



Annual Report 2008

Nimir Industrial Chemicals Limited

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COMPANY INFORMATION

Board of Directors

Mr. Louis Tucker Link (Chairman)
Mr. Zafar Mahmood (Chief Executive)
Sh. Amar Hameed
Mr. Abdul Jalil Jamil
Mr. Saeed-uz-Zaman
Mr. Umar Iqbal
Mr. Imran Afzal

Audit Committee

Mr. Abdul Jalil Jamil (Chairman)
Mr. Louis Tucker Link
Mr. Saeed-uz-Zaman

Chief Financial Officer

Mr. Khalid Mumtaz Qazi

Company Secretary

Mr. Shamshad A. Naushahi

Auditors

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Legal Advisor

KMS Law Associates
Advocates

Bankers

The Bank of Punjab
Saudi Pak Commercial Bank Ltd.
Trust Investment Bank Limited
HSBC Bank Middle East Limited
MCB Bank Limited

Registered / Head Office

51-N, Industrial Area, Gulberg-II, Lahore
Ph : 92 42 5718001-9
Fax : 92 42 5718013
Email : contact@nimir.com.pk

Shares' Registrar

Corplink (Pvt.) Limited
Wings Arcade 1-K (Commercial) Model Town, Lahore.

Factory

14.8 km., Sheikhpura-Faisalabad Road,
Mouza Bhikki,
District Sheikhpura.
Ph : 056 3882198 - 99
Fax : 056 3882198

Web Site

www.nimir.com.pk

Vision Statement

“To make Nimir Industrial Chemicals Limited a customer-driven and result oriented company which brings success to all its stakeholders through a commitment to technical and managerial excellence, innovation, creativity and social responsibility.”

Mission Statement

“To turn our Business around into a viable enterprise by reducing costs and increasing revenues.”

Statement of Ethics & 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 15th Annual General Meeting of Nimir Industrial Chemicals Limited will be held on Tuesday, 14th October, 2008 at 11:00 a.m. at 51 N, Industrial Area, Gulberg II, Lahore, to transact the following business:

1. To confirm the minutes of the Annual General Meeting of the Company held on 29th October, 2007.
2. To receive, consider and adopt the audited accounts of the Company for the year ended 30th June, 2008 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditors for the year ending 30th June, 2009 and fix their remuneration. The retiring auditors M/s Ford Rhodes Sidat Hyder and Company – Chartered Accountants have offered themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

By Order of the Board.

Lahore
12th September, 2008

(Shamshad A. Naushahi)
Company Secretary

Notes:

- I. The share transfer books of the Company shall remain closed from 7th October, 2008 to 14th October, 2008 (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 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 the 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 ("NIC") 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 NIC 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 15th Annual Report of the company for the year ended 30th June 2008.

Operating Results

During the year under review the company performed well in all areas of its operations. Sales have increased by 58% over the last year mainly due to commissioning of new soap noodle plant. As a result of significant increase in sales, gross profit increased from Rs. 18.8 million to Rs 151.2 million (showing 8 times growth over the last year).

Due to sharp depreciation of Pak Rupee, the company suffered exchange loss of Rs.62.6 million which was partly compensated by the remission of loan by the parent company during the year.

The company posted net profit of Rs. 23.6 million during the year ending 30 June, 2008 against net loss of Rs. 99.1 million in the corresponding last year, showing significant turnaround.

Future Outlook

In order to meet the requirement of domestic market of soap noodles, the company has started expanding the capacity of its newly installed soap noodles plant from 6,000 tons to 12,000 tons per annum. The expansion is schedule to be completed in the third quarter of the financial year 2009.

Summary of key operating and financial data of last six years

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

Dividend

The company has announced an interim dividend of Rs. 0.25 per share (5%) to the shareholders during the first half of the financial year however, M/s Knightsbridge Chemicals Limited (the parent Company) has voluntary surrendered its portion of the interim dividend to facilitates the Company, hence the dividend payable represents the portion relating to the minority shareholders.

Outstanding statutory payments

All outstanding payments are of nominal and routine nature.

Significant plan and decisions

The plans have been explained in the Future Outlook above.

Gratuity Scheme

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

Board of directors

Since last review Mr. Imran Afzal has been elected on the the Board of Directors of the company in place of retiring director, Mr. George Rapport.

DIRECTORS' REPORT

During the year four board meetings were held and attended as follow:

Name of directors	Meeting Attended	
• Louis Tucker Link	3	Represented by Mr. Kamal Nasir-ud-Din as alternate director
• Abdul Jalil Jamil	4	-
• Imran Afzal	2	Appointed w.e.f 14.12.2007
• Umar Iqbal	3	-
• Sh. Amar Hameed	4	Represented by Mr. Muhammad Ashraf as alternate director in two meetings
• Saeed-uz-Zaman	3	Represented by Mr. Imran Afzal as alternate director in two meetings
• George Rapport	1	Represented by Mr. Khalid Mehmood Khan as alternate director. Retiring w.e.f 03.12.2007
• Zafar Mahmood	4	-

Leave of absence was granted to directors who could not attend some of the board meetings.

Corporate Governance

We are pleased to inform you that the company after adopting the Code of Corporate Governance is duly complying with the provision of the said code applicable to the company as at 30 June, 2008.

Statement on corporate and financial reporting framework

- 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 financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, 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's 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.

Audit Committee

The board of directors has constituted the audit committee as follows:

- | | | |
|-------------------------|--------------------------|----------|
| • Mr. Abdul Jalil Jamil | (Non-Executive Director) | Chairman |
| • Mr. Louis Tucker Link | (Non-Executive Director) | Member |
| • Mr. Saeed uz Zaman | (Non-Executive Director) | Member |

Auditors

The audit committee has recommended the re-appointment of M/s Ford Rhodes Sidat Hyder and Company, Chartered Accountant as auditors of the company for the year ending June 30, 2009.

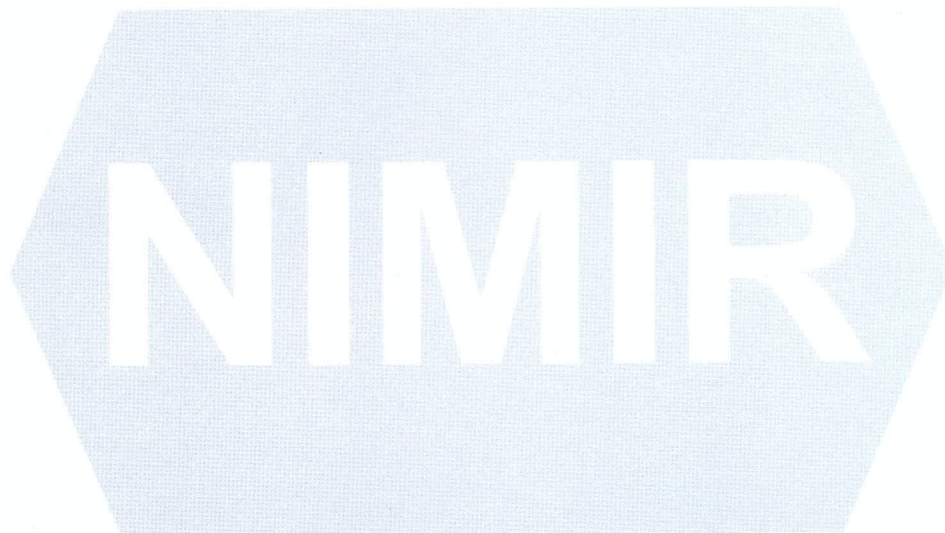
DIRECTORS' REPORT

Pattern of shareholding

A pattern of shareholding of the company is annexed

Acknowledgement

The board of Directors of the company highly appreciates the cooperation, dedication, commitment and hard work extended to the company by the customers, suppliers, bankers and all the employees. We are also thankful to our shareholders for reposing their confidence in the management. We look forward to a turn around of the company soon, Insha Allah.



For and on behalf of the Board

Lahore
September 12, 2008

A handwritten signature in black ink, appearing to be "M. A. Qureshi", written over a horizontal line.

