CONTENTS

COMPANY INFORMATION

Board of Directors

Mr. Abdul Jalil Jamil - Chairman
Mr. Zafar Mahmood - Chief Executive
Mr. Khalid Mumtaz Qazi
Mr. Imran Afzal
Mr. Umar Iqbal
Mr. Aamir Jamil
Mr. Sh. Amar Hameed
Mr. Saeed-uz-Zaman

Mr. Abdul Jaleel Shaikh
(Nominee Pak Brunei Investment Company Limited)
Mr. Khalid Siddiq Tirmizey
(Nominee The Bank of Punjab)

Audit Committee

Mr. Abdul Jalil Jamil - Chairman
Mr. Saeed-uz-Zaman
Mr. Imran Afzal
Mr. Abdul Jaleel Shaikh

Human Resource & Remuneration Committee

Mr. Abdul Jalil Jamil - Chairman
Mr. Saeed-uz-Zaman
Mr. Zafar Mahmood

Chief Financial Officer

Mr. Aamir Jamil

Company Secretary

Mr. Muhammad Inam-ur-Rahim

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisor

Cornelius, Lane & Mufti
Advocates & Solicitors

Bankers

The Bank of Punjab
National Bank of Pakistan
Pak Brunei Investment Company Limited
MCB Bank Limited
Habib Bank Limited

Shares' Registrar

Corplink (Pvt.) Limited
Wings Arcade, 1-K (Commercial)
Model Town Lahore.
Tel: +92 42 35916714 & 19
Fax: +92 42 35869037

Registered Office / Factory

14.8 km., Sheikhupura-Faisalabad Road,
Mouza Bhikki, District Sheikhupura.
Ph: +92 56 3883001-7, 3882742
+92 56 3882199
Cell: +92 301-8483950
Fax: +92 56 3883010, 3882198

Town Office

12-B, New Muslim Town,
Lahore, Pakistan
Ph: +92 42 35926090-3
Fax: +92 42 35926099

Web Site

www.nimir.com.pk

VISION STATEMENT

To become an industry leader through a persistent commitment to customer focus, technical innovation, managerial excellence, entrepreneurial spirit and social responsibility.

MISSION STATEMENT

To deliver unparalleled value to stakeholders and continually striving to exceed customer expectations by developing innovative industrial chemical solutions with special emphasis on workforce, health, safety, environment and contribution to the national economic development.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

We believe in a stimulating and challenging team oriented work environment that encourages, develops and rewards excellence. We are committed to diligently serving our community and stakeholders while maintaining high standards of moral and ethical values.

Notice of Annual General Meeting

Notice is hereby given that 19th Annual General Meeting of Nimir Industrial Chemicals Limited will be held on Friday, 19th October, 2012 at 10.00 a.m. at City Hotel and Restaurant, Sharif Plaza, Sargodha Road, Sheikhupura, to transact the following business:

1. To confirm the minutes of the last Annual General Meeting of the Company held on 30th September, 2011.

2. To receive, consider and adopt the audited accounts of the Company for the year ended 30th June, 2012 together with the Directors' and Auditors' reports thereon.

3. To appoint Auditors for the year ended 30th June, 2013 and fix their remuneration. The retiring auditors M/s Ernst & Young Ford Rhodes Sidat Hyder - Chartered Accounts have offered themselves for re-appointment.

4. To transact any other business with the permission of the Chair.

By Order of the Board

Lahore **(M. Inam-ur-Rahim)**
September 20, 2012 **Company Secretary**

Notes:

i. The share transfer books of the Company shall remain closed from 12th October, 2012 to 19th October 2012 (both days inclusive).

ii. A member eligible to attend and vote at this meeting is entitled to appoint another member as his / her proxy to attend and vote instead of him / her. A proxy must be a member of the Company. Proxies in order to be effective must be received at the registered office of the Company not later than forty-eight (48) hours before the time of holding the meeting.

iii. The corporate shareholders shall nominate someone to represent them at the Annual General Meeting. The nominations, in order to be effective must be received by the Company not later than forty eight (48) hours before time of holding the meeting.

iv. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his / her original National Identity Card (CNIC) or passport, Account and participants' I.D numbers to prove his / her identity, and in case of proxy must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.

v. Shareholders are requested to immediately notify change in address, if any, to the Company's share registrar, M/s Corplink (Pvt.) Limited, Wings Arcade, 1-K (Commercial), Model Town, Lahore.

DIRECTORS' REPORT

The directors of the Company are pleased to present 19th Annual Report of the Company for the year ended 30th June, 2012.

Operating Results	2012 Rs. (000)	2011 Rs. (000)
Sales Revenue	2,677,605	2,431,136
Gross Profit	347,524	312,096
Operating Profit	241,553	201,241
Remission of subordinated Loan	–	711,085
Net Profit	231,491	786,960
Earnings Per Share	1.05	3.56
Paid-up Capital	1,105,905	1,105,905
Unappropriated Profit / (Accumulated Losses)	31,459	(200,032)
Net Shareholders' Equity	1,137,364	905,873
Breakup Value per Share	5.14	4.10

By the grace of Almighty, we have closed another successful year. During the year 2012, your Company performed well and significantly enhanced it's shareholder value. Accumulated losses have been wiped out from the balance sheet and the breakup value has been increased to Rs.5.14 per share. The breakup value is now above the par value of Rs.5 per share.

Though, 2012 was a challenging year with continuation of energy crisis, continuous depreciation of Pak Rupee and overall difficult business condition throughout the year. Yet, our ability to quickly adapt to the changing circumstances helped us in achieving promising results.

During the year the company set new record of highest Sales Revenue; both in quantitative and value terms. Net sales turnover of the company during the year 2012 was Rs. 2.68 billion showing an increase of 10% over the last year. Resultantly overall gross profit increased by Rs. 35.4 million higher than the last year. Hence Company posted operating profit of Rs. 241.6 million which is Rs. 40.4 million higher than the last year.

This year the Company has recognized a deferred tax asset of Rs. 145.3 million against unused tax losses. These unused tax losses would be utilized against future taxable profits. The overall net profit of the company stood at Rs.231.5 million with EPS of Rs.1.05 per share.

The business environment in Pakistan has become quite challenging owing to various factors and as a result Companies are devising their business strategies accordingly. In this regard the management of your Company would like to assure you that your Company is proactive in visualizing potential opportunities and threats and hence devising best possible action plan in the given circumstances.

Future Outlook

The installed capacity of the Soap Noodles, the largest revenue contributor, is approximately 14,000 tons per annum which is being utilized at its optimum level. Soap Noodle has a considerable growth potential. To achieve the growth in sale volumes and sale revenue, we have initiated the expansion of Soap Noodle plant (including the back-end Fatty Acid plant) by approx. 12,000 tons per annum. The commissioning of the expansion was originally planned towards the end of next financial year (June 2013) but due to delays at the seller's end, it is now expected to be completed by December 2013.

In its efforts to improve efficiencies, the management of the Company is taking various short and medium term measures. Besides small quick fixes, we installed two Waste Heat Recovery Boilers to produce steam from the exhaust of generators; thus ensuring considerable reduction in energy cost. These two boilers have successfully been commissioned in September 2012. The Company has also ordered the fabrication of third Waste Heat Recovery Boiler which would be commissioned in the third quarter of the coming financial year.

The management is also taking appropriate steps to get maximum output from the existing equipment. The Caustic Soda plant is being de-bottlenecked to produce additional 700 tons per annum.

An integrated ERP system improves the alignment of strategies and operations, productivity and insight, financial management and corporate governance, whilst providing immediate access to enterprise information. To achieve this objective, the Company is implementing new ERP (SAP Business One) which is at the advanced stage.

The above measures would assist us in further enhancing the value for our shareholders. Thus we expect to achieve promising bottom line for our stakeholders in the coming years, Insha Allah.

Summary of Key Operating and Financial Data of Last Six Financial Years

Summary of key operating and financial data of last six years is annexed.

Outstanding Statutory Payments

All outstanding payments are of nominal and routine nature.

Gratuity Scheme

The company operates an unfunded gratuity scheme for its employee as referred in Note 4.10 to the accounts.

Board of Directors

Board of directors comprises of five executive, three non-executive and two nominee directors appointed by financial institutions. Since last review there has been one change in the Board of Directors of the Company. Mr. Khalid Siddiq Tirmizey has been appointed as nominee director of the Company on the behalf of The Bank of Punjab in place of resigning Mr. Syed Abdul Razzaq nominee director of the Company.

