

(Unaudited)

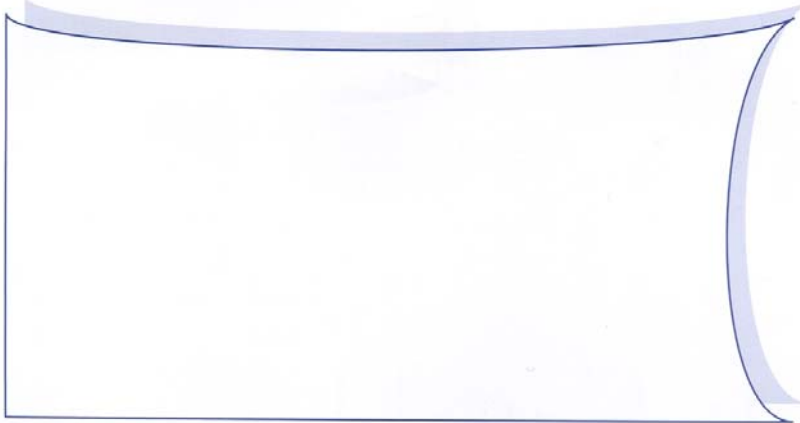
# Half Yearly

R E P O R T

December 2007

 Nimir Resins Limited

**BOOK POST**



If Undelivered Please return to  
**NIMIR RESINS LIMITED**  
Akhavan House, 38-Sir Agha Khan - III Road, (Davis Road) Lahore.  
Tel: +92 42 6372042-5 Fax: +92 42 6369434

## Company Information

### BOARD OF DIRECTORS

Mr. A. Razak Dawood  
(Chairman)  
Mr. Zafar Mahmood  
(Alternate for Sh. Amar Hameed)  
Mr. Syed Zamanat Abbas  
Mr. Muhammad Nabeel Arif  
Mr. Faisal Dawood  
Mr. Muhammad Sadiq  
Mr. Taimur Dawood  
(Chief Executive)

### BANKERS

Bank Al-Habib Limited  
Habib Bank Limited

### AUDIT COMMITTEE

Mr. A. Razak Dawood  
(Chairman)  
Mr. Faisal Dawood  
Mr. Muhammad Sadiq

### SHARES' REGISTRAR

Corplink (Pvt.) Limited  
Wings Arcade 1-K (Commercial),  
Model Town, Lahore.  
Ph : 92 42 5887262, 5839182  
Fax : 92 42 5869037

### COMPANY SECRETARY

Mr. Abdul Sohail

### REGISTERED OFFICE

DESCON Head Quarter  
18KM Ferozepur Road Lahore-  
53000 Pakistan.  
Ph : 92 42 5805134  
Fax : 92 42 5811135  
Email : info@nimirresins.com

### AUDITORS

M. Hussain Chaudhury & Co.  
Chartered Accountants

### FACTORY

14.8 km., Sheikhpura-Faisalabad  
Road, Mouza Bhikki,  
District Sheikhpura.  
Ph : 056 3090955, 3091294  
Fax : 056 882189

### LEGAL ADVISOR

Hassan & Hassan  
Advocates

### WEB SITE

[www.nimirresins.com](http://www.nimirresins.com)

## REVIEW REPORT TO THE MEMBERS

### Introduction

We have reviewed the annexed balance sheet of **Nimir Resins Limited** as at December 31, 2007 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the six months period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review. The figures of the profit and loss account for the quarter ended December 31, 2007 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2007.

### 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 financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements as of and for the half year ended December 31, 2007 are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

## DIRECTORS' REVIEW

There is 53% growth in net sales, during the six months ended on December 31, 2007 over the corresponding period of the last year. Gross Profit in relation to Sales increased from 7.35% to 10.82%. Consequently, there is 125% increase in gross profits, which increased to Rs.53.970 million as against Rs. 24.021 million, during the same period of last year. Main reason of increased margin percentage is, bulk & effective buying of main raw materials and introduction of new products.

