

NIMIR INDUSTRIAL CHEMICALS LTD.



HALF YEARLY REPORT
DECEMBER
2022

NIMIR

TRANSFORMING FOR A SUSTAINABLE FUTURE

Company Information

▶ Board of Directors

Mr. M. Saeed-uz-Zaman	- Chairman
Mr. Zafar Mahmood	- Chief Executive Officer
Mr. Imran Afzal	
Mr. Aamir Jamil	
Mr. Javed Saleem Arif	
Mrs. Humaira Shazia	
Ms. Parveen Akhter Malik	
Mr. Saqib Anjum	
Mr. Abdul Jaleel Shaikh	
(Nominee - Pak Brunei Investment Company Limited)	

▶ Chief Financial Officer

Syed Sajid Nasim

▶ Company Secretary

Mr. Muhammad Inam-ur-Rahim

▶ Head of Internal Audit

Mr. Nabeel Ahmad Khan

▶ Audit Committee

Mr. Javed Saleem Arif	- Chairman
Mrs. Humaira Shazia	- Member
Mr. Abdul Jaleel Shaikh	- Member

▶ Human Resource & Remuneration Committee

Ms. Parveen Akhter Malik	- Chairperson
Mr. M. Saeed-uz-Zaman	- Member
Mr. Zafar Mahmood	- Member

▶ External Auditors

EY Ford Rhodes
Chartered Accountants

▶ Legal Advisor

Cornelius, Lane & Mufti
Advocates & Solicitors

▶ Shares' Registrar

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

▶ Bankers

Al Baraka Bank Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial & Commercial Bank of China (ICBC)
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Pak Brunei Investment Company Limited
Pak Kuwait Investment Company (Pvt) Limited
Pak China Investment Company Limited
Pair Investment Company Limited
Samba Bank Limited
Soneri Bank Limited
Standard Chartered Bank Pakistan Limited
The Bank of Punjab

▶ Registered Office/Factory

14.8 km., Sheikhpura-Faisalabad Road,
Bhikhi, District Sheikhpura, Pakistan.
Tel: +92 56 3883001-7
Fax: +92 56 3883010
Cell: +92 301-8221151, 301-8483950

▶ Lahore Office

122-B, New Muslim Town,
Lahore, Pakistan.
Tel: +92 42 35926090-93
+92 42 35947700-04

▶ Karachi Office

607, Progressive Centre, Block – 6,
PECHS, Shahrah-e-Faisal, Karachi.
Tel : +92 21 34327661 - 62

▶ Website

www.nimir.com.pk

Directors' Review Report

On behalf of the Board of Directors, we are pleased to present our performance review report together with un-audited financial statements of Nimir Industrial Chemicals Limited (the "Company") for the half year ended December 31, 2022.

During the period under review, the topline grew from PKR 16.6 billion to PKR 26.7 billion, an increase of 67%, jointly driven by price and volume. The gross profit for the period, however, increased by only 19.3% mainly due to high cost of feedstock and fuel prices. The operating profit during the period grew by 15.8% from PKR 1.5 billion to PKR 1.7 billion, but the benefit of improved operating cost was hampered by high financial cost which grew by 254% caused by increased policy rate and higher utilization of financing. This diluted the profit before taxation by 58%. The basic earnings per share is reported at PKR 3.01 as compared to PKR 6.57 for the corresponding period of last year.

The record high inflation and the economic turmoil in Pakistan has been putting pressure on the operation of the Company. The recent State Bank measures to manage the Current Account Deficit has made the situation harder for the Company, like any other industrial units of the Country, for securing the supply of essential raw materials. The critical situation of the FOREX Reserves is expected to result in further devaluation of PKR.

Under these bleak situations the management is pleased to inform you that the commercial operation of the Power Plant and the Caustic Soda plant has started in January 2023 which will positively impact the profitability of the company in the post balance sheet period. Other projects are expected to be completed in by end of 3rd quarter of 2023.

Under all these adverse scenarios, the management of the Company is committed to put all its efforts to achieve the best possible results in the remaining half of the year, Insha Allah.

The Board has recommended interim cash dividend of PKR. NIL (i.e. 0%) for the half year ended December 31, 2022.

On behalf of the board, we extend our heartfelt appreciation to the shareholders, employees, suppliers, customers and bankers for their continued confidence and support.

Lahore
December 24, 2023



Aamir Jamil
Director

For and on the behalf of the Board



Zafar Mahmood
Chief Executive Officer

ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 31 دسمبر 2022 کو ختم ہونے والی پہلی ششماہی کے لئے ٹرانڈسٹرل کمیونیکیشنز لمیٹڈ (کمپنی) کے غیر نظر ثانی شدہ مالی حسابات پر اپنی جائزہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