During the year five board meetings were held and attended as follows:

Name of Director	No. of Meetings Attended	
Abdul Jalil Jamil	5	Non-Executive
Zafar Mahmood	5	Executive
Khalid Mumtaz Qazi	5	Executive
Imran Afzal	3	Executive
Umar Iqbal	5	Executive
Aamir Jamil	5	Executive
Amar Hameed	3	Non-Executive Represented by Mr. Muhammad Ashraf as alternate director on 15.02.2012
Saeed-uz-Zaman	5	Non-Executive
Abdul Jaleel Shaikh	4	Non-Executive (Nominee Director of Pak Brunei Investment Company Limited)
Khalid Siddiq Tirmizey	2	Non-Executive (Nominee Director of The Bank of Punjab. Appointed w.e.f. 30.01.2012)
Syed Abdul Razzaq	-	Non-Executive (Nominee Director of The Bank of Punjab. Resigned w.e.f. 30.01.2012)

Leaves of absence were granted to directors who could not attend some of the board meetings.

During the year Mr. Aamir Jamil completed its Corporate Governance leadership skill program Part-I from Pakistan Institute of Corporate Governance. Our registrar M/s Corplink (Pvt.) Limited has also conducted a workshop on Corporate Governance during the year, which was attended by all the executive directors of the Company.

Corporate Governance

As required under the Code of Corporate Governance, the board of Directors states that:

- The Financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no significant doubt upon the Company ability to continue as a going concern.
- There has been no material departure from the best practices of the Corporate Governance, as detailed in the listing regulations.

Corporate Social Responsibilities

The Company recognizes its social responsibilities as a key member of the community. It is committed to contribute its resources for the better environment with an unprejudiced approach. Its safety, health and environmental (SHE) policies are geared towards unbiased betterment of employees and community.

The Company ensures environment friendly operations, products and services and promotes environmental awareness among its employee and the community. It inducts employees from the surrounding community and offer internships and apprenticeship opportunities to technical institutes. It also encourages visits by the students of different educational institutions and support needy children of the employees for studies to promote education in the country.

Audit Committee

Since the last review there has been no change in the audit committee.

During the year five meetings of the audit committee were held and attended as follows:

Name of the Member		No. of Meetings Attended	
Abdul Jalil Jamil	(Non-Executive)	5	Chairman
Saeed-uz-Zaman	(Non-Executive)	5	Member
Abdul Jaleel Shaikh	(Non-Executive)	4	Member
Imran Afzal	(Executive)	3	Member

Leaves of absence were granted to directors who could not attend some of the Audit Committee meetings.

Human Resource and Remuneration Committee

During the period under review the Board of the Company has formed Human Resource and Remuneration Committee comprising of following three members.

- Mr. Abdul Jalil Jamil (Non-Executive) Chairman
- Mr. Saeed uz Zaman (Non-Executive) Member
- Mr. Zafar Mahmood (Executive) Member

During the year one meeting of the Human Resource and Remuneration Committee was held and attended by all the members.

External Auditor

The present auditors M/s Ernst & Young Ford Rhodes Sidat Hyder and Company, Chartered Accountant, retiring this year, being eligible, have offered themselves for re-appointment. The audit committee has recommended the re-appointment of M/s Ernst & Young Ford Rhodes Sidat Hyder and Company, Chartered Accountant as external auditor of the Company for the year ending June 30, 2013.

Dividend / Bonus Shares

The Company did not declare dividend or issue bonus shares during the financial year ended June 30, 2012. The cash flow generated from the business was used for repayment of long term loans, working capital requirements, essential capital expenditure, capacity expansion and strengthen the liquidity position of the Company to meet the business exigencies.

Pattern of Shareholding

A pattern of shareholding of the Company is annexed. There was no trading in the shares of the Company by the Directors, Chief Executive, Chief Financial Officer, Company Secretary, Company Executives and their spouses and minor children during the year. In case of executive the board has defined a threshold of Rs. 500,000/ basic salary per annum for each executive of the Company for disclosing trading of shares in the Company.

Acknowledgment

The board of directors of the Company would like to express profound gratitude to all the stakeholders of the Company including customers, suppliers, bankers and employees, which helped in achieving the encouraging results.

For and on behalf of the Board

Lahore
September 20, 2012

Zafar Mahmood
Chief Executive

KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS

	2012	2011	2010	2009	2008	2007
				Rupees '000		
Net Sales	2,677,604	2,431,136	1,742,804	1,383,579	1,118,405	705,904
Gross Profit / (Loss)	347,524	312,097	180,741	100,898	151,296	18,835
Operating Profit / (Loss)	241,553	201,241	88,683	34,034	90,222	(33,366)
Profit / (Loss) before tax	112,926	813,048	13,458	(146,561)	27,852	(93,943)
Profit / (Loss) after tax	231,491	786,960	4,569	(146,718)	23,620	(99,143)
Paid-up Capital	1,105,905	1,105,905	1,105,905	1,105,905	1,105,905	1,105,905
Net Worth	1,137,364	905,873	118,913	114,344	261,062	259,896
Long Term Loans / Leases &						
Deferred Liabilities	230,841	291,583	1,059,668	1,129,723	852,565	926,160
Current Assets	752,140	730,739	558,663	493,032	499,328	424,243
Current Liabilities	596,840	606,679	516,060	430,664	498,589	376,756

Pattern of Shareholding

As At June 30, 2012

SHAREHOLDING

No. of Shareholders	From	To	Total Shares Held
163	1	100	7,450
978	101	500	437,761
459	501	1,000	428,380
1,050	1,001	5,000	3,166,493
414	5,001	10,000	3,522,160
148	10,001	15,000	1,928,202
112	15,001	20,000	2,094,452
90	20,001	25,000	2,168,273
41	25,001	30,000	1,159,162
34	30,001	35,000	1,134,702
23	35,001	40,000	880,590
17	40,001	45,000	732,991
33	45,001	50,000	1,635,372
10	50,001	55,000	538,250
12	55,001	60,000	705,173
6	60,001	65,000	385,367
8	65,001	70,000	549,876
8	70,001	75,000	595,624
7	75,001	80,000	544,647
4	80,001	85,000	336,884
4	85,001	90,000	353,500
2	90,001	95,000	188,250
27	95,001	100,000	2,695,500
4	100,001	105,000	415,925
4	105,001	110,000	431,500
1	115,001	120,000	120,000
4	120,001	125,000	495,002
5	125,001	130,000	636,402
2	130,001	135,000	270,000
3	145,001	150,000	450,000
1	150,001	155,000	150,500
4	160,001	165,000	655,633
3	165,001	170,000	502,497
3	170,001	175,000	519,562
2	175,001	180,000	356,999
3	180,001	185,000	548,565
1	185,001	190,000	190,000
8	195,001	200,000	1,594,453
3	200,001	205,000	612,002
1	205,001	210,000	210,000
2	210,001	215,000	425,447
2	225,001	230,000	456,515
1	240,001	245,000	245,000
2	245,001	250,000	500,000
1	255,001	260,000	260,000
1	260,001	265,000	262,170
2	265,001	270,000	539,140
2	270,001	275,000	550,000
2	295,001	300,000	600,000
1	305,001	310,000	306,500
1	320,001	325,000	325,000
1	335,001	340,000	340,000
1	345,001	350,000	348,000
1	355,001	360,000	355,510
1	395,001	400,000	400,000
2	415,001	420,000	837,000
1	420,001	425,000	425,000
2	455,001	460,000	919,040
5	495,001	500,000	2,500,000
1	580,001	585,000	582,656
1	595,001	600,00	600,000
1	675,001	680,000	677,198

1	690,001	695,000	690,747
1	695,001	700,000	700,000
1	795,001	800,000	800,000
1	800,001	805,000	801,000
1	895,001	900,000	900,000
1	995,001	1,000,000	1,000,000
1	1,040,001	1,045,000	1,042,000
1	1,095,001	1,100,000	1,100,000
1	1,370,001	1,375,000	1,371,850
1	1,495,001	1,500,000	1,497,397
1	1,595,001	1,600,000	1,600,000
1	1,995,001	2,000,000	2,000,000
1	2,095,001	2,100,000	2,100,000
1	3,005,001	3,010,000	3,008,489
1	3,675,001	3,680,000	3,678,008
1	13,115,001	13,120,000	13,116,262
1	17,705,001	17,710,000	17,706,671
1	121,265,001	121,270,000	121,266,394
	3,754		221,181,093

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor childern	2,554,194	1.1548%
Associated Companies, undertakings and related parties. (Parent Company)	121,621,904	54.9875%
NIT and ICP	3,000	0.0014%
Banks Development Financial Institutions, Non Banking Financial Institutions.	104,600	0.0473%
Insurance Companies	420,000	0.1899%
Modarabas and Mutual Funds	13,268,262	5.9988%
Share holders holding 10%	121,621,904	54.9875%
General Public		
a. Local	74,869,002	33.8496%
b. Foreign	–	–
Others (To be specified)		
1- Joint Stock Companies	4,526,378	2.0465%
2- Foreign Companies	64,200	0.0290%
3- Leasing Companies	48,020	0.0217%
4- Investment Companies	3,701,533	1.6735%