Director

KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS

	2008	2007	2006	2005	2004	2003
Net Sales	1,118,405	705,904	609,722	566,422	398,591	423,078
Gross Profit / (Loss)	151,296	18,835	(21,286)	706	(44,994)	(39,173)
Operating Profit / (Loss)	90,222	(33,366)	(71,178)	(43,576)	(79,614)	(74,320)
Profit / (Loss) before tax	27,852	(93,943)	(117,101)	(276,697)	(169,178)	(277,249)
Profit / (Loss) after tax	23,620	(99,143)	(120,095)	(279,539)	(171,442)	(279,973)
Paid-up Capital	1,105,905	1,105,905	1,105,905	884,724	707,779	1,415,559
Net Worth	261,062	259,896	359,039	257,953	360,547	531,989
Long Term Loans, deposits and Leases	852,565	926,160	771,526	832,278	849,685	672,557
Current Assets	499,328	424,243	310,806	328,314	200,376	157,764
Current Liabilities	498,589	376,756	292,461	319,460	197,740	323,441



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Pattern of Shareholding

As At June 30, 2008

No. of Shareholders	SHAREHOLDING		Total Shares Held
	From	To	
88	1	100	5783
1195	101	500	522833
626	501	1000	598449
1564	1001	5000	4952142
624	5001	10000	5329059
209	10001	15000	2743941
191	15001	20000	3604535
126	20001	25000	3018704
58	25001	30000	1650936
49	30001	35000	1635390
38	35001	40000	1457719
20	40001	45000	858656
53	45001	50000	2631757
14	50001	55000	747625
16	55001	60000	942738
11	60001	65000	695300
12	65001	70000	822288
15	70001	75000	1105125
8	75001	80000	624781
7	80001	85000	586500
8	85001	90000	706062
3	90001	95000	283250
44	95001	100000	4398000
6	100001	105000	613125
9	105001	110000	972625
3	110001	115000	335875
5	115001	120000	594750
4	120001	125000	500000
4	125001	130000	514500
2	130001	135000	270000
2	135001	140000	275125
3	140001	145000	426500
4	145001	150000	598000
1	150001	155000	151562
3	160001	165000	489500
1	165001	170000	165932
4	170001	175000	695000
2	175001	180000	355300
2	185001	190000	380000
13	195001	200000	2600000
1	200001	205000	204022
2	210001	215000	428500
1	215001	220000	220000
2	220001	225000	450000
1	225001	230000	226000
1	230001	235000	231000
1	235001	240000	238000
1	240001	245000	245000
5	245001	250000	1250000
1	250001	255000	255000
1	260001	265000	264457
2	265001	270000	535500
2	270001	275000	550000
1	275001	280000	276000
2	295001	300000	600000
1	310001	315000	312545
1	320001	325000	325000
1	335001	340000	338000
2	345001	350000	700000
1	350001	355000	353500
1	360001	365000	361500

Pattern of Shareholding

As At June 30, 2008

1	385001	390000	385793
2	395001	400000	800000
2	405001	410000	815000
1	455001	460000	460000
1	475001	480000	479250
1	480001	485000	481000
2	495001	500000	1000000
1	580001	585000	582656
1	595001	600000	600000
1	640001	645000	645000
2	695001	700000	1400000
1	745001	750000	746000
1	790001	795000	790500
1	920001	925000	925000
1	995001	1000000	1000000
1	1000001	1005000	1005000
1	1195001	1200000	1200000
1	1370001	1375000	1371850
1	2000001	2005000	2001500
1	3720001	3725000	3722000
1	4935001	4940000	4938759
1	6240001	6245000	6242500
1	131365001	131370000	131365894
5105			221181093

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	2,052,194	0.9278%
Parent Company (Knightsbridge Chemicals Limited)	131,365,894	59.3929%
NIT and ICP	3,000	0.0014%
Banks Development Financial Institutions, Non Banking Financial Institutions.	5,021,484	2.2703%
Insurance Companies	0	0.0000%
Modarabas and Mutual Funds	1,062,147	0.4802%
Shareholders holding 10%	131,365,894	59.3929%
General Public		
a. Local	73,417,711	33.1935%
b. Foreign		
Others (to be specified)		
a. Joint Stock Companies	4,102,943	1.8550%
b. Foreign Companies	64,800	0.0293%
c. Leasing Companies	48,020	0.0217%
d. Investment Companies	24,900	0.0113%
e. Private & Other Companies	4,018,000	1.8166%

Detail of Pattern of Shareholding

As Per Requirements of Code of Corporate Governance

Categories	Shares Held	
Parent Company		
Knightsbridge Chemicals Limited	131,365,894	
NIT & ICP		
National Bank of Pakistan - Trustee wing	-	
Investment Corporation of Pakistan	3,000	
Directors, CEO, & their spouses and minor children		
Mr. Zafar Mahmood	Director / Chief Executive	26,750
Mr. Abdul Jalil Jamil	Director	67,376
Sh. Amar Hameed	Director	582,656
Mr. Umar Iqbal	Director	1,000
Mr. Imran Afzal	Director	1,000
Mr. Saeed-uz-Zaman	Director	1,562
Mrs. Nusrat Jamil w/o Abdul Jalil Jamil		1,371,850
Executives		-
Public Sector Companies & Corporations		-
Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds		14,342,294
General Public		73,417,711
Shareholders holding 10% or more voting interest	Shares Held	Percentage
Knightsbridge Chemicals Limited	131,365,894	59.3929%

Detail of purchase / sale of shares by Directors, Company Secretary, Head of Internal Audit Department, Chief Finance Officer, and their spouses / minor children during 2007-2008.

Name	PURCHASED	SOLD
Mr. Zafar Mahmood	-	958,500
Mr. Umar Iqbal	-	624,000
Mr. Khalid Mumtaz Qazi	-	60,000
Mr. Shamshad A. Naushahi (Company Secretary)	-	20,000
Mr. Imran Afzal	1,000	-
Mrs. Nusrat Jamil	26,000	-

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulations No. 37 of the Karachi Stock Exchange and Chapter XIII of the Listing Regulations of the Lahore Stock Exchange 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 in the following manner:

1. The Company encourages representation of non-executive directors on its Board of Directors. During the year, the Board includes 5 non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. To the best of our knowledge 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 NBFIs or, being a member of a stock exchange, has been declared a defaulter by that stock exchange.
4. All casual vacancies were filled up by the Board within fourteen days.
5. The Company has prepared a "statement of ethics and business practices", which has been signed by all the directors and employees of the Company.
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 and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged one orientation course for its directors during the year to apprise them of their duties and responsibilities. The Board members are well aware of their duties and responsibilities.
10. The Board has approved the appointment of the CFO and internal auditor including their remuneration and terms and conditions of employment.
11. The directors' report has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval by 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.
15. The Board has formed an audit committee. It comprises 3 members, all of whom are non-executive directors including the chairman of the committee.
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. The terms of reference of the committee have been formulated and advised to the committee for compliance.
17. The Board has set-up an effective internal audit function.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, 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 Association (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. 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 observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

Lahore
September 12, 2008



Zafar Mahmood
Chief Executive

REVIEW REPORT TO THE MEMBERS

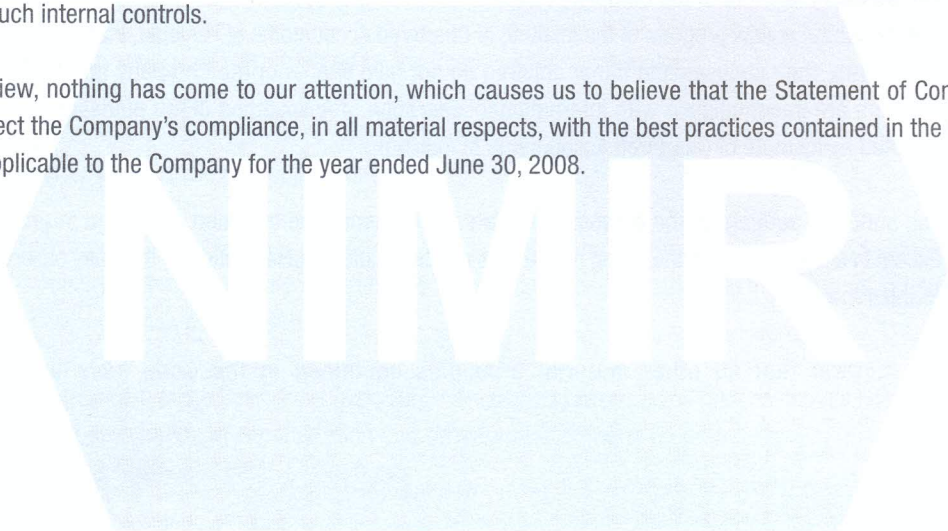
ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance applicable to the Company for the year ended June 30, 2008 prepared by the Board of Directors of Nimir Industrial Chemicals Limited to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange and Chapter XIII of the Lahore Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2008.