Sales grew by 76%, during the second quarter as compared to the corresponding period of last year. Sales growth along with addition of new products has led to an increase of 132% in gross profits, which increased to Rs.23.626 million as against Rs.10.190 million, during the same period of last year. Net profit figure have also shown improved results as compare to loss in previous year.

Six months' results indicate that management is taking all possible and necessary actions to improve efficiency and reduce cost to make the Company profitable. Better buying, Market conditions have turned favorable and the introduction of new products resulted in good profitability, hence adding value for its stakeholders.

The management will continue every effort to keep improving the profitability of the company in the years.

By Order of the Board

Lahore  
February 26, 2008

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Director

## BALANCE SHEET AS AT DECEMBER 31, 2007

		December 31, 2007	June 30, 2007
	Note	(Un-audited) Rs. '000'	(Audited) Rs. '000'
<b>CAPITAL AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized capital: 130,000,000 (June 30, 2007: 130,000,000) ordinary shares of Rs.5 each		650,000	650,000
Issued, subscribed and paid up capital		315,670	315,670
Capital reserve - Share premium		1,281	1,281
Accumulated losses		(257,403)	(285,200)
		59,548	31,752
<b>Surplus on Revaluation of Property, Plant and Equipment</b>	4	40,597	40,708
<b>Non Current Liabilities</b>			
Long term financing		62,495	70,305
Deferred liabilities		647	647
		63,142	70,952
<b>Current Liabilities</b>			
Trade and other payables		96,788	87,620
Interest accrued on long term financing and short term borrowings		11,394	7,978
Short term borrowings		179,322	148,912
Current portion of long term financing		7,810	7,810
		295,314	252,320
<b>Contingencies and Commitments</b>	5	-	-
		458,602	395,733
<hr/>			
	Note	December 31, 2007	June 30, 2007
		(Un-audited) Rs. '000'	(Audited) Rs. '000'
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	6	123,595	126,933
Capital work in progress		1,141	-
Long term deposits		1,010	1,010
		125,746	127,943
<b>Current Assets</b>			
Stores and spares		2,897	2,481
Stock in trade		133,553	106,149
Trade debts (Unsecured - considered good)		173,062	141,070
Loans and advances		16,044	11,586
Trade deposits, short term prepayments and other receivables		1,653	593
Tax refund due from government		4,097	2,860
Cash and bank balances		1,551	3,052
		332,856	267,790
		458,602	395,733

The annexed notes form an integral part to these accounts.

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Chief Executive

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Director

## PROFIT & LOSS ACCOUNT

FOR THE 2ND QUARTER AND HALF YEAR ENDED DECEMBER 31, 2007

	Note	Quarter Ended December 31,		Half Year Ended December 31,	
		2007	2006	2007	2006
		(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
		Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Sales - net		235,061	133,321	498,826	326,892
Cost of sales	7	(211,434)	(123,131)	(444,856)	(302,871)
<b>Gross Profit</b>		23,626	10,190	53,970	24,021
Operating expenses:					
- Distribution costs		(3,278)	(1,570)	(6,736)	(3,069)
- Administrative expenses		(1,180)	(791)	(2,239)	(1,777)
		(4,457)	(2,361)	(8,974)	(4,846)
<b>Operating Profit</b>		19,169	7,829	44,996	19,175
Finance cost		(4,745)	(8,186)	(13,121)	(13,412)
Other operating expenses		(1,681)	(364)	(1,681)	(448)
		12,743	(721)	30,193	5,315
Amortization of deferred cost		-	-	-	(1,476)
<b>Profit / (Loss) before Taxation</b>		12,743	(721)	30,193	3,839
Taxation		(1,188)	(38)	(2,506)	(1,634)
<b>Profit / (Loss) after Taxation</b>		11,555	(759)	27,687	2,205
<b>Accumulated Loss Brought Forward</b>		(269,012)	(290,300)	(285,200)	(293,264)
<b>Accumulated Loss Carried to Balance Sheet</b>		(257,457)	(291,059)	(257,513)	(291,059)
<b>Incremental Depreciation Charged</b>		54	-	110	-
		(257,403)	(291,059)	(257,403)	(291,059)
<b>Earnings per Share - Basic</b>		0.18	(0.14)	0.44	0.03

The annexed notes form an integral part to these accounts.

