,813,600
	Dividend paid	**15,302,710**	12,242,168
Key management personnel	Remuneration and other benefits	**8,580,822**	7,050,000
	Dividend paid to Directors and their close family members	**69,681,185**	55,744,948

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

13. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Company's liabilities arising from the financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Company's statement of cash flows as cash flows from financing activities.

	(Audited) June 30, 2019	Cash flows Obtained	Cash flows Repaid	Non-cash flows Foreign exchange gain	(Un-audited) December 31, 2019
	Rupees				
Long-term finances	1,178,596,812	462,292,160	(83,411,497)	-	**1,557,477,475**
Term finance	-	200,000,000	(200,000,000)	-	**-**
Foreign currency finance	-	1,326,629,032	(271,150,000)	(3,554,863)	**1,051,924,169**
	1,178,596,812	**1,988,921,192**	**(554,561,497)**	**(3,554,863)**	**2,609,401,644**

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying value of all the financial instruments reported in the financial statements approximates their fair value as the items are short term in nature.

The table below analyses financial instrument 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 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The valuation techniques used are as follows:

Level 1: Quoted prices (unadjusted) in active markets

The fair value of financial instruments traded in active markets is based on Net Asset Values (NAVs) of the units of the mutual funds and quoted market price of the equity instrument at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

	December 31, 2019 Level 1	Level 2	Level 3	Total
Financial assets	Rupees			
measured at fair value through profit or loss				
Investment in listed equity securities	**118,240,938**	-	-	**118,240,938**
measured at fair value through other comprehensive income				
Investment in listed equity securities	**380,375,285**	-	-	**380,375,285**
Investment in mutual funds	**11,237,058**	-	-	**11,237,058**
	509,853,281	-	-	**509,853,281**

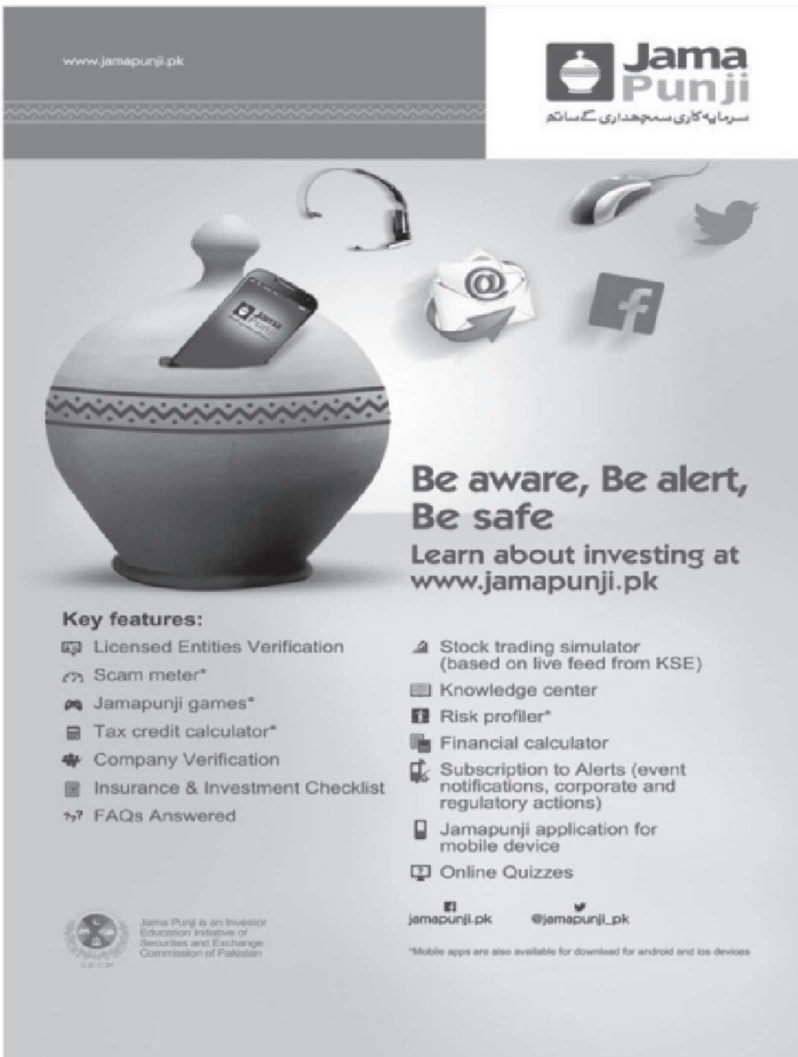
	June 30, 2019 Level 1	Level 2	Level 3	Total
Financial assets	Rupees			
- measured at fair value through profit or loss				
Investment in listed equity securities	89,858,644	-	-	89,858,644
Investment in mutual funds	6,952,598	-	-	6,952,598
- measured at fair value through other comprehensive income				
Investment in listed equity securities	334,002,347	-	-	334,002,347
Investment in mutual funds	9,696,610	-	-	9,696,610
	440,510,198	-	-	440,510,198

At the reporting date, the Company holds above financial assets where the Company has used Level 1 inputs for the measurement of fair values and there is no transfer between levels.

15. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on February 26, 2020.

February 26, 2020	**Shahzada Ellahi Shaikh** Chairman	**Tariq Zafar Bajwa** Chief Financial Officer	**Amin Ellahi Shaikh** Mg. Director (Chief Executive)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