Lahore
September 12, 2008

Feroz Chohan Sidat Hyder
Chartered Accountants

Auditors' Report To The Members

We have audited the annexed balance sheet of Nimir Industrial Chemicals Limited as at 30 June, 2008 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;
 - 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, 2008 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Lahore
September 12, 2008

Fareed Chohan Sidat Hyder
Chartered Accountants

Balance Sheet

	Note	2008 (Rupees)	2007 (Rupees)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital:			
290,000,000 (2007:290,000,000)			
Ordinary shares of Rs. 5/- each (2007: Rs. 5/- each)		1,450,000,000	1,450,000,000
Issued, subscribed and paid up capital	5	1,105,905,465	1,105,905,465
Accumulated losses		(844,843,204)	(846,009,491)
		261,062,261	259,895,974
NON CURRENT LIABILITIES			
Subordinated loans - Parent company-Unsecured	6	793,064,697	844,159,500
Long term loans	7	42,500,000	65,000,000
Liabilities against assets subject to finance lease	8	64,348,069	79,195,485
Long term deposits and suppliers credit	9	17,000,000	17,000,000
Deferred liabilities-Staff retirement benefits	10	15,853,461	11,975,597
CURRENT LIABILITIES			
Trade and other payables	11	423,124,429	273,211,545
Unclaimed dividend		758,001	-
Short term borrowings-Secured	12	18,997,936	557,783
Current maturity of long term loans	7	32,500,000	79,500,000
Current maturity of liabilities against assets subject to finance lease	8	18,976,660	18,286,210
Provision for taxation		4,231,492	5,200,221
		498,588,518	376,755,759
CONTINGENCIES AND COMMITMENTS	13	1,692,417,006	1,653,982,315

The annexed notes from 1 to 36 form an integral part of these financial statements.


Chief Executive

As At 30 June, 2008

	<u>Note</u>	<u>2008</u> <u>(Rupees)</u>	<u>2007</u> <u>(Rupees)</u>
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	14	1,175,066,800	1,211,452,316
Long term deposits	15	18,022,664	18,287,214
CURRENT ASSETS			
Stores and spares	16	12,663,962	5,796,410
Stock in trade	17	210,676,801	123,054,920
Trade debts	18	147,170,796	128,771,006
Advances, deposits, prepayments and other receivables	19	79,168,537	31,452,554
Cash and bank balances	20	49,647,446	135,167,895
		499,327,542	424,242,785
		<u>1,692,417,006</u>	<u>1,653,982,315</u>



Director

Profit And Loss Account

For The Year Ended 30 June, 2008

	Note	2008 (Rupees)	2007 (Rupees)
Sales	21	1,118,405,456	705,903,618
Cost of sales	22	(967,109,808)	(687,068,148)
Gross profit		151,295,648	18,835,470
Distribution costs	23	(36,739,630)	(28,377,410)
Administrative expenses	24	(24,333,843)	(23,824,113)
Operating profit / (loss)		90,222,175	(33,366,053)
Other expenses	25	(5,564,951)	(7,519,433)
Other income	26	16,979,794	3,167,393
Finance costs	27	(68,593,275)	(55,230,731)
Foreign exchange loss	28	(62,608,688)	(993,933)
Remission of parent company loan	6	57,416,523	-
Profit / (loss) before taxation		27,851,578	(93,942,757)
Taxation	29	(4,231,492)	(5,200,221)
Profit / (loss) after taxation		23,620,086	(99,142,978)
Earnings per share - Basic and diluted	30	0.11	(0.45)

The annexed notes from 1 to 36 form an integral part of these financial statements.


 Chief Executive


 Director

Cash Flow Statement

For The Year Ended 30 June, 2008

	2008 (Rupees)	2007 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (loss) before taxation	27,851,578	(93,942,757)
Adjustment for:		
Depreciation	63,356,735	57,770,576
Finance cost	68,593,275	55,230,731
Foreign exchange loss	62,608,688	993,933
Remission of parent company loan	(57,416,523)	-
Provision for doubtful debts	4,099,078	7,519,433
Provision for gratuity	4,495,647	3,686,720
Gain on disposal of property, plant and equipment	(244,951)	(1,212,505)
	145,491,949	123,988,888
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	173,343,527	30,046,131
(Increase)/decrease in current assets		
Stores and spares	(6,867,552)	(1,287,983)
Stock in trade	(87,621,881)	(56,183,656)
Trade debts	(22,498,868)	(14,828,885)
Advances, deposits, prepayments and other receivables	(45,589,871)	(854,571)
	(162,578,172)	(73,155,095)
Increase in current liabilities		
Trade and other payables	108,046,587	47,554,618
	(54,531,585)	(25,600,477)
CASH GENERATED FROM OPERATIONS	118,811,942	4,445,654
Gratuity paid	(617,783)	(1,013,876)
Finance cost paid	(69,611,619)	(68,496,291)
Tax paid	(7,326,332)	(5,994,893)
	(77,555,734)	(75,505,060)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	41,256,208	(71,059,406)

	2008 (Rupees)	2007 (Rupees)
Balance brought forward	41,256,208	(71,059,406)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(27,327,468)	(133,510,239)
Sale proceeds from disposal of property, plant and equipment	601,200	1,522,550
Long term deposits	264,550	(13,126,750)
NET CASH USED IN INVESTING ACTIVITIES	(26,461,718)	(145,114,439)
CASH FLOW FROM FINANCING ACTIVITIES		
Loans received from parent company	121,071,673	277,724,421
Loans repaid to parent company	(133,716,000)	(48,280,000)
Dividend paid	(22,453,799)	-
Long term loan paid	(69,500,000)	(44,810,893)
Liabilities against assets subject to finance lease	(14,156,966)	72,789,120
Short term finances	18,440,153	557,783
NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES	(100,314,939)	257,980,431
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(85,520,449)	41,806,586
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	135,167,895	93,361,309
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR A	49,647,446	135,167,895

A Cash and cash equivalents include cash and bank balances as stated in Note 20.

The annexed notes from 1 to 36 form an integral part of these financial statements.



Chief Executive



Director

Statement Of Changes In Equity

For The Year Ended 30 June, 2008

	Issued, Subscribed and Paid up Share Capital	Accumulated Loss	Total
	(Rupees)	(Rupees)	(Rupees)
Balance as on June 30, 2006	1,105,905,465	(746,866,513)	359,038,952
Loss for the year	—	(99,142,978)	(99,142,978)
Balance as on June 30, 2007	1,105,905,465	(846,009,491)	259,895,974
Profit for the year	—	23,620,086	23,620,086
Dividend paid @ 0.25 per share*	—	(22,453,799)	(22,453,799)
Balance as on 30 June, 2008	1,105,905,465	(844,843,204)	261,062,261

The annexed notes from 1 to 36 form an integral part of these financial statements.

* M/s Knightsbridge Chemicals Limited (the parent company) has voluntarily surrendered its portion of this dividend to facilitate the Company, hence the dividend represents the portion relating to the minority shareholders.



Chief Executive



Director

Notes To The Financial Statements

For The Year Ended 30 June, 2008

1. THE COMPANY AND ITS OPERATIONS

Nimir Industrial Chemicals Limited (the Company) was incorporated in Pakistan on February 6, 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 January 01, 2000. The registered office of the company is situated at 51-N, Gulberg II, Lahore, Pakistan. The company is engaged in manufacturing of Oleo Chemicals (fatty acids & soap noodle) and Chlor Alkali products (caustic soda and related by products).

The parent company, Knightsbridge Chemicals Limited Bermuda, holds 131,365,894 (2007: 131,365,894) ordinary shares of Rs. 5/- each (2007: Rs.5/- each), representing 59.4% (2007: 59.4%) of the issued capital of the company as at 30 June, 2008.

2. STATEMENT OF COMPLIANCE

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 (IFRS) 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. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.1. Standards, Interpretations and amendments to published approved accounting standards that are not yet effective:

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

Standard or Interpretation	Effective Date (Periods Beginning on or After)
IAS 1 Presentation of Financial Statements (Revised)	January 01, 2009
IAS 23 Borrowing Costs (Revised)	January 01, 2009
IAS 27 Consolidated and Separate Financial Statements (Revised)	January 01, 2009
IAS 29 Financial Reporting in Hyperinflationary Economies	April 28, 2008
IFRS 3 Business Combinations	January 01, 2009
IFRS 7 Financial Instruments: Disclosures	April 28, 2008
IFRS 8 Operating Segments	January 01, 2009
IFRIC 12 Service Concession Arrangements	January 01, 2009
IFRIC 13 Customer Loyalty Programs	July 01, 2008
IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions	January 01, 2009

The Company expects that the adoption of the above standards and interpretations will have no material impact on the Company's financial statements in the period of initial application other than to the extent of certain changes or enhancements in the presentation and disclosure in 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 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, expected rates of return on assets, future salary increases and mortality rates. Due to the long term nature of this plan, such estimates are subject to significant uncertainty. The net liability as at 30 June, 2008 is Rs. 15,853,461 (2007: Rs. 11,975,597). Further details are given in Note 10.