Categories of Shareholders

As per Requirements of the Code of Corporate Governance

Sr. No.	Name	CNIC No.	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):				
1	NIMIR RESOURCES (PRIVATE) LIMITED (CDC)		121,621,904	54.9875%
Mututal Funds (Name Wise Detail)				
1	MCBFSL - TRUSTEE NAMCO BALANCED FUND		13,116,262	5.9301%
Directors and their Spouse and Minor Chidren (Name Wise Detail):				
1	MR. ABDUL JALIL JAMIL (CDC)	35202-2125744-3	67,376	0.0305%
2	SH. AMAR HAMEED (CDC)	35201-9286306-5	582,656	0.2634%
3	MR. SAEED UZ ZAMAN	35202-8600613-7	501,562	0.2268%
4	MR. ZAFAR MAHMOOD (CDC)	42000-0390606-5	26,750	0.0121%
5	MR. UMAR IQBAL (CDC)	35202-2322124-7	1,000	0.0005%
6	MR. IMRAN AFZAL (CDC)	35202-7324130-5	1,000	0.0005%
7	MR. AAMIR JAMIL (CDC)	35200-1454026-1	500	0.0002%
8	MR. KHALID MUMTAZ QAZI (CDC)	35202-8081915-9	1,500	0.0007%
9	MRS. NUSRAT JAMIL W/O A. JALIL JAMIL (CDC)	35202-6883620-0	1,371,850	0.6202%
Executives:			–	–
Public Sector Companies & Corporations:			–	–
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:			724,620	0.3276%
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)				
1	NIMIR RESOURCES (PRIVATE) LIMITED (CDC)		121,621,904	54.9875%
2	MR. MUHAMMAD YAHYA KHAN		17,706,671	8.0055%
3	MCBFSL - TRUSTEE NAMCO BALANCED FUND		13,116,262	5.9301%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	CNIC No.	SALE	PURCHASE
1	MR. SAEED UZ ZAMAN (CDC)	35202-8600613-7	–	500,000
2	MR. AAMIR JAMIL (CDC)	35200-1454026-1	–	500

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.35 of listing regulations of Karachi Stock Exchange (Guarantee) Limited (Chapter XI) of the Listing Regulations of Lahore Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The Company has applied the principles contained in the Code of Corporate Governance in the following manner:

1. The Company encourages representation of non-executive directors on its board of directors, at present the board includes:

Name	Category
Zafar Mahmood	Executive Director
Khalid Mumtaz Qazi	Executive Director
Imran Afzal	Executive Director
Umar Iqbal	Executive Director
Aamir Jamil	Executive Director
Abdul Jalil Jamil	Non-Executive Director
Sh. Amar Hameed	Non-Executive Director
Saeed-uz-Zaman	Non-Executive Director
Abdul Jaleel Shaikh	Non-Executive Director
Khalid Siddiq Trimizey	Non-Executive Director

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurring on the board on 30.01.2012 was filled up by the directors within 14 days.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged an orientation course for one of its director and also arranged an orientation workshop for all its executive directors with respect to Code of Corporate Governance during the year to apprise them to their duties and responsibilities.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, subsequent to the year under review. The qualification of Chief Financial Officer and Head of Internal Audit is in compliance with the clause xiii and xiv of the Code of Corporate Governance 2012.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.

15. The Board has formed an Audit Committee. It comprises 4 (Four) members, of whom 3 (Three) are non-executive directors and the chairman of the committee is non-executive director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code of Corporate Governance. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an Human Resource and Remuneration Committee. It comprises of 3 (Three) members, of whom 2 (Two) are non executive directors and the chairman of the committee is a non-executive director.

18. The Board has set up an effective internal audit function, which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The "Closed Period", prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with except for the changes not effective immediately, which shall be complied with upon the next election of directors.

Lahore
September 20, 2012

Chief Executive

Review Report to the Members on Statement of Compliance With Best Practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) for the year ended 30 June, 2012 prepared by the Board of Directors of Nimir Industrial Chemicals Limited (the Company) to comply with the Listing Regulations No. 35 of the Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's Corporate Governance procedures and risks.

Further, Listing Regulation of the Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited requires the Company to place before the Board of Directors for their consideration and approval of related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement does not appropriately reflect the status of the Company's compliance, in all material respects, with the best practices contained in the Code for the year ended 30 June, 2012.

Ernst & Young Ford Rhodes Sidat Hyder

Lahore | **Chartered Accountants**

September 20, 2012 | **Audit Engagement Partner: Farooq Hameed**

Auditors' Report To The Members

We have audited the annexed balance sheet of Nimir Industrial Chemicals Limited (the Company) as at 30 June, 2012 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:
   - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied, except for changes referred to in note 2.2, with which we concur;
   - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
   - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June, 2012 and of the profit, its cash flow and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Ernst & Young Ford Rhodes Sidat Hyder

Lahore — **Chartered Accountants**

September 20, 2012 — **Audit Engagement Partner: Farooq Hameed**

Balance Sheet

	Note	2012 (Rupees)	2011 (Rupees)
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized Capital:			
290,000,000 (2011: 290,000,000)			
Ordinary shares of Rs. 5 each (2011: Rs. 5 each)		1,450,000,000	1,450,000,000
Issued, subscribed and paid up capital	6	1,105,905,465	1,105,905,465
Unappropriated Profit / (Accumulated loss)		31,458,603	(200,032,493)
		1,137,364,068	905,872,972
Long term loans	7	196,000,005	261,333,333
Liabilities against assets subject to finance lease	8	4,840,195	1,015,513
Deferred liabilities	9	30,000,468	29,234,457
		230,840,668	291,583,303
CURRENT LIABILITIES			
Trade and other payables	10	133,127,530	160,975,405
Mark up accrued	11	5,109,495	11,267,673
Unclaimed dividend		687,716	687,716
Short term borrowings	12	360,809,691	374,747,604
Current maturity of long term loans	7	65,333,328	32,666,667
Current maturity of liabilities against assets subject to finance lease	8	3,634,758	653,514
Provision for taxation		28,137,920	25,680,232
		596,840,438	606,678,811
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		1,965,045,174	1,804,135,086

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive

As At 30 June, 2012

	Note	2012 (Rupees)	2011 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	14	1,053,853,046	1,060,461,362
Long term deposits	15	13,690,200	12,933,900
Deffered tax asset	16	145,361,833	–
		1,212,905,079	1,073,395,262
CURRENT ASSETS			
Stores, spares and loose tools	17	43,377,083	42,181,670
Stock in trade	18	163,176,498	257,877,586
Trade debts	19	312,112,358	232,514,911
Loans and advances	20	11,339,509	10,853,554
Trade deposits and short term prepayments	21	5,607,993	2,999,852
Short term investment		–	19,000,000
Other receivables	22	7,037,278	10,566,998
Tax refund due from Government	23	138,349,548	125,835,750
Cash and bank balances	24	71,139,828	28,909,503
		752,140,095	730,739,824
TOTAL ASSETS		1,965,045,174	1,804,135,086

Director

Profit And Loss Account

For The Year Ended 30 June, 2012

	Note	2012 (Rupees)	2011 (Rupees)
Sales- Net	25	2,677,604,626	2,431,135,925
Cost of sales	26	(2,330,080,723)	(2,119,039,395)
Gross profit		347,523,903	312,096,530
Distribution costs	27	(61,881,739)	(61,093,868)
Administrative expenses	28	(44,089,373)	(49,762,067)
Operating profit		241,552,791	201,240,595
Other expenses	29	(8,478,266)	(7,556,868)
Other income	30	8,398,566	7,512,450
Finance costs	31	(114,363,699)	(96,959,415)
Foreign exchange loss	32	(14,183,015)	(2,273,810)
Remission of subordinated loan		–	711,084,887
Profit before taxation		112,926,377	813,047,839
Taxation	33	118,564,719	(26,087,814)
Profit after taxation		231,491,096	786,960,025
Other comprehensive income - Net of taxation		–	–
Total comprehensive income for the year		231,491,096	786,960,025
Earnings per share - Basic and diluted	34	1.05	3.56

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

Cash Flow Statement

For The Year Ended 30 June, 2012

	Note	2012 (Rupees)	2011 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before taxation		112,926,377	813,047,839
Adjustment for:			
Depreciation	14.5	71,861,109	68,493,716
Finance cost		114,363,699	96,959,415
Foreign exchange loss on foreign liabilities		14,183,015	2,273,810
Reversal of doubtful debts		–	(2,958,632)
Provision for gratuity	9.1	7,079,478	7,052,534
Remission of loan		–	(711,084,887)
Loss/ (gain) on disposal of property, plant and equipment		108,857	(478,013)
		207,596,158	(539,742,057)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		320,522,535	273,305,782
(Increase)/ decrease in current assets			
Stores and spares		(1,195,413)	(11,404,935)
Stock in trade		94,701,088	(55,505,314)
Trade debts		(79,597,447)	(33,132,732)
Loans and advances		(485,955)	6,589,419
Trade deposits and short term prepayments		(2,298,241)	2,393,410
Other receivables		3,529,720	6,235,397
Short term investment		19,000,000	(19,000,000)
Taxation receivables		11,576,030	4,589,880
		45,229,782	(99,234,875)
(Decrease) / increase in current liabilities			
Trade and other payables		(42,030,890)	60,490,827
		3,198,892	(38,744,048)
CASH GENERATED FROM OPERATIONS		323,721,427	234,561,734
Gratuity paid		(6,313,467)	(2,629,157)
Finance cost paid		(120,521,877)	(98,414,950)
Tax paid		(48,429,254)	(45,273,055)
		(175,264,598)	(146,317,162)
NET CASH GENERATED FROM OPERATING ACTIVITIES		148,456,829	88,244,572