Chief Executive

Director

## CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED DECEMBER 31, 2007

	Half Year Ended December 31,	
	2007	2006
	(Un-audited) Rs. '000'	(Un-audited) Rs. '000'
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	30,193	3,839
Adjustments for:		
- Depreciation	3,499	3,641
- Amortization of deferred cost	-	1,476
- Contribution to workers' (profit) participation fund	1,596	280
- Finance cost	13,121	13,412
	18,216	18,809
<b>Operating profit before working capital changes</b>	48,409	22,648
(Increase) / decrease in current assets:		
- Stores and spares	(416)	(29)
- Stock in trade	(27,404)	(52,378)
- Trade debts	(31,991)	(3,960)
- Loans and advances	(1,090)	(5,986)
- Trade deposits, short term prepayments and other receivables	(1,060)	(3,068)
- Tax refund due from government	(1,237)	888
Increase / (decrease) in current liabilities:		
- Trade and other payables	8,056	(15,101)
	(55,143)	(79,634)
<b>Cash used in operations</b>	(6,734)	(56,986)
Finance cost paid	(9,507)	(11,585)
Gratuity paid	-	(360)
Workers' (profit) participation fund paid	(684)	-
Income tax paid	(5,874)	(839)
	(22,799)	(69,770)
<b>Net Cash used in Operating Activities</b>	(22,799)	(69,770)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(161)	(44)
Capital work in progress	(1,141)	-
	(1,302)	(44)
<b>Net Cash used in Investing Activities</b>	(1,302)	(44)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term financing	(7,810)	-
Short term borrowings	30,410	69,445
	22,600	69,445
<b>Net Cash from Financing Activities</b>	22,600	69,445
<b>Net Decrease in Cash and Cash Equivalents</b>	(1,501)	(369)
Cash and cash equivalents at the beginning of the period	3,052	1,197
<b>Cash and Cash Equivalents at the End of the Period</b>	1,551	828

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Chief Executive

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Director



## STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED DECEMBER 31, 2007

Particulars	Share Capital	Capital Reserve	Accumulated Loss	Total
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
<b>Balance as at June 30 , 2006</b>	315,670	1,281	(293,264)	23,687
Net profit for the half year	-	-	2,205	2,205
<b>Balance as at December 31, 2006</b>	<u>315,670</u>	<u>1,281</u>	<u>(291,059)</u>	<u>25,892</u>
Balance as at June 30 , 2007	315,670	1,281	(285,200)	31,751
Net profit for the half year	-	-	27,687	27,687
Transfer from surplus on revaluation of property plant and equipment in respect of Incremental depreciation charged in current period	-	-	110	110
<b>Balance as at December 31, 2007</b>	<u>315,670</u>	<u>1,281</u>	<u>(257,403)</u>	<u>59,548</u>

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Chief Executive

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Director

## NOTES TO THE ACCOUNTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2007

Note 1

### The Company and its Operations

The Company was incorporated in Pakistan on December 17, 1964 as a Private Limited Company under the Companies Act, 1913 (now Companies Ordinance, 1984) and was converted into Public Limited Company on August 19, 1991. The shares of the Company are quoted on the Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at Descon World Head Quarter, 18 KM Ferozpur Road, Lahore-53000, Pakistan. The Company is engaged in the manufacturing of synthetic resins.