3.2 Provision for taxation

Provision for current taxation is based on taxable income at the current rate of tax after taking into account applicable tax credits, rebates and exemptions available, if any or 0.5% of turnover whichever is higher.

3.3 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.

3.4 Useful life and residual values of property, plant and equipment

Estimates with respect to residual values and 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.

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 liabilities in respect of staff retirement benefit plan which is stated at present value.

4.2 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation is calculated using the straight line method at rates disclosed in Note 14, 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.

Capital work in progress

These are stated at cost 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 assets

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 at the rates and basis applicable to Company owned assets.

4.3 Stock in trade

Stocks, stores and spares 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.

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 for its sale.

4.4 Trade debts

Trade debts are carried at invoice amount on transaction date less any estimate for doubtful receivables. 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 enterprise 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.

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

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are short term running finance utilized under mark-up arrangements, creditors, 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.

The tax rates enacted at the balance sheet date are used to determine deferred tax

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 Retirement and termination benefits

The company operates an unfunded gratuity scheme benefits for all its employees. Under this scheme, 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 scheme:

Discount rate	12 %
Expected rates of salary increase in future years	11%
Average expected remaining working lifetime of employees	10 years

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 the Company's gratuity obligations are amortized over the expected average remaining working lives of the employees.

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 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 except for subordinated loans from parent company which are interest free.

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.

5 ISSUED, SUBSCRIBED, AND PAID UP CAPITAL

2008	2007		2008	2007
No. of shares			(Rupees)	(Rupees)
37,750,000	37,750,000	*Ordinary shares of Rs 5/- (2007: Rs. 5/- each) 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 at 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 (2007: Rs. 5/- each) issued (originally at Rs.10/- at a discount of Rs. 6 per share) to the leasing companies and a bank to convert part of their finances into fully paid up shares.	124,339,500	124,339,500
35,388,975	35,388,975	25% Right issue of shares of Rs.5/- each offered at par	176,944,875	176,944,875
44,236,219	44,236,219	25% Right issue of shares of Rs.5/- each offered at par	221,181,095	221,181,095
<u>221,181,093</u>	<u>221,181,093</u>		<u>1,105,905,465</u>	<u>1,105,905,465</u>

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

5.1 The parent company Knightsbridge Chemicals Limited (Bermuda) holds 131,365,894 (2007: 131,365,894) ordinary shares of Rs. 5/- each (2007:Rs.5/-each), representing 59.4% (2007: 59.4%) of the issued capital of the company.

	Note	2008 US \$	2008 (Rupees)	2007 US \$	2007 (Rupees)
6 SUBORDINATED LOANS - PARENT COMPANY - Unsecured					
Balance as at July 01, 2007		13,965,662	844,159,500	10,185,834	614,715,079
Add: Additions during the year		1,899,965	121,071,673	4,579,828	277,724,421
		15,865,627	965,231,173	14,765,662	892,439,500
Less: Repayments during the year		2,200,000	133,716,000	800,000	48,280,000
Remission of parent company loan	6.1	949,897	57,416,523	-	-
		3,149,897	191,132,523	800,000	48,280,000
Exchange loss		-	18,966,047	-	-
Current Maturity		-	-	-	-
Closing balance		12,715,730	793,064,697	13,965,662	844,159,500

6.1 The parent company M/s Knightsbridge Chemicals Limited has, through the resolution of its board of directors, granted the remission of loan.

6.2 The above loans were obtained as interest free for working capital, caustic soda plant, soap noodles plant and gas gen set. These loans are repayable in US \$ over a period as given below and are convertible into equity, debentures and TFCs with the mutual consent of parties thereto.

	(R u p e e s)						
	Within one year	Maturity after one year and upto two years	Maturity after two years and upto three years	Maturity after three years and upto four years	Maturity after four years and upto five years	Maturity after five years	Total
2008	-	-	535,063,269	169,230,523	88,770,905	-	793,064,697
2007	-	126,021,160	170,025,166	128,490,560	128,490,560	291,132,054	844,159,500

	<u>Note</u>	<u>2008</u> <u>(Rupees)</u>	<u>2007</u> <u>(Rupees)</u>
7 LONG TERM LOANS			
Banks and financial institutions- Secured	7.1	75,000,000	144,500,000
		75,000,000	144,500,000
Less: Current maturity shown under current liabilities		(32,500,000)	(79,500,000)
		<u>42,500,000</u>	<u>65,000,000</u>
7.1 Banks and Financial Institutions - Secured			
Banks			
Crescent Commercial Bank Limited Term Finance 2		-	47,000,000
The Bank of Punjab - Term Finance	7.1.1	65,000,000	97,500,000
Trust Investment Bank Limited	7.1.2	10,000,000	-
		75,000,000	144,500,000
Less: Current maturity		(32,500,000)	(79,500,000)
		<u>42,500,000</u>	<u>65,000,000</u>

7.1.1 The facility is repayable in four years in eight equal half yearly installments starting from September 2006. It carries mark-up @ average six months KIBOR plus 400 BPS with no floor and cap. The facility is secured against first charge on the present and future fixed assets of the company and is also secured against the corporate guarantee of M/s Knightsbridge Chemicals Limited.

7.1.2 The facility is repayable in two years at maturity. It carries mark-up @ three months KIBOR plus 300 BPS p.a. The facility is secured against ranking charge on the current assets of the company amounting to Rs. 30 million.

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The interest rates used as the discounting factor (i.e. implicit in the lease) ranges from 3 months KIBOR plus 4% to 6 months KIBOR plus 4% (2007: 3 months KIBOR plus 4% to 6 months KIBOR plus 4%) per annum. The amount of future payments and the period during which they will become due are:

		<u>2008</u> <u>(Rupees)</u>	<u>2007</u> <u>(Rupees)</u>
Year ending June 30,	2008	-	28,135,531
	2009	27,214,938	25,761,360
	2010	26,048,133	24,815,230
	2011	25,204,959	24,062,366
	2012	20,022,993	18,947,825
	2013	1,315,886	-
		99,806,909	121,722,312
Less: Future finance charges		16,482,180	24,240,617
		83,324,729	97,481,695
Less: Current maturity shown under current liabilities		18,976,660	18,286,210
		<u>64,348,069</u>	<u>79,195,485</u>

The lease agreements have the option for purchase of assets at the end of the lease period. There are no financial restrictions in the lease agreements.

8.1 Minimum lease payments and their present value are regrouped as below :

	2008		2007	
	MLP (Rupees)	PV of MLP (Rupees)	MLP (Rupees)	PV of MLP (Rupees)
Due not later than 1 year	27,214,938	18,976,660	28,135,531	18,286,210
Due later than 1 year but not later than 5 years	72,591,971	64,348,069	93,586,781	79,195,485
	<u>99,806,909</u>	<u>83,324,729</u>	<u>121,722,312</u>	<u>97,481,695</u>

	Note	2008 (Rupees)	2007 (Rupees)
9 LONG TERM DEPOSITS & SUPPLIERS CREDIT			
Security deposit from distributor	9.1	5,000,000	5,000,000
Suppliers credit	9.2	12,000,000	12,000,000
		<u>17,000,000</u>	<u>17,000,000</u>

9.1 The distributor has given the company right to utilize this deposit in normal course of business.

9.2 This represent the amount payable against the supplies relating to caustic soda plant and are interest free, payable in three half yearly installments, commencing from December 01, 2009.