		2012 (Rupees)	2011 (Rupees)
BALANCE BROUGHT FORWARD		148,456,829	88,244,572
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(65,427,750)	(21,077,857)
Sale proceeds from disposal of property, plant and equipment		66,100	1,365,350
Long term deposits		(1,066,200)	14,278,764
NET CASH USED IN INVESTING ACTIVITIES		(66,427,850)	(5,433,743)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of subordinated loan		–	(294,000,000)
Long term loan received		–	294,000,000
Long term loan paid		(32,666,667)	(31,183,784)
Repayment of liabilities against assets subject to finance lease		(2,356,074)	(54,137,053)
New leases acquired during the year		9,162,000	–
Short term borrowings		(13,937,913)	27,527,678
NET CASH USED IN FINANCING ACTIVITIES		(39,798,654)	(57,793,159)
NET INCREASE IN CASH AND CASH EQUIVALENTS		42,230,325	25,017,670
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		28,909,503	3,891,833
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A	71,139,828	28,909,503

A - Cash and cash equivalents include cash and bank balances as stated in Note 24.

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive **Director**

Statement Of Changes In Equity
For The Year Ended 30 June, 2012

	Issued, Subscribed and Paid up Share Capital	Unappropriated Profit / (Accumulated Loss)	Total
	(Rupees)	(Rupees)	(Rupees)
Balance as on 01 July 2010	1,105,905,465	(986,992,518)	118,912,947
Total comprehensive income for the year	–	786,960,025	786,960,025
Balance as on 30 June 2011	1,105,905,465	(200,032,493)	905,872,972
Total comprehensive income for the year	–	231,491,096	231,491,096
Balance as on 30 June 2012	1,105,905,465	31,458,603	1,137,364,068

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive **Director**

Notes To The Financial Statements

For The Year Ended 30 June, 2012

1. THE COMPANY AND ITS OPERATIONS

Nimir Industrial Chemicals Limited (the Company) was incorporated in Pakistan on 6th February, 1994 as a public limited Company under the Companies Ordinance, 1984. The shares of the Company are quoted on Karachi and Lahore Stock Exchanges. The Company started its commercial operations on 1st January, 2000. The registered office of the Company is situated at 14.8 km., Sheikhupura- Faisalabad Road, Mouza Bhikki, District Sheikhupura, Pakistan. The Company is engaged in manufacturing and sale of chemical products.

2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever, the requirement of the Companies Ordinance, 1984 or directive issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Standards, interpretations and amendments to published approved accounting standards effective in 2011

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

New and amended standards and interpretations

The Company has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

IFRS 7 - Financial Instruments: Disclosures (Amendment)
IAS 24 - Related Party Disclosures (Revised)
IFRIC 14 - Prepayments of a Minimum Funding Requirement (Amendment)

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below

- IFRS 7 - Financial Instruments: Disclosures Clarification of disclosures
- IAS 1 - Presentation of Financial Statements Clarification of statement of Changes in Equity
- IAS 34 - Interim Financial Reporting Significant events and transactions
- IFRIC 13 - Customer Loyalty Programmes Fair value of award credits

The adoption of the above standards, amendments, interpretations and improvements did not have any material effect on the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

3.1. Defined benefit plans

The cost of defined benefit plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of this plan, such estimates are subject to significant uncertainty.

3.2. Provision for doubtful receivables

A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. These estimates and underlying assumptions are reviewed on an ongoing basis.

3.3. Useful life and residual values of property, plant and equipment

Estimates with respect to residual values, depreciable lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of the assets for possible impairments on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Other areas where estimates and judgments involved are disclosed in respective notes to the financial statements.

3.4. Provision for taxation

In making the estimates for income tax payable, the Company takes into account the applicable laws and the decisions by appellate authorities on certain issues in the past.

A deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax liabilities and assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1. Basis of presentation and measurement

These financial statements have been prepared under the historical cost convention, except for staff retirement and termination benefit plan which is stated at present value.

These financial statements are prepared in Pak Rupee which is the Company's functional currency.

4.2. Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. Cost of property, plant and equipment consists of historical cost and directly attributable cost of bringing the assets to their present location and condition.

Depreciation is calculated using the straight line method at rates disclosed in note 14.1, which are considered appropriate to write off the cost of the assets over their useful lives.

Depreciation on additions is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off.

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized in the income currently. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted for the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represents the difference between the sale proceeds and the carrying amount of the asset and is recognized as an income or expense in the period it relates.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Capital work in progress

These are stated at cost less impairment loss, if any, including capitalization of borrowing costs. It consists of expenditures incurred and advances made in respect of fixed assets in the course of their construction and installation.

Leased asset

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets.

The related rental obligations, net of finance cost, are included in liabilities against assets subject to finance lease as referred to in note 8. The liabilities are classified as current and non-current depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term. The financial charges are calculated at the interest rates implicit in the lease and are charged to the profit and loss account.

Assets held under finance lease are stated at cost less accumulated depreciation and impairment loss, if any, at the rates and basis applicable to the Company owned assets.

4.3. Stocks

Stock in trade, stores, spares and loose tools are valued at lower of cost or net realizable value except those in transit, which are valued at invoice value including other charges, if any, incurred thereon. Basis of determining cost is as follows:

Raw and packing material	-	Monthly Weighted Average
Material in transit	-	Cost
Work in process	-	Cost
Finished goods	-	Monthly Weighted Average
Stores, spares and loose tools	-	Monthly Moving Average

Items considered obsolete are carried at nil value. Provision for obsolete and slow moving inventory is based on management estimates.

Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and costs necessary to be incurred in order to make the sale.

4.4. Trade debts

Trade debts are carried at invoice amount on transaction date less any estimate for doubtful receivable. Known bad debts are written off as and when identified.

4.5. Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost.

For the purpose of cash flow statement, cash and cash equivalents comprise of cheques in hand, cash and bank balances.

4.6. Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial asset or a portion of financial asset when, and only when, the Company loses control of the contractual rights that comprise the financial asset or portion of financial asset. While a financial liability or part of financial liability is derecognized from the balance sheet when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

Financial assets are investments, trade deposits, trade debts, loans and advances, other receivables, cash and bank balances. These are stated at their nominal values as reduced by the appropriate allowances for estimating irrecoverable amount.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are long term loans, short term running finance utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities. Mark-up bearing finances are recorded at the gross proceeds received. Other liabilities are stated at their nominal value.

4.7. Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

4.8. Taxation

Current

Provision for the current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and liabilities and their carrying values. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

The carrying amounts of all deferred tax assets are reviewed at each balance sheet date and reduced to the extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deffered tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantially enacted by the balance sheet date.

4.9. Revenue recognition

Sale of goods - Local

Revenue is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer.

Sale of goods - Export

Revenue from export of goods is recognized at the time of issuance of bill of lading.

4.10. Staff retirement and termination benefits

The Company operates an unfunded gratuity plan benefits for all its employees. Under this plan, gratuity is paid to the retiring employees on the basis of their last drawn gross salary for each completed year of service.

Projected unit credit method, based on the following significant assumptions, is used for valuation of the plan:

	2012	2011
Discount rate	13%	14%
Expected rates of salary increase in future years	12%	13%
Average expected remaining working life of employees (years)	10	10

The amount recognized in the balance sheet represents the present value of defined benefit obligations as adjusted for unrecognized actuarial gains and losses. Cumulative net unrecognized actuarial gains and losses at the end of previous year which exceed 10% of the present value of defined benefit obligation are amortized over the expected average remaining working lives of employees.

The date of latest actuarial valuation is 30th June, 2012.

4.11. Foreign currency translation

Foreign currency transactions are converted into rupees at the rates prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak rupees at the rates of exchange prevailing at the date of balance sheet.

Profits or losses arising on translation are recognized in the profit and loss account.

4.12. Borrowing costs

Borrowing costs incurred on finances utilized for acquisition of fixed assets are capitalized up to commencement of commercial production of the respective assets. All other borrowing costs are charged to profit and loss account as and when incurred.

4.13. Pricing for related party transactions

All transactions with related parties and associated undertakings are entered into arm's length determined in accordance with comparable uncontrolled price method.

Parties are said to be related if they are able to influence the operating and financial decisions of the Company and vice versa.