Note 2

### Basis of Preparation

- 2.1 These accounts have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and International Accounting Standard, IAS 34 (Interim Financial Reporting).
- 2.2 These financial statements are unaudited and have been reviewed by the auditors as required by the Code of Corporate Governance and are being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984. Figures for the quarters ending on December 31, 2006 and December 31, 2007 have not been reviewed by the external auditors.

Note 3

### Significant Accounting Policies

The accounting policies and methods of computation of the interim financial statements are the same as those followed in the preparation of annual financial statements for the preceding financial year ended June 30, 2007.

Note 4

### Surplus on Revaluation of Property, Plant and Equipment

	<b>December 31, 2007</b>	<b>June 30, 2007</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	Rs. '000'	Rs. '000'
Land	36,320	36,320
Buildings	4,387	4,500
	<u>40,707</u>	<u>40,820</u>
Incremental depreciation charged on revalued property, plant and equipment transferred to retained earnings.	(110)	(112)
	<u>40,597</u>	<u>40,708</u>

Note 5

### Contingencies and Commitments

#### Contingencies

There is no material change in contingencies as stated in the financial statements for the year ended June 30, 2007.

#### Commitments

Letters of credit amounting to Rs. 23.958 million (June 30, 2007: Rs. 9.564 million) were outstanding as at the balance sheet date.

Note 6

### Property, Plant and Equipment

	<b>December 31, 2007</b>	<b>June 30, 2007</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	Rs. '000'	Rs. '000'
Opening written down value	126,933	92,366
Additions during the period / year	161	1,165
Surplus on revaluation of property, plant and equipment (Note 4)	-	40,820
	<u>127,094</u>	<u>134,351</u>
Depreciation charge for the period / year	(3,499)	(7,418)
	<u>123,595</u>	<u>126,933</u>

Note 7

**Cost of Sales**

	Quarter Ended December 31,		Half Year Ended December 31,	
	2007	2006	2007	2006
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Raw materials consumed	239,406	129,073	458,791	295,340
Salaries, wages and benefits	3,634	2,255	6,855	5,329
Stores consumed	332	126	710	788
Repairs and maintenance	464	103	593	178
Power and fuel	2,765	2,640	4,705	3,839
Vehicle running expenses	1,168	1,025	2,310	2,079
Insurance	55	219	506	392
Miscellaneous	74	210	394	367
Depreciation	1,592	1,817	3,499	3,634
	249,488	137,468	478,361	311,946
Finished goods				
- Opening	24,862	9,135	29,410	14,397
- Closing	(62,916)	(23,472)	(62,916)	(23,472)
	(38,054)	(14,337)	(33,506)	(9,075)
	211,434	123,131	444,856	302,871

Note 8

**Transactions with Related Parties**

The related parties and associated undertaking comprise related group companies, associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated companies, other than remuneration and benefits to key management personnel under the terms of their employment are as follows.

	Half Year Ended December 31,	
	2007	2006
	(Un-audited)	(Un-audited)
	Rs. '000'	Rs. '000'
<b>Associates and related parties</b>		
Purchase of material, goods and electricity	97,235	121,017
Sale of material and goods	14,967	102,117
Rent paid	70	70
Managerial services and expenses charged by / (charged to) associates - net	2,340	589
<b>Staff retirement fund</b>		
Company's contribution to Employees' Provident Fund Trust	153	127
	<b>December 31,</b>	<b>June 30,</b>
	<b>2007</b>	<b>2007</b>
	(Un-audited)	(Audited)
	Rs. '000'	Rs. '000'
<b>Associates and related parties</b>		
Net funds obtained / (repaid)	7,670	17,388

Note 9

**General**

- 9.1 These interim financial statements are authorized for issue on February 26, 2008 by the Board of Directors of the Company.
- 9.2 Corresponding figures have been re-arranged wherever necessary to facilitate comparison. However, no material rearrangements have been made in the financial statements.
- 9.3 The figures have been rounded off to the nearest thousand rupee.

Chief Executive

Director