	Note	2008 (Rupees)	2007 (Rupees)
10 DEFERRED LIABILITY - STAFF RETIREMENT BENEFITS			
Staff retirement benefits - gratuity	10.1	15,853,461	11,975,597
10.1 The amount recognised in the balance sheet are as follows:			
Present value of defined benefits obligation		17,929,155	14,051,419
Benefits due but not paid		447,269	396,569
Unrecognized actuarial losses		(2,522,963)	(2,472,391)
		<u>15,853,461</u>	<u>11,975,597</u>
The amounts recognised in the profit and loss account against defined benefit scheme are as follows:			
Current service cost		2,983,780	2,565,808
Interest cost		1,405,142	999,208
Actuarial loss		106,725	121,704
Expense recognised in the profit & loss account.		<u>4,495,647</u>	<u>3,686,720</u>
The charge for the year has been allocated as follows:			
Cost of sales		2,726,898	2,200,967
Distribution cost		378,726	292,952
Administrative expenses		1,390,023	1,192,801
		<u>4,495,647</u>	<u>3,686,720</u>

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

	2008 (Rupees)	2007 (Rupees)
Opening balance	11,975,597	9,302,753
Charge for the year	4,495,647	3,686,720
Contributions	-	(882,734)
Payments during the year	(617,783)	(131,142)
Closing balance	<u>15,853,461</u>	<u>11,975,597</u>
Movements in the present value of defined benefit obligation:		
Present value of defined benefits obligation as at July 01	14,051,419	11,102,314
Service cost	2,983,780	2,565,808
Interest cost	1,405,142	999,208
Benefits due but not paid	(50,700)	-
Benefits paid	(617,783)	(882,734)
Actuarial loss	157,297	266,823
Present value of defined benefits obligation as at June 30	<u>17,929,155</u>	<u>14,051,419</u>

10.2

	2008	2007	2006	2005	2004
Present value of defined benefit obligations at the end of the year	17,929,155	14,051,419	11,102,314	10,598,420	7,989,214
Experience adjustment arising on plan liabilities losses	157,297	266,823	496,744	1,296,000	209,000

11 TRADE AND OTHER PAYABLES

	Note	2008 (Rupees)	2007 (Rupees)
Creditors		369,823,706	219,251,948
Retention money		195,293	2,405,170
Accrued expenses		8,210,810	9,852,445
Due to related parties	11.1	503,246	8,591,912
Security from distributor & transporter	11.2	1,273,250	1,473,250
Advances from customers		36,429,486	21,593,496
Mark-up accrued on long term and short term loans		4,629,170	5,647,514
Workers profit participation fund		1,465,873	-
Tax and other payables		333,810	205,181
Custom and regulatory duty payable		-	4,093,030
Other liabilities		259,785	97,599
		<u>423,124,429</u>	<u>273,211,545</u>

11.1 This represents the amounts being payable to the following related parties for the services received:

	2008 (Rupees)	2007 (Rupees)
Nimir Chemicals Pakistan Limited	-	8,088,665
Nimir Specialty Chemicals Sharjah	431,905	431,906
International Chemicals Company Egypt	71,341	71,341
	<u>503,246</u>	<u>8,591,912</u>

11.2 The distributor and transporter has given the company right to utilize this deposit in normal course of business.

12 SHORT TERM BORROWINGS - SECURED

The aggregate facility of short term finances from commercial banks available at year end is Rs. 90 million (2007: Rs. 10 million). The rate of mark-up is 3 months KIBOR + 250 bps per annum with 11 % floor and no cap and 13 % per annum (2007: 3 months KIBOR + 450 bps with no floor no cap per annum) recovered quarterly for utilized facility. For unutilized facility the rate of mark-up ranges from 1 month KIBOR + 200 bps to average 6 months KIBOR + 150 bps p.a. with no floor. The facility is secured against 1st charge on the present and future current assets of the company.

The unutilized facility for opening letters of credit and for guarantees as at 30 June, 2008 amounts to Rs. 57,715,624 (2007: Rs. 41,075,327) and Rs.51,000,000 (2007: Rs.50,000,000), respectively.

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

Nil

13.2 Commitments

Commitments in respect of letters of credit established for the import of raw materials amounted to Rs. 73.47 Million (2007: NIL)

14 PROPERTY, PLANT AND EQUIPMENT

	Note	2008 (Rupees)	2007 (Rupees)
Operating fixed assets	14.1	1,093,751,181	1,096,933,643
Capital work in progress	14.6	81,315,619	114,518,673
		<u>1,175,066,800</u>	<u>1,211,452,316</u>

14.1 Operating fixed assets

PARTICULARS	C O S T				Rate %	D E P R E C I A T I O N				Book value As at 30 June, 2008 (Rupees)
	As At July 01, 2007	Additions (Disposals)	Transfer	As At 30 June, 2008		Accumulated as at July 01, 2007	Charge for the year	(Disposals)	Accumulated as at 30 June, 2008	
	(Rupees)	(Rupees)	(Rupees)	(Rupees)		(Rupees)	(Rupees)	(Rupees)	(Rupees)	
OWNED										
Free hold land	9,301,483	1,360,000	-	10,661,483	-	-	-	-	10,661,483	
Building on free hold land	84,022,475	5,818,431	-	89,840,906	17,447,546	4,090,917	-	21,538,463	68,302,443	
Plant & machinery	1,202,885,076	46,427,604	3,955,000	1,253,267,680	300,886,239	47,551,466	576,771	349,014,476	904,253,204	
Furniture & fittings	2,301,812	66,000	-	2,367,812	2,262,285	43,357	-	2,305,642	62,170	
Office equipment	12,985,342	821,749	(2,280)	13,804,811	3,412,400	1,417,265	(114)	4,829,551	8,975,260	
Vehicles	4,009,059	1,464,700	(1,151,763)	4,321,996	1,397,084	829,341	(797,680)	1,428,745	2,893,252	
LEASED										
Plant & machinery	1,315,505,247	55,958,484	(1,154,043)	1,374,264,688	325,405,554	53,932,346	(797,794)	379,116,877	995,147,812	
Vehicles	114,455,000	-	(3,955,000)	110,500,000	8,345,083	9,056,271	-	16,824,583	93,675,417	
	2,023,113	4,572,039	-	6,595,152	1,299,080	388,120	-	1,667,200	4,927,952	
	116,478,113	4,572,039	(3,955,000)	117,095,152	9,644,163	9,424,391	-	18,491,783	98,603,369	
2008	1,431,983,360	60,530,523	(1,154,043)	1,491,359,840	335,049,717	63,366,737	(797,794)	397,608,660	1,093,751,181	
2007										
PARTICULARS	As At July 01, 2006	Additions (Disposals)	Transfer	As At June 30, 2007	Rate %	Accumulated as at July 01, 2006	Charge for the year	(Disposals)	Accumulated as at June 30, 2007	Book value As at June 30, 2007
OWNED										
Free hold land	9,301,483	-	-	9,301,483	-	-	-	-	-	9,301,483
Building on free hold land	70,796,607	13,225,868	-	84,022,475	5	14,020,440	3,427,106	-	17,447,546	66,574,929
Plant & machinery	1,157,542,209	45,342,867	-	1,202,885,076	4-5	255,540,203	45,346,036	-	300,886,239	901,998,837
Furniture & fittings	2,257,192	44,620	-	2,301,812	10	2,210,062	52,223	-	2,262,285	39,527
Office equipment	4,080,121	9,068,681	-	12,985,342	10-20	2,584,234	843,631	-	3,412,400	9,572,942
Vehicles	4,633,549	993,820	(1,618,310)	4,009,059	20	2,001,563	851,778	(15,465)	1,397,084	2,611,975
	1,248,611,161	68,675,856	(1,781,770)	1,315,505,247		276,356,502	50,520,774	(1,456,257)	325,405,554	990,099,693
LEASED										
Plant & machinery	28,555,000	85,900,000	-	114,455,000	4-5	1,120,250	7,224,833	-	8,345,083	106,109,917
Vehicles	1,716,393	749,000	(442,280)	2,023,113	20	1,716,390	24,969	(442,279)	1,299,080	724,033
	30,271,393	86,649,000	(442,280)	116,478,113		2,836,640	7,249,802	(442,279)	9,644,163	106,833,950
2007	1,278,882,554	155,324,856	(2,224,050)	1,431,983,360		279,193,142	57,770,576	(1,914,001)	335,049,717	1,096,933,643

14.2 Disposal of operating fixed assets:

Particulars	Cost	Accumulated	Book Value	Sale Proceeds	Loss / (Gain)	Mode of Disposal	Particulars of Purchasers
		Depreciation					
		(R u p e e s)					
Suzuki Baleno	708,163	354,081	354,082	400,000	(45,918)	Negotiation	Mr. Nadeem Shaukat
Suzuki Khyber	443,600	443,599	1	201,000	(200,999)	Negotiation	Mr. Noor-us-Sammad
Mobile phones	2,280	114	2,166	200	1,966	Negotiation	Ex-Employee (Mr. Abdul Latif)
Total	1,154,043	797,794	356,249	601,200	(244,951)		

14.3 Depreciation for the year has been allocated as under:

	Note	2008 (Rupees)	2007 (Rupees)
Cost of sales	22	62,522,447	57,181,370
Distribution costs	23	581,973	397,427
Administrative expenses	24	252,316	128,029
Capital work in progress		-	63,750
		<u>63,356,736</u>	<u>57,770,576</u>

14.4 No asset was sold to the Chief Executive, Directors, Executives or Shareholders holding more than 10% of total paid-up capital, except otherwise stated.