4.14. Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4.15. Trade and other payables

Creditors relating to trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.16. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decision. The management has determined that the Company has a single reportable segment as Board of Directors views the Company's operations as one reportable segment.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective date (Annual periods beginning on or after)
IFRS 7	Financial Instruments : Disclosures - (Amendments) -Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	01 January 2013
IAS 1	Presentation of Financial Statements-Presentation of items of comprehensive income	01 July 2012
IAS 12	Income Tax (Amendment) - Recovery of Underlying Assets	01 January 2012
IAS 19	Employee Benefits - (Amendment)	01 January 2013
IAS 32	Offsetting Financial Assets and Financial liabilities - (Amendment)	01 January 2014

The Company expects that the adoption of the above revisions and amendments of the standards will not materially affect the Company's financial statements in the period of initial application other than the amendments to IAS-19 ‘Employee Benefits’. Such amendments range from fundamental changes to simple clarifications and re-wording. The significant changes include the following:

- For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e. the corridor approach) has been removed. As revised, actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.

- Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

The Company is currently assessing the impact of the above amendments which are effective from 1st July, 2012 on the financial statements. However, it is expected that the adoption of the said amendments will result in change in the Company's accounting policy related to recognition of actuarial gains and losses as referred to in note 4.10 to the financial statements.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard		IASB Effective date (Annual periods beginning on or after)
IFRS 9	Financial Instruments: Classification and Measurement	01 January 2013
IFRS 10	Consolidated Financial Statements	01 January 2013
IFRS 11	Joint Arrangements	01 January 2013
IFRS 12	Disclosure of Interests in Other Entities	01 January 2013
IFRS 13	Fair Value Measurement	01 January 2013

6. ISSUED, SUBSCRIBED, AND PAID UP CAPITAL

2012	2011		2012	2011
No. of shares			(Rupees)	(Rupees)
37,750,000	37,750,000	*Ordinary shares of Rs 5/- each fully paid in cash	188,750,000	188,750,000
78,937,999	78,937,999	*Ordinary shares of Rs 5/- each issued (originally of Rs.10/- at a discount of Rs.6/- per share) - Paid in cash	394,689,995	394,689,995
24,867,900	24,867,900	*Ordinary shares of Rs 5/- each (2011: Rs. 5/- each) issued (originally of Rs.10/- at a discount of Rs. 6/- per share) issued to the leasing companies and a bank to convert part of their finances into fully paid up shares.	124,339,500	124,339,500
79,625,194	79,625,194	Right issue of shares of Rs.5/- each offered at par	398,125,970	398,125,970
221,181,093	221,181,093		1,105,905,465	1,105,905,465

* The nominal value of Rs. 10 per share was reduced to Rs. 5 per share in accordance with the order of the Honorable Lahore High Court in April 2004.

At year end Nimir Resources (Private) Limited (formally ZM Associates (Pvt.) Limited) holds 121,621,904 ordinary shares of Rs. 5 each, representing 55% (2011: 116,366,394 ordinary shares of Rs. 5 each, representing 52.6%) of the issued capital.

	Note	2012	2011
		(Rupees)	(Rupees)
7. LONG TERM LOANS			
Syndicated term finance - Secured	7.1	261,333,333	294,000,000
Less: Current maturity shown under current liabilities		(65,333,328)	(32,666,667)
		196,000,005	261,333,333

7.1 This represents syndicated term finance facility obtained from financial institutions carrying mark-up at the rate of 6 months KIBOR plus 350 bps per annum with no floor and no cap (2011: 6 months KIBOR plus 350 bps per annum with no floor and cap). These facilities are secured against first pari - passu charge on the present and future, current and fixed assets of the Company for Rs. 392 million including land.

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The interest rates used as the discounting factor (i.e. implicit in the lease) is 6 months KIBOR plus 285 bps and 6 months KIBOR pls 400 bps (2011: 6 months KIBOR plus 400 bps). The amount of future payments and the period during which they will become due are:

			Note	2012 (Rupees)	2011 (Rupees)
Year ending 30 June		2012		-	847,865
		2013		4,570,751	1,077,031
		2014		3,489,036	-
		2015		1,788,482	-
				9,848,269	1,924,896
Less:	Future finance charges			(1,373,316)	(255,869)
				8,474,953	1,669,027
Less:	Current maturity shown under current liabilities			(3,634,758)	(653,514)
				4,840,195	1,015,513

8.1 The lease agreement has the option for purchase of asset at the end of the lease period. There are no financial restrictions in the lease agreement.

8.2 Minimum lease payments (MLP) and their present value (PV) are regrouped below :

	2012		2011	
	MLP (Rupees)	PV of MLP (Rupees)	MLP (Rupees)	PV of MLP (Rupees)
Due not later than 1 year	4,570,751	3,634,758	847,865	653,514
Due later than 1 year but not later than 5 years	5,277,518	4,840,195	1,077,031	1,015,513
	9,848,269	8,474,953	1,924,896	1,669,027

	Note	2012 (Rupees)	2011 (Rupees)
9. DEFERRED LIABILITY			
Staff retirement benefits - Gratuity	9.1	30,000,468	29,234,457
9.1 The amounts recognised in the balance sheet are as follows:			
Present value of defined benefits obligation		28,090,927	27,415,992
Benefits due but not paid		567,168	360,425
Unrecognized actuarial gains		1,342,373	1,458,040
		30,000,468	29,234,457
The amounts recognised in the profit and loss account against defined benefit scheme are as follows:			
Current service cost		3,241,239	3,934,570
Interest cost		3,838,239	3,117,964
Expense recognised in the profit and loss account		7,079,478	7,052,534

	Note	2012 (Rupees)	2011 (Rupees)
The charge for the year has been allocated as follows:			
Cost of sales	26.2	4,362,078	4,407,888
Distribution costs	27.1	622,560	612,180
Administrative expenses	28.1	2,094,840	2,032,466
		7,079,478	7,052,534

Movements in the net liability recognised in the balance sheet are as follows:

	2012 (Rupees)	2011 (Rupees)
As at 01 July	29,234,457	24,811,080
Charge for the year	7,079,478	7,052,534
Payments during the year	(6,313,467)	(2,629,157)
As at 30 June	30,000,468	29,234,457

Movements in the present value of defined benefit obligation:

	2012 (Rupees)	2011 (Rupees)
Present value of defined benefits obligation as at 01 July	27,415,992	25,983,036
Service cost	3,241,239	3,934,570
Interest cost	3,838,239	3,117,964
Benefits due but not paid	(206,743)	-
Benefits paid	(6,313,467)	(2,277,836)
Actuarial loss/ (gain)	115,667	(3,341,742)
Present value of defined benefits obligation as at 30 June	28,090,927	27,415,992

9.2 The present value of defined benefit obligations is as follows:

	2012	2011	2010	2009	2008
Present value of defined benefit obligations at the end of the year	28,090,927	27,415,992	25,983,036	20,105,951	17,929,155
Experience adjustment arising on plan liabilities- Loss / (gain)	115,667	(3,341,742)	645,122	(1,156,778)	157,297

10. TRADE AND OTHER PAYABLES

	Note	2012 (Rupees)	2011 (Rupees)
Creditors	10.1	46,079,388	94,744,564
Accrued liabilities		74,342,519	52,574,143
Security deposits	10.2	600,000	1,263,250
Advances from customers		788,031	4,000,578
Workers profit participation fund	10.3	6,064,789	5,336,733
Workers welfare fund		4,405,757	2,101,137
Tax and other payables		654,069	171,275
Others		192,977	783,725
		133,127,530	160,975,405

10.1 This includes amount payable to Nimir Chemicals Pakistan Limited amounting to Rs. Nil (2011: Rs. 392,515) which ceased to be related party with effect from 31 August 2011.

10.2 These represents security deposits from distributors and transporters which, by virtue of agreement, are interest free, repayable on demand and are used in the normal course of business.

	Note	2012 (Rupees)	2011 (Rupees)
10.3 Balance as at 01 July		5,336,733	887,340
Add: Provision for the year		6,064,789	5,475,991
Less: Payments made during the year		(5,336,733)	(1,026,598)
Balance as at 30 June		6,064,789	5,336,733

11. MARK UP ACCRUED

This represents mark up accrued on leases, long and short term loans.

12. SHORT TERM BORROWINGS - SECURED

The aggregate facility of short term finances available from commercial banks at year end is Rs. 821 million (2011: Rs. 710 million). The rate of mark-up ranges from 1 month KIBOR plus 90 bps per annum to 6 months KIBOR plus 300 bps per annum with 12 % floor and no cap (2011: 1 month KIBOR plus 100 bps per annum to 6 months KIBOR plus 250 bps per annum with 12 % floor and no cap) recovered quarterly for utilized facility. The facilites are secured against 1st pari passu charge on the present and future, current and fixed assets of the Company, including land along with construction thereon and easements, amenities therewith.

The unutilized facility for opening letters of credit and bank guarantees as at 30 June 2012 amounts to Rs. 125 million (2011: Rs. 314 million) and Rs. 4 million (2011: Rs. 4 million), respectively.

