

(Un-Audited)

HALF YEARLY R E P O R T

DECEMBER 2008

NIMI

Nimir Resins Limited

COMPANY INFORMATION

Board of Directors

Mr. A. Razak Dawood (Chairman)
Mr. Zafar Mahmood
(Alternate for Sh. Amar Hameed)
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 / Head Office

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

Company Secretary

Horwath Hussain Chaudhury & Co.
Chartered Accountants

Legal Advisor

Hassan & Hassan
Advocates.

Factory

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

Web Site

www.nimiresins.com

REVIEW REPORT TO THE MEMBERS

Introduction

We have reviewed the annexed balance sheet of Nimir Resins Limited as at December 31, 2008 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 quarters ended on December 31, 2007 and December 31, 2008 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2008.

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, 2008 are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

LAHORE
Dated: February 24, 2009

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

DIRECTORS' REVIEW

FOR THE QUARTER ENDED DECEMBER 31, 2008

As anticipated, the second quarter was a very challenging quarter for the Company. In the second quarter, the operations were severely hampered by the disconnection of natural gas supply due to which the Company was unable to fulfill the orders in hand. In addition to the cut in natural gas and electric supply, the Company also faced a situation of sudden drop in demand and an abrupt and drastic fall in international commodity prices which forced us to drop our selling price.

The above mentioned factors resulted in a decrease in sales of 39% as compared to the corresponding period of last year. Due to the decrease in sales, the Company was unable to absorb all the expenses, which resulted in a loss for the quarter.

Despite the tough market conditions, the Company was able to grow net sales by 16% during the six months ended on December 31, 2008 over the corresponding period of last year. The increase in sales resulted in an increase in gross profit by 12.5%, which increased to Rs 60.7 million as against Rs 53.9 million, during the same period of last year. Net profit for the first half of the year decreased to Rs 12.9 million from Rs 27.7 million as compared to last year. The decrease in net profit can mainly be attributed to the high interest rate environment prevailing in the Country.

The Company is still faced with a very tough and uncertain economic environment but the management is putting all their efforts to ensure that the Company ends the year in a profitable position.

On behalf of the Board

Lahore

Dated: February 24, 2009

Director

BALANCE SHEET AS AT DECEMBER 31, 2008

		December 31, 2008	June 30, 2008
	Note	(Un-audited)	(Audited)
		Rs. '000'	Rs. '000'
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized capital:			
130,000,000 (June 30, 2008: 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		(178,608)	(175,808)
		138,343	141,143
Surplus on Revaluation of Property, Plant and Equipment	4	39,038	39,105
Non Current Liabilities			
Long term financing		54,685	62,495
Deferred liabilities		1,085	932
		55,770	63,427
Current Liabilities			
Trade and other payables		63,642	109,237
Accrued mark up		13,175	7,417
Short term borrowings		199,677	158,430
Current portion of long term financing		7,810	7,810
		284,304	282,894
Contingencies and Commitments	5	-	-
		517,455	526,569
December 31, 2008			
	Note	(Un-audited)	(Audited)
		Rs. '000'	Rs. '000'
ASSETS			
Non Current Assets			
Property, plant and equipment	6	119,136	122,349
Capital work in progress		3,657	148
Deferred tax asset - net		12,240	21,326
Long term deposits		1,474	1,010
		136,507	144,833
Current Assets			
Stores and spares		3,501	2,986
Stock in trade		178,862	155,275
Trade debts (Unsecured - considered good)		151,801	203,690
Loans and advances		20,571	16,345
Short term prepayments and other receivables		1,232	479
Tax refund due from government		8,711	1,474
Cash and bank balances		16,270	1,488
		380,948	381,736
		517,455	526,569

The annexed notes form an integral part to these accounts.

PROFIT AND LOSS ACCOUNT
FOR THE 2nd QUARTER AND HALF YEAR ENDED DECEMBER 31, 2008

	Quarter Ended December 31,		Half Year Ended December 31,	
	2008 (Un-audited) Rs. '000'	2007 (Un-audited) Rs. '000'	2008 (Un-audited) Rs. '000'	2007 (Un-audited) Rs. '000'
Sales - net	143,260	235,061	577,391	498,826
Cost of sales	7 (138,818)	(211,434)	(516,655)	(444,856)
Gross Profit	4,442	23,626	60,736	53,970
Operating expenses:				
- Distribution costs	(3,980)	(3,278)	(10,230)	(6,736)
- Administrative expenses	(4,744)	(1,180)	(9,044)	(2,239)
	(8,724)	(4,457)	(19,274)	(8,974)
Operating (Loss) / Profit	(4,282)	19,169	41,462	44,996
Finance cost	(10,242)	(4,745)	(20,884)	(13,121)
Other operating expenses	(584)	(1,681)	(584)	(1,681)
Other operating income	2,008	-	2,008	-
(Loss) / Profit before Taxation	(13,100)	12,743	22,002	30,193
Taxation	(4,543)	(1,188)	(9,086)	(2,506)
(Loss) / Profit after Taxation	(17,643)	11,555	12,916	27,687
Earnings per Share - Basic	(0.28)	0.18	0.20	0.44

Accounting policies and other information are provided in the notes to the financial statements.

CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2008

	Half Year Ended December 31,	
	2008 (Un-audited) Rs. '000'	2007 (Un-audited) Rs. '000'
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	22,002	30,193
- Depreciation	3,275	3,499
- Contribution to workers' (profit) participation fund	584	1,596
- Provision for Gratuity	153	-
- Finance cost	20,884	13,121
	<u>24,896</u>	<u>18,216</u>
Operating profit before working capital changes	46,898	48,409
(Increase) / decrease in current assets:		
- Stores and spares	(515)	(416)
- Stock in trade	(23,587)	(27,404)
- Trade debts	51,889	(31,991)
- Loans and advances	(1,180)	(1,090)
- Trade deposits, short term prepayments and other receivables	(753)	(1,060)
- Tax refund due from government	(7,237)	(1,237)
Increase / (decrease) in current liabilities:		
- Trade and other payables	(61,146)	8,056
	<u>(42,529)</u>	<u>(55,143)</u>
Cash from / (used in) operations	4,369	(6,734)
Finance cost paid	(14,466)	(9,507)
Workers' (profit) participation fund paid	-	(684)
Income tax paid	(3,048)	(5,874)
Net Cash used in Operating Activities	(13,145)	(22,799)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(62)	(161)
Capital work in progress	(3,509)	(1,141)
Long term deposits paid	(464)	-
Net Cash used in Investing Activities	(4,035)	(1,302)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing	(7,810)	(7,810)
Short term borrowings	41,247	-
Dividend Paid	(1,475)	30,410
Net Cash from Financing Activities	<u>31,962</u>	<u>22,600</u>
Net Increase / (Decrease) in Cash and Cash Equivalents	14,782	(1,501)
Cash and cash equivalents at the beginning of the period	1,488	3,052
Cash and Cash Equivalents at the End of the Period	<u><u>16,270</u></u>	<u><u>1,551</u></u>

CHIEF EXECUTIVE

DIRECTOR

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

Particulars	Share Capital	Capital Reserve	Accumulated	Total
	Rs. '000'	Rs. '000'	Loss Rs. '000'	Rs. '000'
Balance as at June 30, 2007	315,670	1,281	(285,200)	31,751
Net profit for the half year	-	-	27,621	27,621
Transfer from surplus on revaluation of property plant and equipment in respect of Incremental depreciation charged in current period	-	-	110	110
Balance as at December 31, 2007	315,670	1,281	(257,469)	59,482
Balance as at June 30, 2008	315,670	1,281	(175,808)	141,143
Net profit for the half year	-	-	12,916	12,916
Interim dividend @ 5%	-	-	(15,784)	(15,784)
Transfer from surplus on revaluation of property plant and equipment in respect of Incremental depreciation charged in current period	-	-	68	68
Balance as at December 31, 2008	315,670	1,281	(178,608)	138,343

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE ACCOUNTS FOR THE HALF YEAR ENDED DECEMBER 31, 2008

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 Ferozepur Road, Lahore-53000, Pakistan. The Company is engaged in the manufacturing of synthetic resins.

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, 2007 and December 31, 2008 have not been reviewed by the external auditors.

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, 2008.

4. Surplus on Revaluation of Property, Plant and Equipment

	December 31, 2008	June 30, 2008
Note	(Un-audited) Rs.'000'	(Audited) Rs.'000'
Land	36,320	36,320
Buildings	2,786	4,387
	39,106	40,707
Related to deferred tax	-	(1,459)
Incremental depreciation (net of deferred tax) charged on revalued property, plant and equipment during the year transferred to retained earnings.	(68)	(143)
	39,038	39,105

5. Contingencies and Commitments

Contingencies

There is no material change in contingencies as stated in the financial statements for the year ended June 30, 2008.

Commitments

Letters of credit amounting to Rs. 80.404 million (June 30, 2008: Rs. 102.147 million) were outstanding as at the balance sheet date.

6. Property, Plant and Equipment

	Note	December 31,	June 30,
		2008	2008
		(Un-audited)	(Audited)
		Rs. '000'	Rs. '000'
Opening written down value		122,349	126,934
Additions during the period / year		62	2,586
Deletion during the period / year		-	(661)
		<u>122,411</u>	<u>128,858</u>
Depreciation charge for the period / year		(3,275)	(6,509)
		<u>119,136</u>	<u>122,349</u>

7. Cost of Sales

	Quarter Ended December 31,		Half Year Ended December 31,	
	2008	2007	2008	2007
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Raw materials consumed	123,200	239,406	490,792	458,791
Salaries, wages and benefits	7,813	3,634	13,793	6,855
Stores consumed	153	332	809	710
Repairs and maintenance	787	464	937	593
Fuel and power	2,031	2,765	4,251	4,705
Vehicle running expenses	(2)	1,168	-	2,310
Insurance	232	55	608	506
Miscellaneous	1,150	74	1,486	394
Depreciation	1,633	1,592	3,183	3,499
	<u>136,997</u>	<u>249,488</u>	<u>515,859</u>	<u>478,361</u>
Finished goods				
- Opening	45,002	24,862	43,977	29,410
- Closing	(43,181)	(62,916)	(43,181)	(62,916)
	<u>1,821</u>	<u>(38,054)</u>	<u>796</u>	<u>(33,506)</u>
	<u>138,818</u>	<u>211,434</u>	<u>516,655</u>	<u>444,856</u>

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,	
2008	2007
(Un-audited)	(Un-audited)
Rs. '000'	Rs. '000'

Associates and related parties

Purchase of material, goods and electricity	41,494	97,235
Sale of material and goods	24,246	14,967
Rent paid	-	70
Managerial services and expenses charged by associates - net	5,397	2,340

Provident fund

Company's contribution to Employees' Provident Fund Trust	309	153
---	-----	-----

Associates and related parties

Net funds (repaid) / obtained	(5,000)	7,670
-------------------------------	---------	-------

- I
- 9.1 These interim financial statements are authorized for issue on February 24, 2009 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

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