14.5 Plant and machinery of the company include storage tanks amounting to Rs. 1,855,271 (2007: Rs. 1,855,271) held by customers of the transporter of the Company in normal course of the business.

14.6 Capital work in progress

	Civil Works (R u p e e s)	Plant & Machinery	2008 (Rupees)	2007 (Rupees)
Opening balance	1,583,946	112,934,727	114,518,673	136,333,290
Additions during the year	<u>4,234,485</u>	<u>9,210,362</u>	<u>13,444,847</u>	<u>137,893,741</u>
	5,818,431	122,145,089	127,963,520	274,227,031
Transferred to fixed assets	(5,818,431)	(40,829,470)	(46,647,901)	(152,237,088)
Adjustments made during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,471,270)</u>
	<u>-</u>	<u>81,315,619</u>	<u>81,315,619</u>	<u>114,518,673</u>

	Note	2008 (Rupees)	2007 (Rupees)
15 LONG TERM DEPOSITS			
Security deposits			
- Leasing companies and banks		18,235,450	18,403,250
- Others		327,214	477,214
		18,562,664	18,880,464
Less:			
- Current maturity shown under advances, deposits and prepayments	19	540,000	593,250
		18,022,664	18,287,214
16 STORES AND SPARES			
Stores		3,306,251	1,709,990
Spares and loose tools		9,357,711	4,086,420
		12,663,962	5,796,410
17 STOCK IN TRADE			
Raw and packing material	17.1	38,147,753	22,897,259
Material in transit		113,390,684	90,286,920
		151,538,437	113,184,179
Finished goods		59,138,364	9,870,741
		210,676,801	123,054,920
17.1	This includes steel drums amounting to Rs. 2,684,338 (2007: Rs. 3,201,283) held by customers of the company in normal course of the business.		
	Note	2008 (Rupees)	2007 (Rupees)
18 TRADE DEBTS			
Unsecured			
Considered good - Due from Related parties	18.1		
Nimir Resins Limited		6,819,133	1,975,880
Nimir Chemicals Pakistan Limited		47,825	2,061,178
Nimir Specialty Chemicals Sharjah		2,416,680	-
		9,283,638	4,037,058
Others		137,887,158	124,733,948
		147,170,796	128,771,006
Considered doubtful - Others		13,575,383	18,062,081
Provision for doubtful debtors		(13,575,383)	(18,062,081)
		-	-
		147,170,796	128,771,006

18.1 Maximum aggregate debit balance of related parties at the end of any month during the year were as follows:

	<u>Note</u>	<u>2008</u> <u>(Rupees)</u>	<u>2007</u> <u>(Rupees)</u>
Nimir Resins Limited		6,819,133	2,485,310
Nimir Chemicals Pakistan Limited		2,209,586	4,936,178
Nimir Specialty Chemicals Sharjah		3,572,100	3,340,960

19 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances - Considered good - Unsecured

-Suppliers		7,591,170	4,774,498
-Employees	19.1	1,018,430	807,743
Current maturity of security deposits		540,000	599,290
Advance income tax		10,309,094	8,182,983
Sales tax		18,946,786	1,801,515
Prepayments		6,466,692	372,146
Due from related parties	19.2	3,092,555	313,879
Margin against bank guarantee		5,100,000	5,100,000
L/C margin deposit		22,355,310	7,242,000
Federal excise duty refundable		3,748,500	2,258,500
		<u>79,168,537</u>	<u>31,452,554</u>

19.1 No amount is due from directors, Chief Executive and executives of the company.

19.2 Due from related parties - considered good

Nimir Resins Limited	2,935,681	228,701
Nimir Chemicals Pakistan Limited	71,696	-
Knightsbridge Chemicals Limited	85,178	85,178
	<u>3,092,555</u>	<u>313,879</u>

This represents the amount receivable for the common services rendered from time to time, hence it is not a loan or an advance. The maximum amount due from related party at the end of any month during the year ended 30 June, 2008 was Rs. 3,597,807 (2007: Rs. 313,879).

20 CASH AND BANK BALANCES

Cash at Bank:

	<u>2008</u> <u>(Rupees)</u>	<u>2007</u> <u>(Rupees)</u>
Current Accounts	49,647,446	1,455,299
Foreign Currency Accounts	-	133,712,596
	<u>49,647,446</u>	<u>135,167,895</u>

	Note	2008 (Rupees)	2007 (Rupees)
21 SALES			
Gross Sales			
Local Sales		1,106,165,710	706,863,845
Export Sales		15,382,830	4,571,700
		1,121,548,540	711,435,545
Less: Discount		3,143,084	5,531,927
Net Sales	21.1	1,118,405,456	705,903,618

21.1 Sales are exclusive of sales tax of Rs. 164.532 Million (2007: Rs. 105.412 Million) and inclusive of sales relating to trading activity amounting to Rs. 31.472 Million (2007: 54.753 Million).

	Note	2008 (Rupees)	2007 (Rupees)
22 COST OF SALES			
Raw and packing material consumed	22.1	835,094,725	528,880,559
Salaries, wages and benefits	22.2	42,519,744	37,441,670
Depreciation - Freehold	14.3	53,367,402	50,020,287
Depreciation - Leasehold	14.3	9,155,045	7,161,083
Fuel and power		44,195,643	35,319,428
Stores and spares consumed		10,662,680	7,814,368
Repairs and maintenance		6,602,757	5,168,240
Traveling, conveyance and entertainment		8,422,630	7,002,854
Communications		282,496	306,792
Insurance		3,086,231	2,847,594
Printing and stationery		233,776	232,238
Other expenses		2,754,302	4,031,413
		1,016,377,431	686,226,526
Add: Opening stocks-Finished goods		9,870,741	10,712,363
Less: Closing stocks-Finished goods		(59,138,364)	(9,870,741)
		967,109,808	687,068,148
22.1 Raw and packing material consumed			
Opening balance		113,184,178	56,158,901
Purchases		873,448,984	585,905,836
		986,633,162	642,064,737
Less: Closing balance		(151,538,437)	(113,184,178)
Raw & packing material consumed		835,094,725	528,880,559

22.2 This includes Rs. 2,726,898 (2007: Rs. 2,200,967) in respect of employee benefits - Gratuity scheme.

	Note	2008 (Rupees)	2007 (Rupees)
23 DISTRIBUTION COSTS			
Salaries, wages and benefits	23.1	5,418,691	4,148,636
Repairs and maintenance		20,288	11,478
Traveling, conveyance and entertainment		1,701,273	1,423,619
Communications		266,034	268,839
Insurance		789,808	644,106
Distribution commission		18,097,424	12,389,907
Packing, carriage and forwarding		9,272,065	8,407,282
Printing and stationery		74,712	59,555
Advertising and sale promotion		66,534	49,928
Depreciation	14.3	581,973	397,427
Sales tax penalty		59,579	245,513
Other expenses		391,249	331,120
		<u>36,739,630</u>	<u>28,377,410</u>

23.1 This includes Rs. 378,726 (2007: Rs. 292,952) in respect of employee benefits - gratuity scheme.

	Note	2008 (Rupees)	2007 (Rupees)
24 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	24.1	7,842,959	8,131,185
Fuel and power		746,287	573,308
Repairs and maintenance		99,387	55,464
Traveling, conveyance and entertainment		2,183,328	2,313,909
Communications		979,490	767,741
Insurance		72,115	24,668
Rent, rates and taxes		1,260,342	1,691,667
Printing and stationery		418,077	364,359
Advertising and sale promotion		246,324	410,590
Legal, professional and consultancy expense		1,132,740	1,784,130
Auditors' remuneration	24.2	556,080	507,140
Depreciation	14.3	252,316	128,029
Other expenses		1,495,438	1,464,983
		<u>17,284,883</u>	<u>18,217,173</u>
Add: Services from associated undertakings	24.3	7,048,960	5,606,940
		<u>24,333,843</u>	<u>23,824,113</u>