13. CONTINGENCIES AND COMMITMENTS

13.1 CONTINGENCIES

Nil (2011; Nil)

13.2 COMMITMENTS

Commitments in respect of letters of credit established for the import of raw materials and spare parts amounts to Rs. 66 million (2011: Rs. 116 million).

Commitment in respect of letter of guarantee given to SNGPL amounts to Rs. 65.68 million (2011: Rs. 65.68 million).

	Note	2012 (Rupees)	2011 (Rupees)
14. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	14.1	947,829,261	982,374,483
Capital work in progress	14.6	106,023,785	78,086,879
		1,053,853,046	1,060,461,362

14.1 Operating fixed assets

2012

PARTICULARS	COST: As At July 01, 2011	COST: Additions (Disposals)	COST: Transfer to owned assets	COST: As At 30 June, 2012	Rate %	DEPRECIATION: Accumulated as at July 01, 2011	DEPRECIATION: Charge for the year	DEPRECIATION: (Disposals)	DEPRECIATION: Transfer to owned assets	DEPRECIATION: Accumulated as at 30 June, 2012	Net Book value As at. 30 June, 2012
	(Rupees)					(Rupees)					(Rupees)
OWNED											
Free hold land	10,661,483	-	-	10,661,483	-	-	-	-	-	-	10,661,483
Building on free hold Land	96,104,281	6,819,533	-	102,923,814	4-5	34,740,804	4,582,235	-	-	39,323,039	63,600,775
Plant and machinery	1,439,010,889	11,098,104	-	1,444,822,295	4-50	542,605,268	60,786,404	(5,130,926)	-	598,260,746	846,561,549
		(5,286,698)									
Furniture and fittings	2,446,109	1,019,260	-	3,003,376	10	2,432,038	162,599	(459,245)	-	2,135,392	867,984
		(461,993)									
Office and factory equipment	18,756,690	5,246,087	-	20,790,608	10- 50	8,914,602	2,539,193	(3,195,732)	-	8,258,063	12,532,545
		(3,212,169)									
Vehicles	8,837,926	4,145,860	-	12,983,786	20	5,932,497	1,777,239	-	-	7,709,736	5,274,050
	1,575,817,378	28,328,844	-	1,595,185,362		594,625,209	69,847,670	(8,785,903)	-	655,686,976	939,498,386
LEASED		(8,960,860)									
Plant and machinery	-	-	-	-	4-50	-	-	-	-	-	-
Vehicles	3,912,660	9,162,000	-	13,074,660	` 20	2,730,346	2,013,439	-	-	4,743,785	8,330,875
	3,912,660	9,162,000	-	13,074,660		2,730,346	2,013,439	-	-	4,743,785	8,330,875
2012	1,579,730,038	37,490,844	-	1,608,260,022		597,355,555	71,861,109	(8,785,903)	-	660,430,761	947,829,261
		(8,960,860)						-			

2011

PARTICULARS	COST: As At July 01, 2010	COST: Additions, (Adjust.) (Disposals)	COST: Transfer to owned assets	COST: As At 30 June, 2011	Rate %	DEPRECIATION: Accumulated as at July 01, 2010	DEPRECIATION: Charge for the year	DEPRECIATION: (Adjust.) (Disposals)	DEPRECIATION: Transfer to owned assets	DEPRECIATION: Accumulated as at 30 June, 2011	Net Book value As at. 30 June, 2011
	(Rupees)					(Rupees)					(Rupees)
OWNED											
Free hold land	10,661,483	-	-	10,661,483	-	-	-	-	-	-	10,661,483
Building on free hold Land	96,104,281	-	-	96,104,281	4-5	30,245,506	4,495,298	-	-	34,740,804	61,363,477
Plant and machinery	1,298,191,001	19,275,188	123,047,500	1,439,010,889	4-50	448,640,393	50,862,667	(671,250)	43,773,458	542,605,268	896,405,621
		(1,502,800)									
Furniture and fittings	2,443,859	2,250	-	2,446,109	10	2,390,331	41,707	-	-	2,432,038	14,071
Office and factory equipment	17,326,531	1,558,049	-	18,756,690	10- 50	7,210,722	1,775,983	-	-	8,914,602	9,842,088
		(127,890)						(72,103)			
Vehicles	6,318,044	450,000	2,069,882	8,837,926	20	3,127,117	1,553,510	-	1,251,870	5,932,497	2,905,429
	1,431,045,199	21,285,487	125,117,382	1,575,817,378		491,614,069	58,729,165	(743,353)	45,025,328	594,625,209	981,192,169
		(1,630,690)									
LEASED											
Plant and machinery	123,047,500	-	(123,047,500)	-	4-50	34,796,083	8,977,375	-	(43,773,458)	-	-
Vehicles	6,603,054	-	(2,069,882)	3,912,660	` 20	3,815,552	787,176	-	(1,251,870)	2,730,346	1,182,314
		(620,512)						(620,512)			
	129,650,554	-	(125,117,382)	3,912,660		38,611,635	9,764,551	(620,512)	(45,025,328)	2,730,346	1,182,314
2011	**1,560,695,753**	**21,285,487**	**-**	**1,579,730,038**		**530,225,704**	**68,493,716**	**(743,353)**	**-**	**597,355,555**	**982,374,483**
		(1,630,690)									
		(620,512)						**(620,512)**			

14.2 Disposal of operating fixed assets:

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of Purchasers
	(Rupees)						
Plant and Machinery	5,286,698	5,130,926	155,772	8,150	(147,622)	Negotiation	Various
Furniture and fittings	461,993	459,245	2,748	10,350	7,602	Negotiation	Various
Office and factory equipment	3,212,169	3,195,732	16,437	47,600	31,163	Negotiation	Various
Total	8,960,860	8,785,903	174,957	66,100	(108,857)		

14.3 No asset were sold to the Chief Executive, Directors, Executives or Shareholders holding more than 10% of total paid-up capital.

14.4 Plant and machinery includes storage tanks amounting to Rs. 1.31 million (2011: Rs. 1.42 million) held by customers of the Company in normal course of business.

14.5 Depreciation for the year has been allocated as under:

	Note	2012 (Rupees)	2011 (Rupees)
Cost of sales	26	67,734,919	66,628,589
Distribution costs	27	935,076	898,170
Administrative expenses	28	3,191,114	966,957
		71,861,109	68,493,716

14.6 Capital work in progress

	2012				
	Building (Rupees)	Plant and machinery (Rupees)	Others (Rupees)	Total (Rupees)	2011 (Rupees)
Opening balance	5,528,403	72,558,476	–	78,086,879	78,294,509
Additions during the year	1,258,880	12,675,637	26,524,356	40,458,873	20,013,603
	6,787,283	85,234,113	26,524,356	118,545,752	98,308,112
Transferred to fixed assets	(6,787,283)	(5,734,684)	–	(12,521,967)	(20,221,233)
	–	79,499,429	26,524,356	106,023,785	78,086,879

	Note	2012 (Rupees)	2011 (Rupees)
15. LONG TERM DEPOSITS			
Security deposits			
Leasing companies and banks		1,226,100	309,900
Others	15.1	12,774,000	12,624,000
		14,000,100	12,933,900
Less:			
Current maturity	21	(309,900)	–
		13,690,200	12,933,900

15.1 It includes deposit amounting to Rs. 12.24 million (2011: Rs. 12.24 million) given to WAPDA for dedicated line.

		Note	2012	2011
			(Rupees)	(Rupees)
16.	**DEFFERED TAX**			
	This comprises of:			
	Deferred tax liabilities on taxable temporary differences			
	Accelerated tax depreciation		(199,265,562)	–
	Deferred tax assets on deductible temporary differences			
	Trade debts - Provision for doubtful debts		6,866,245	–
	Deferred liabilities		10,500,164	–
	Tax losses carried forward	16.2	327,260,986	–
			145,361,833	–

16.1 Last year deffered tax asset of Rs. 134 million was not recognized due to uncertainity with regard to availability of future taxable profits. However, this year based on financial projections prepared by management and approved by the Board of Directors, the Company has recognized deffered tax asset in view of future taxable profits against which these unused tax losses will be utilized.

16.2 This includes business losses amounting to Rs. 132,402,322, which expire as follows:

Tax year	Rupees
2013	42,839,937
2015	89,562,385

		Note	2012	2011
			(Rupees)	(Rupees)
17.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		27,488,411	27,205,833
	Spares and loose tools		15,888,672	14,975,837
			43,377,083	42,181,670
18.	**STOCK IN TRADE**			
	Raw and packing material	18.1	31,760,652	50,454,577
	Material in transit		53,770,086	151,478,359
			85,530,738	201,932,936
	Finished goods		77,645,760	55,944,650
			163,176,498	257,877,586

18.1 This includes steel drums amounting to Rs. 1.18 million (2011: Rs. 1.28 million) held by customers of the Company in normal course of business.

	Note	2012	2011
		(Rupees)	(Rupees)
19. TRADE DEBTS			
Unsecured- Considered good		312,112,358	232,514,911
Considered doubtful		19,617,842	19,617,842
Provision for doubtful debtors	19.1	(19,617,842)	(19,617,842)
		–	–
		312,112,358	232,514,911

19.1 As at 30 June, 2012 trade receivables amounting to Rs. 19.62 million (2011: Rs. 19.62 million) were impaired and fully provided for. The movement in the amount provided for is as follows:

	Note	2012	2011
		(Rupees)	(Rupees)
Provision for doubtful debts			
As at 1 July		19,617,842	22,576,474
Charge for the year		–	250,000
Reversal of provision during the year		–	(3,208,632)
Utilized during the year		–	(2,958,632)
As at 30 June		19,617,842	19,617,842

	Note	2012	2011
20. LOANS AND ADVANCES			
Considered good - Unsecured			
Suppliers		6,976,484	9,361,762
Employees against business expenses		2,381,646	798,089
Employees against salary	20.1	1,981,379	693,703
		11,339,509	10,853,554

20.1 This includes advance given to three executives amounting to Rs. 840,381 (2011:Nil).

	Note	2012	2011
21. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Current maturity of security deposit	15	309,900	–
Security deposit		360,000	–
Prepayments		4,938,093	2,999,852
		5,607,993	2,999,852

	Note	2012	2011
22. OTHER RECEIVABLES			
Margin against bank guarantee		6,568,150	8,384,150
Container Security		–	303,700
Margin against LC's		425,000	1,199,400
Profit receivable on TDR		–	550,948
Others		44,128	128,800
		7,037,278	10,566,998

	Note	2012 (Rupees)	2011 (Rupees)
23. TAX REFUND DUE FROM GOVERNMENT			
Advance income tax		127,253,859	103,164,031
Sales tax		7,347,189	18,923,219
Federal excise duty refundable		3,748,500	3,748,500
		138,349,548	125,835,750
24. CASH AND BANK BALANCES			
Cash in hand		225,426	–
Cheques in hand		–	3,674,660
Cash at bank:			
Current accounts		73,643,549	20,999,122
Savings account	24.1	(2,729,147)	4,235,721
		71,139,828	28,909,503

24.1 This represents the adjusted position of the bank balance after taking account of the cheques issued but unpresented at the year end. The balance in savings account bear mark-up at rate of 5% (2011: 5%) per annum.

	Note	2012 (Rupees)	2011 (Rupees)
25. SALES			
Gross sales			
Local sales		3,112,960,172	2,887,833,911
Export sales		–	1,464,150
		3,112,960,172	2,889,298,061
Less: Sales tax and excise duty		(429,173,521)	(451,244,153)
		2,683,786,651	2,438,053,908
Less: Discount		(6,182,025)	(6,917,983)
Net sales		2,677,604,626	2,431,135,925
26. COST OF SALES			
Raw and packing material consumed	26.1	1,990,149,471	1,818,212,886
Salaries, wages and benefits	26.2	69,607,133	66,529,154
Depreciation	14.5	67,734,919	66,628,589
Fuel and power		136,529,105	114,499,464
Stores, spares and loose tools consumed		49,365,958	36,612,167
Repairs and maintenance		16,637,381	10,956,808
Traveling, conveyance and entertainment		12,715,674	10,092,097
Communications		623,501	308,813
Insurance		3,382,912	2,836,207
Printing and stationery		710,553	411,655
Other expenses		4,325,226	2,861,767
		2,351,781,833	2,129,949,607

		Note	2012 (Rupees)	2011 (Rupees)
Add:	Opening stock-Finished goods		55,944,650	45,034,438
Less:	Closing stock-Finished goods		(77,645,760)	(55,944,650)
			2,330,080,723	2,119,039,395

		2012	2011
26.1	Raw and packing material consumed		
	Opening Balance	201,932,936	157,337,834
	Purchases	1,873,747,273	1,862,807,988
		2,075,680,209	2,020,145,822
	Less: Closing Balance	(85,530,738)	(201,932,936)
	Raw and packing material consumed	1,990,149,471	1,818,212,886

26.2 This includes Rs. 4.36 million (2011: Rs. 4.41 million) in respect of staff retirement benefits - Gratuity scheme.

27. DISTRIBUTION COSTS

	Note	2012 (Rupees)	2011 (Rupees)
Salaries, wages and benefits	27.1	7,498,843	10,129,928
Repairs and maintenance		13,095	36,295
Traveling, conveyance and entertainment		1,674,339	1,127,255
Communications		160,082	180,616
Insurance		1,122,064	1,588,405
Freight outward		20,458,453	13,865,198
Distribution commission and reimbursement of expenses		25,959,641	30,777,806
Packing, carriage and forwarding		3,578,989	1,884,446
Printing and stationery		133,237	95,070
Depreciation	14.5	935,076	898,170
Other expenses		347,920	510,679
		61,881,739	61,093,868

27.1 This includes Rs. 0.62 million (2011: Rs. 0.61 million) in respect of staff retirement benefits - Gratuity scheme.

28. ADMINISTRATIVE EXPENSES

	Note	2012 (Rupees)	2011 (Rupees)
Salaries, wages and benefits	28.1	19,757,457	13,360,759
Fuel and power		795,599	1,104,326
Repairs and maintenance		1,943,209	1,107,815
Traveling, conveyance and entertainment		5,389,180	2,896,806
Communications		1,511,349	773,511
Insurance		553,041	160,840
Rent, rates and taxes		1,213,405	1,859,710
Printing and stationery		711,133	466,643
Advertising and sale promotion		540,316	99,560
Legal, professional and consultancy charge		4,186,700	5,179,680
Auditors' remuneration	28.2	913,000	756,000
Depreciation	14.5	3,191,114	966,957
Other expenses		3,383,870	2,070,774
		44,089,373	30,803,381
Add: Services from related parties		–	18,958,686
		44,089,373	49,762,067

28.1 This includes Rs. 2.09 million (2011: Rs. 2.03 million) in respect of staff retirement benefits - Gratuity scheme.

	Note	2012 (Rupees)	2011 (Rupees)
28.2 Auditors' remuneration			
Audit fee		600,000	550,000
Certifications and reviews		244,000	140,000
Out of pocket expenses		69,000	66,000
		913,000	756,000

29. OTHER EXPENSES

	Note	2012 (Rupees)	2011 (Rupees)
Workers profit participation fund	10.3	6,064,789	5,475,991
Workers welfare fund		2,304,620	2,080,877
Loss on disposal of property, plant and equipment		108,857	–
		8,478,266	7,556,868

30. OTHER INCOME

	Note	2012 (Rupees)	2011 (Rupees)
Non financial assets			
Gain on disposal of property, plant and equipment		–	478,013
Scrap sale		826,928	933,830
Income from related parties		–	1,492,500
Reversal of provision for doubtful debts- net		–	2,958,632
Miscellaneous income		5,944,247	282,522
Financial assets			
Creditors written back		1,421,047	665,888
Profit on savings account		161,332	150,117
Profit on term deposit receipt		45,012	550,948
		8,398,566	7,512,450

31. FINANCE COST

	Note	2012 (Rupees)	2011 (Rupees)
Mark-Up on:			
Long term loans		47,038,620	3,727,668
Short term borrowings		55,980,387	71,042,684
Financial charges on lease		1,044,441	3,832,270
Bank charges, fee and commission		10,300,251	18,356,793
		114,363,699	96,959,415

32. FOREIGN EXCHANGE LOSS

	Note	2012 (Rupees)	2011 (Rupees)
Foreign liabilities		14,183,015	2,273,810

33. TAXATION

	Note	2012 (Rupees)	2011 (Rupees)
Current year		26,776,048	25,680,232
Prior year		21,066	407,582
Deffered	16	(145,361,833)	–
		(118,564,719)	26,087,814

33.1 Keeping in view the accumulated tax losses, tax provision for the year has been calculated @ 1% of turnover as required under Section 113 of Income Tax Ordinance, 2001. Accordingly, numerical reconciliation between effective tax rate and applicable tax rate is not reported for the year.

	2012 (Rupees)	2011 (Rupees)
34. EARNINGS PER ORDINARY SHARE - BASIC AND DILUTED		
34.1 Basic		
Profit attributable to ordinary shareholders (Rupees)	231,491,096	786,960,025
Weighted average number of ordinary shares	221,181,093	221,181,093
Earnings per ordinary share (Rupees)	1.05	3.56

34.2 Diluted

No figure for diluted earning per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The main risks arising from the Company’s financial instruments are credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The management reviews and agrees policies for managing each of these risks which are summarised below.

35.1 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Company does not believe it is exposed to major concentration of credit risk, however to manage any possible exposure the Company applies approved credit limits to its customers.

The management monitors and limits the Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy.