24.1 This includes Rs. 1,390,023 (2007: Rs.1,192,801) in respect of employee benefits - Gratuity scheme.

	2008 (Rupees)	2007 (Rupees)
24.2 Auditors' remuneration		
Audit fee	250,000	220,000
Certification and review	250,000	240,000
Out of pocket expenses	56,080	47,140
	<u>556,080</u>	<u>507,140</u>

24.3 This represents the staff costs and other services shared during the year.

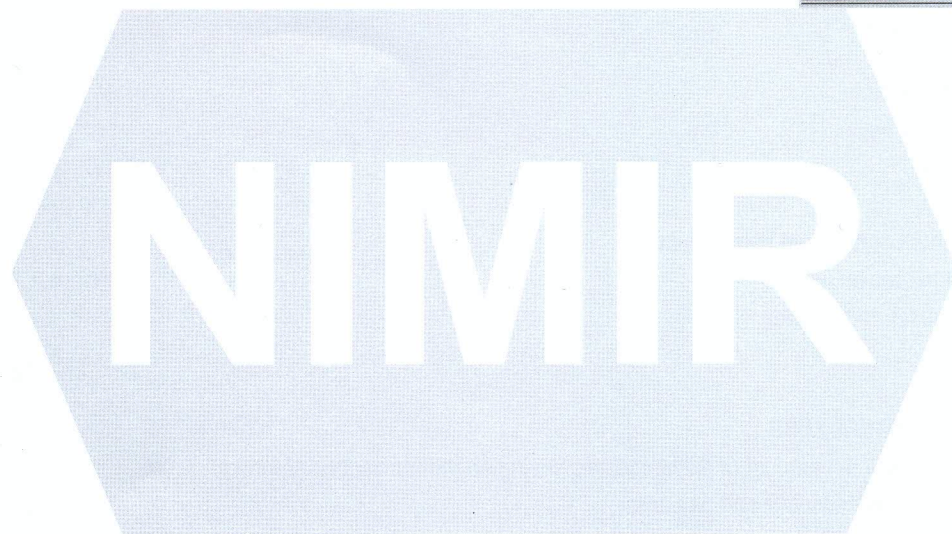
	2008 (Rupees)	2007 (Rupees)
25 OTHER EXPENSES		
Workers profit participation fund	1,465,873	-
Bad debts written off	518,022	-
Provision for doubtful debts	3,581,056	7,519,433
	<u>5,564,951</u>	<u>7,519,433</u>
26 OTHER INCOME		
Gain on disposal of property, plant and equipment	244,951	1,212,505
Scrap sale	6,104,290	1,446,011
Income from related parties	3,866,217	-
Creditors written back	4,892,757	-
Insurance claim	1,000,000	-
Miscellaneous	871,579	508,877
	<u>16,979,794</u>	<u>3,167,393</u>
27 FINANCE COST		
Mark-up on		
- Long term loans	14,689,150	23,180,481
- Short term loans	4,547,430	1,102,966
- Imports	33,472,166	16,226,012
- Others	2,232,286	2,037,694
- Settlement of disputed balances (net)	-	2,469,166
Financial charges on lease	10,716,089	9,195,056
Bank charges & commission	2,936,154	1,019,356
	<u>68,593,275</u>	<u>55,230,731</u>
28 FOREIGN EXCHANGE LOSS		
This represent the net amount of exchange loss arising on the transaction of foreign currency subordinated loans and payables.		
29 TAXATION		
Current year	5,434,666	5,018,801
Prior year	(1,203,174)	181,420
	<u>4,231,492</u>	<u>5,200,221</u>

29.1 Tax computation for current year is in accordance with the provisions of section 113 of the Income Tax Ordinance, 2001. Minimum tax provided under section 113 would be available for adjustment upto a period of five years; furthermore taxable profits are envisaged in the following years and owing to both these facts.

29.2 No numerical tax reconciliation has been prepared as the company is subject to minimum tax under section 113 of the Income Tax Ordinance, 2001.

29.3 Deferred tax asset has not been recognised for deductible temporary differences due to the fact that the company's operations are first time in profits since incorporation, as there is an element of uncertainty in respect availability of future taxable profit against which the deductible temporary difference can be utilised.

	<u>Note</u>	<u>2008</u> <u>(Rupees)</u>	<u>2007</u> <u>(Rupees)</u>
30 EARNINGS PER ORDINARY SHARE - BASIC AND DILUTED			
Basic			
Profit / (Loss) attributable to ordinary shareholders (Rupees)		23,620,086	(99,142,978)
Weighted Average Number of ordinary shares	30.1	221,181,093	221,181,093
Earnings per ordinary share (Rupees)		0.11	(0.45)
30.1 Weighted Average No. of ordinary shares			
Number of shares outstanding at the beginning of the year		221,181,093	221,181,093
Weighted average ordinary shares issued during the year		-	-
		<u>221,181,093</u>	<u>221,181,093</u>



31.

FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

31.1

Interest/mark-up rate risk exposure

The Company's exposure to interest/mark-up rate risk on its financial assets and liabilities of 30 June, 2008 is summarized as follows:

	INTEREST / MARKUP BEARING					NON INTEREST / MARKUP BEARING					Total			
	Maturity up to one year	Maturity after one year and up to two years	Maturity after two year and up to three years	Maturity after three year and up to four years	Maturity after four year and up to five years	Maturity up to one year	Maturity after one year and up to two years	Maturity after two year and up to three years	Maturity after three year and up to four years	Maturity after four year and up to five years				
Financial assets														
Cash and bank balances	-	-	-	-	-	49,647,446	-	-	-	-	49,647,446			
Long term deposits	-	-	-	-	-	184,000	-	3,150,000	14,120,000	425,450	18,022,664			
Trade debts	-	-	-	-	-	147,170,796	-	-	-	-	147,170,796			
Advances, deposits and other receivables	-	-	-	-	-	32,106,295	-	-	-	-	32,106,295			
Financial liabilities														
Subordinated Loan -Parent Company	-	-	-	-	-	229,108,537	-	3,150,000	14,120,000	425,450	246,947,201			
Long term loans	Average 6 months KIBOR plus 4%	32,500,000	42,500,000	-	-	-	-	535,063,269	169,230,523	75,699,636	13,071,269	793,064,697		
Liabilities against assets subject to finance lease	Average 6 months KIBOR plus 4%	18,976,660	20,687,761	22,805,729	19,596,409	1,258,170	-	-	-	-	-	83,324,729		
Trade and other payables	-	-	-	-	-	423,124,429	-	-	-	-	-	423,124,429		
ON BALANCE SHEET GAP 2008														
		51,476,660	63,187,761	22,805,729	19,596,409	1,258,170	-	423,124,429	535,063,269	169,230,523	75,699,636	13,071,269	-	1,374,513,885
		(51,476,660)	(63,187,761)	(22,805,729)	(19,596,409)	(1,258,170)	-	(194,015,892)	(535,063,269)	(166,080,523)	(61,579,636)	(12,646,819)	143,214	(1,127,566,664)
INTEREST / MARKUP BEARING														
Rate of profit	Maturity up to one year	Maturity after one year and up to two years	Maturity after two year and up to three years	Maturity after three year and up to four years	Maturity after four year and up to five years									
NON INTEREST / MARKUP BEARING														
Rate of profit	Maturity up to one year	Maturity after one year and up to two years	Maturity after two year and up to three years	Maturity after three year and up to four years	Maturity after four year and up to five years									
Financial assets														
Cash and bank balances	-	-	-	-	-	135,167,895	-	-	-	-	-	-	-	135,167,895
Long term deposits	-	-	-	-	-	-	540,000	3,150,000	14,120,000	-	-	-	477,214	18,287,214
Trade Debts	-	-	-	-	-	128,771,006	-	-	-	-	-	-	-	128,771,006
Advances, Deposits and Other Receivables	-	-	-	-	-	14,062,912	-	-	-	-	-	-	-	14,062,912
Financial liabilities														
Subordinated Loan -Parent Company	-	-	-	-	-	278,001,813	540,000	3,150,000	14,120,000	-	-	-	477,214	296,289,027
Long term loans	Average 6 months KIBOR Plus 4%	79,500,000	32,500,000	32,500,000	-	-	-	-	-	-	-	-	-	144,500,000
Liabilities against assets subject to finance lease	Average 6 months KIBOR Plus 4%	18,286,210	18,393,075	20,042,724	22,046,948	18,712,738	-	-	-	-	-	-	-	97,481,695
Trade and other payables	-	-	-	-	-	269,118,515	-	-	-	-	-	-	-	269,118,515
ON BALANCE SHEET GAP 2007														
		97,786,210	50,893,075	52,542,724	22,046,948	18,712,738	-	269,118,515	126,021,160	170,025,168	128,490,560	128,490,560	291,132,054	1,355,259,710
		(97,786,210)	(50,893,075)	(52,542,724)	(22,046,948)	(18,712,738)	-	(8,883,298)	(125,481,160)	(166,875,168)	(114,370,560)	(128,490,560)	(290,654,840)	(1,058,970,683)

31.2 Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs. 260.522 million (2007 : Rs. 314.351 million), the financial assets which are subject to credit risk amounted to Rs. 192.852 million (2007 : Rs. 160.895 million). 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 Company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits 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 management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in organization of sound financial standing covering various industrial sectors and segment.