The Company is exposed to credit risk on long-term deposits, trade debts, short term deposits, advances, other receivables and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Carrying values	
	2012 (Rupees)	2011 (Rupees)
Long term deposits	13,690,200	12,933,900
Short term deposits	669,900	–
Trade debts - Unsecured	312,112,358	232,514,911
Short term investment	–	19,000,000
Advances	1,981,379	693,703
Other receivables	7,037,278	10,566,998
Bank balances	70,914,402	28,909,503

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party defaults as shown below:

		2012 (Rupees)	2011 (Rupees)
35.1.1	**Trade Debts**		
	Neither past due nor impaired	312,112,358	232,514,911
	Past due but not impaired	–	–
		312,112,358	232,514,911

As at 30 June, 2012 trade debts of Rs. 19.62 million (2011: Rs.19.62 million) were impaired and provided for.

		2012 (Rupees)	2011 (Rupees)
35.1.2	**Bank**		
	A1+	70,887,550	23,844,472
	A1-	23,163	1,387,442
	A2-	2,839	2,929
	A3	850	–
		70,914,402	25,234,843
35.1.3	**Short term investment**		
	A1+	–	19,000,000

The sale to one major customer amounts to Rs. 655,754,700 (2011: Rs. 638,940,195) which represents more than 10% of the total revenue.

35.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

Financial liabilities are analysed below, with regard to their remaining contractual maturities.

For the year ended 30 June 2012	Maturity Upto One Year	Maturity After One Year	Total
		(Rupees)	
Long term loans	65,333,328	196,000,005	261,333,333
Liabilities against assets subject to finance lease	3,634,758	4,840,195	8,474,953
Short term borrowings	360,809,691	–	360,809,691
Mark up accrued	5,109,495	–	5,109,495
Unclaimed dividend	687,716	–	687,716
Trade and other payables	121,214,884	–	121,214,884
Total financial liabilities	556,789,872	200,840,200	757,630,072

For the year ended 30 June 2011	Maturity Upto One Year	Maturity After One Year	Total
		(Rupees)	
Long term loans	32,666,667	261,333,333	294,000,000
Liabilities against assets subject to finance lease	653,514	1,015,513	1,669,027
Short term borrowings	374,747,604	–	374,747,604
Mark up accrued	11,267,673	–	11,267,673
Unclaimed dividend	687,716	–	687,716
Trade and other payables	149,365,682	–	149,365,682
Total financial liabilities	569,388,856	262,348,846	831,737,702

35.3 Market Risk

35.3.1 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign trade payables. The Company does not view hedging as financially viable.

Sensitivity analysis

With all other variables remain constant, a 10 % change in the rupee dollar parity existed at 30 June, 2012 would have affect the profit and loss account and liabilities and equity by Rs. 14.98 million (2011: Rs. 0.48 million).

35.3.2 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rate will affect the fair value or future cash flows of financial instruments. The Company is exposed to interest rate risk for loans obtained from the financial institutions and liabilities against assets subject to finance lease, which have been disclosed in the relevant note to the financial statements.

Sensitivity analysis

If interest rates at the year end, fluctuate by 1% higher/ lower, profit for the year would have been Rs. 8.25 million (2011: Rs. 6.70 million) higher/ lower. This analysis is prepared assuming that all other other variables held constant and the amounts of liabilities outstanding at the balance sheet dates were outstanding for the whole year.

35.4 Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. Capital includes ordinary share capital, reserves and subordinated loan. The gearing ratio of the Company is 18% (2011: 29%).

35.5 Fair value of financial assets and financial liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. As at the balance sheet date, carrying value of all the financial instruments in the financial statements approximates their fair value. Further, all financial assets and finanicial liabilities at balance sheet date are categorised into loans and advances.

36. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise local associated companies, directors and key management personnel. Transactions with related parties, other than remuneration and benefits to key management personnel under the term of their employment as disclosed in note 37 are as follows:

Relationship	Nature and Description of Related Party Transaction	Amount 2012 Rupees	Amount 2011 Rupees
** Nimir Chemicals Pakistan Limited	Purchase of goods	7,225	20,978
	Sale of goods	27,236	136,853
	Management and other services received	612,510	6,628,742
	Other services rendered	509,347	2,281,565
	Premises rent shared	298,000	2,186,000
* Descon Chemicals Limited (Formerly Nimir Resins Limited)	Other services rendered	–	826,500
* Nimir Specialty Chemicals Sharjah	Sale of goods	–	1,464,150
* Knightsbridge Chemicals Limited	Loans paid back to Knightsbridge Chemicals Ltd.	–	294,000,000
	Remission of Knightsbridge Chemicals Ltd. Loan	–	711,084,887
	Management fee	–	16,529,101

- The transactions were carried out at an arm's length basis.
- No buying or selling commission has been paid to any associated undertaking.

** The Company ceased to be related party with effect from 31 August 2011.

* These Companies ceased to be related parties with effect from 28 June 2011.

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2012	2011	2012	2011	2012	2011
Number of persons	1	1	4	1	6	7
	Rupees					
Remuneration	1,290,320	1,788,386	4,515,998	2,224,092	5,620,152	7,207,634
Housing	580,650	804,773	2,032,186	1,000,836	2,529,071	3,243,440
Driver allowance	–	–	10,000	60,000	–	–
Utilities	129,030	170,712	451,628	222,432	562,009	720,767
ICP / bonus	–	231,000	–	287,280	1,317,936	2,349,517
	2,000,000	2,994,871	7,009,812	3,794,640	10,029,168	13,521,358

37.1 The Chief Executive Officer, Directors and some executives have been provided with Company maintained cars and are also entitled to reimbursement of medical and entertainment expenses.

37.2 An amount of Rs 2.35 million (2011: Rs. 1.6 Million) has been paid to two Directors (2011: one) for rendering of services.

37.3 No fee was paid to directors for attending board meetings.

38. PRODUCTION CAPACITY IN METRIC TONS

	2012 Maximum Capacity	2012 Actual Production	2011 Maximum Capacity	2011 Actual Production
Oleo Chemicals (Metric Tons)	24,000	19,614	24,000	18,966
Chlor Alkali Products (Metric Tons)	31,350	30,836	31,350	31,071

The under utilization of capacity is due to prevailing market conditions.

39. DATE OF AUTHORIZATION FOR ISSUE

39.1 These financial statements were authorized for issue on 20th September, 2012 by the board of directors of the Company.

39.2 Figures in these financial statements have been rounded off to the nearest rupee.

Chief Executive **Director**

STATEMENT PURSUANT TO SECTION 218

OF THE COMPANIES ORDINANCE, 1984

TO ALL MEMBERS OF THE COMPANY

Dear Sir/Madam,

This to inform you that the Board of Directors in their meeting held on 20th September, 2012 has re-appointed Mr. Zafar Mahmood as Chief Executive Officer (CEO) of the Company.

In pursuant of Section 218 of the Companies Ordinance, 1984 this is to inform you that the terms and conditions of Mr. Zafar Mahmood's appointment are in accordance with his terms of service with the Company.

The Board of Directors had decided the remuneration of CEO for which the following resolution was passed:

> **Resolved that**, "the Company hereby authorizes the payment as remuneration of Chief Executive Officer, an amount not exceeding Rs. 2.4 million per annum exclusive of perquisites, bonus, Company maintained car and other incidentals relating to his office in accordance with the Company Policy".

Mr. Zafar Mahmood is concerned / interested in the appointment to the extent mentioned above. No other director is concerned / interested in the appointment.

Yours faithfully,

M. Inam-ur-Rahim
Company Secretary

Lahore
September 20, 2012.

FORM OF PROXY

Ledger Folio/CDC A/C No.

Shares Held

The Company Secretary,
Nimir Industrial Chemicals Limited,
14.8 km., Sheikhupura-Faisalabad Road,
Mouza Bhikki, District Sheikhupura.

I / We .... of

.... being

member(s) of Nimir Industrial Chemicals Limited hereby appoint .... of

.... as my/our proxy to vote for me / us .... on my / our behalf

at the 19th Annual General Meeting of the Company to be held on 19th October, 2012 at 10.00 am and/or at any adjournment thereof.

Signed this .... day of .... 2012.

Signature on Rs.5 Revenue Stamp

Notes:

1. The share transfer books of the Company shall remain closed from 12th October, 2012 to 19th October, 2012 (both days inclusive).

2. A member eligible to attend and vote at this meeting is entitled to appoint another member as his / her proxy to attend and vote instead of him / her. A proxy must be a member of the Company. Proxies in order to be effective must be received at the registered office of the Company not later than forty-eight (48) hours before the time of holding the meeting.

3. The corporate shareholders shall nominate someone to represent them at the Annual General Meeting. The nominations, in order to be effective must be received by the Company not later than forty eight (48) hours before time of holding the meeting.

4. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his / her original National Identity Card (CNIC) or passport, Account and participants' I.D numbers to prove his / her identity, and in case of proxy must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.

5. Shareholders are requested to immediately notify change in address, if any, to the Company's share registrar, M/s Corplink (Pvt.) Limited, Wings Arcade, 1-K (Commercial), Model Town, Lahore.