31.3 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to sales, purchase and long term loan, transactions with foreign undertakings. Payables exposed to foreign currency risks are identified as either "Creditors" "Bills Payable" or "long term loans". The Company does not view hedging as being financially feasible owing to immaterial amounts involved.

31.4 Fair value of financial assets and financial liabilities

The fair value of all financial assets and liabilities reflected in the financial statements approximates their carrying amount.

31.5 Interest Rate Risk

Interest / yield rate risk arises from the possibility that changes in interest rate will affect the value of financial instruments. Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. The Company is exposed to interest / yield rate risk for certain deposits with the banks, loans obtained from the financial institutions and liabilities against assets subject to finance leases.

31.6 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.

31.7 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 and reserves.

32 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertaking comprise parent company, related group companies, local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the term of their employment as disclosed in note 33 are as follows:

Relationship	Nature and Description of Related Party Transaction	Total Value of Transaction 2008	Total Value of Transaction 2007
Group companies	Purchase of goods	6,792,000	3,927,993
	Sale of power and goods	34,507,847	13,264,341
	Management and other services received	7,669,978	5,703,993
	Other services rendered	455,697	98,322
	Premises rent shared	1,160,342	1,424,303
	Utility bills charged by related parties	643,600	532,847
Parent company	Loans received from Knightsbridge Chemicals Limited	121,071,673	277,724,421
	Loan repaid to Knightsbridge Chemicals Limited	133,716,000	48,280,000
	Loans waived by Knightsbridge Chemicals Limited	57,416,523	-

Assets are sold to employees and associated companies as per the company policy.

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

33 REMUNERATION OF Chief Executive, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2008	2007	2008	2007	2008	2007
Number of persons	1	1	1	-	7	4
	R u p e e s					
Remuneration	1,257,646	870,966	953,758	-	5,327,862	3,281,164
Housing	565,943	391,937	429,193	-	2,397,523	1,476,513
Driver allowance	-	29,700	30,000	-	-	-
Utilities	125,766	18,964	95,372	-	532,792	328,130
Bonus	-	322,796	-	-	-	660,000
	1,949,355	1,634,363	1,508,323	-	8,258,177	5,745,807

- 33.1** This represents the company's share of Chief Executive's remuneration, appointed on August 22, 2007, which is shared with the related party i.e. M/s Nimir Chemicals Pakistan Limited.
- 33.2** The Chief Executive officer and some executives have been provided with company maintained cars and are also entitled to reimbursement of medical and entertainment expenses.
- 33.3** No amount has been paid to the Directors for rendering of services and attending board meetings.

34 PRODUCTION CAPACITY IN METRIC TONS

	2008		2007	
	Maximum Capacity	Actual Capacity	Maximum Capacity	Actual Capacity
Oleo Chemicals (Metric Tons)	24,000	10,270	24,000	11,140
Chlor Alkali Products (Metric Tons)	31,350	29,237	31,350	25,860

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

35 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 12, 2008 by the board of directors of the Company.

36 GENERAL

	2008 (Rupees)	2007 (Rupees)
36.1 Figures have been rounded off to the nearest rupee.		
36.2 Significant rearrangements are as follows:		
- Security deposit from distributor previously shown under trade and other payables now shown under long term deposits	5,000,000	5,000,000
- Suppliers previously shown under trade and other payables now shown under long term deposits and suppliers credit	12,000,000	12,000,000


Chief Executive


DIRECTOR

FORM OF PROXY

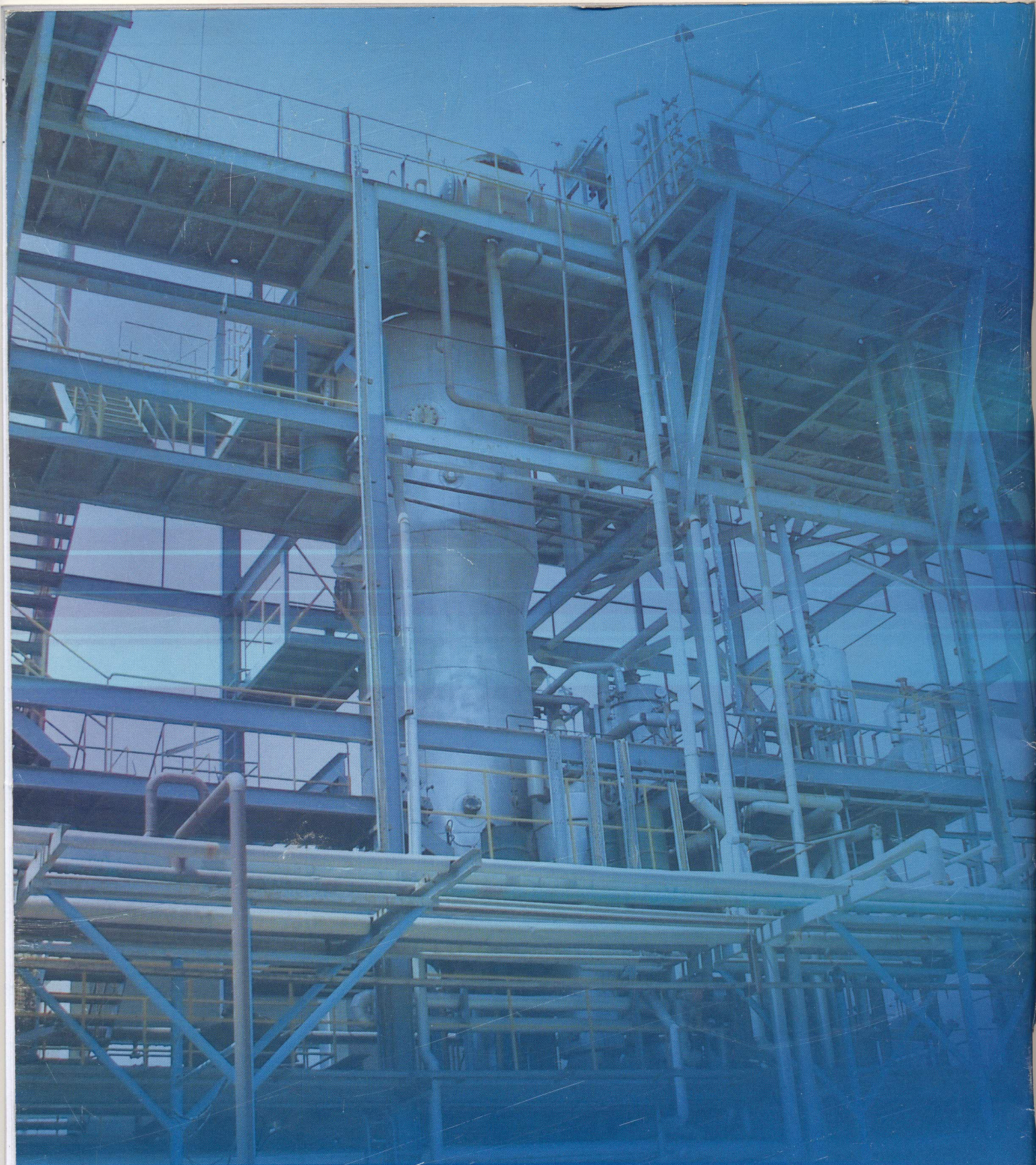
The Company Secretary,
Nimir Industrial Chemicals Limited,
51-N, Industrial Area, Gulberg-II,
Lahore.

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 15th Annual General Meeting of the Company to be held on 14th October, 2008 and at any adjournment thereof.
Signed this day of 2008.

**Signature
on Rs.5
Revenue
Stamp**

Notes:

- I. The share transfer books of the Company shall remain closed from 7th October, 2008 to 14th October, 2008 (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 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 the 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 ("NIC") 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 NIC 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.



Nimir Industrial Chemicals Limited

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