زیر جائزہ مدت کے دوران، ٹاپ لائن 16.6 بلین روپے سے بڑھ کر 26.7 بلین روپے ہو گئی، جو کہ مشترکہ طور پر قیمت اور حجم کے لحاظ سے 67% کا اضافہ ہے۔ تاہم، اس مدت کے لیے مجموعی منافع میں صرف 19.3 فیصد اضافہ ہوا ہے جس کی بنیادی وجہ فیڈ اسٹاک اور ایندھن کی قیمتوں میں اضافہ ہے۔ اس مدت کے دوران آپریٹنگ منافع 1.5 بلین روپے سے 15.8 فیصد بڑھ کر 1.7 بلین روپے ہو گیا، لیکن بہتر آپریٹنگ لاگت کا فائدہ زیادہ مالیاتی لاگت کی وجہ سے متاثر ہوا جو پالیسی شرح میں اضافے اور فنانسنگ کے زیادہ استعمال کی وجہ سے 254 فیصد بڑھ گیا۔ اس کی وجہ سے قبل از ٹیکس منافع 58% کم ہو گیا۔ فی حصص بنیادی آمدنی گزشتہ سال کی اسی مدت کے 6.57 روپے کے مقابلے 3.01 روپے درج کرائی گئی ہے۔

پاکستان میں ریکارڈ زیادہ افراط زر اور معاشی بے یقینی کمپنی کے کام پر دباؤ ڈال رہی ہے۔ کرنٹ اکاؤنٹ خسارے کو سنبھالنے کے لیے اسٹیٹ بینک کے حالیہ اقدامات نے ملک کے دیگر صنعتی یونٹوں کی طرح کمپنی کے لیے ضروری خام مال کی فراہمی کو یقینی بنانے کی صورتحال کو مزید مشکل بنا دیا ہے۔ غیر ملکی زرمبادلہ کے ذخائر کی نازک صورتحال کے نتیجے میں پاکستانی روپیہ کی قدر میں مزید کمی متوقع ہے۔

ان منفی حالات میں انتظامیہ آپ کو یہ بتاتے ہوئے خوشی محسوس کر رہی ہے کہ یار پلانٹ اور کاسٹک سوڈا پلانٹ کا کمرشل آپریشن جنوری 2023 میں شروع ہو گیا ہے جس سے بیلنس شیٹ کے بعد کی مدت میں کمپنی کے منافع پر مثبت اثر پڑے گا۔ دیگر منصوبوں کے 2023 کی تیسری سہ ماہی کے آخر تک مکمل ہونے کی امید ہے۔

ان تمام منفی حالات میں، کمپنی کی انتظامیہ سال کی دوسری ششماہی میں بہترین ممکنہ نتائج حاصل کرنے کے لیے اپنی تمام کوششیں بروئے کار لانے کے لیے پُر عزم ہے، انشاء اللہ۔

بورڈ نے 31 دسمبر 2022 کو ختم ہونے والی ششماہی کے لئے NIL (یعنی 0%) عبوری نقد منافع منقسمہ کی سفارش کی ہے۔

بورڈ کی جانب سے، ہم اپنے حصص داران، ملازمین، سپلائرز، صارفین اور بینکرز کے مسلسل اعتماد اور تعاون کے لئے ان کا تہ دل سے شکر یہ ادا کرتے ہیں۔

منجانب بورڈ



ظفر محمود

چیف ایگزیکٹو آفیسر



عامر جمیل

ڈائریکٹر

لاہور

24 فروری 2023ء

Independent Auditor's Report

To the members of Nimir Industrial Chemicals Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Nimir Industrial Chemicals Limited (the Company) as at 31 December 2022, and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

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

Conclusion

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

Other matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three-month period ended 31 December 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended 31 December 2022.

The engagement partner on the audit resulting in this independent auditor's report is Ahsan Shahzad.





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Financial Statements Separate

FOR THE SIX MONTH PERIOD
ENDED DECEMBER 31, 2022

Condensed Interim Statement of Financial Position (Unaudited)

AS AT DECEMBER 31, 2022

Note	Unaudited	Audited	
	31 December 2022	30 June 2022	
	Rs. "000"	Rs. "000"	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	13,675,507	12,309,193
Intangibles		25,107	30,487
Investment in subsidiaries		202,384	202,384
Loan to subsidiary		14,512	14,512
Long-term deposits		37,762	36,812
		13,955,272	12,593,388
CURRENT ASSETS			
Stores, spare parts and loose tools		701,462	527,802
Stock-in-trade	5	7,646,631	7,823,007
Trade debts - considered good - unsecured		5,767,361	6,219,981
Loans and advances		94,283	105,444
Trade deposits and short-term prepayments		35,402	19,912
Other receivables		87,566	153,229
Tax refunds due from the Government		2,827,420	2,425,410
Cash and bank balances		263,837	260,276
		17,423,962	17,535,061
		31,379,234	30,128,449
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Authorized Share Capital			
145,000,000 (30 June 2022: 145,000,000)			
Ordinary Shares of Rs. 10/- each		1,450,000	1,450,000
Issued, subscribed and paid up capital			
110,590,546 (30 June 2022: 110,590,546)			
Ordinary Shares of Rs. 10/- each		1,105,905	1,105,905
Unappropriated profit - revenue reserve		5,239,766	5,072,837
		6,345,671	6,178,742
NON CURRENT LIABILITIES			
Long term loans	6	5,652,129	5,428,141
Lease liabilities		59,137	71,739
Net defined benefit liability - funded gratuity		188,783	151,983
Deferred liabilities		1,714,229	1,353,852
		7,614,278	7,005,716
CURRENT LIABILITIES			
Trade and other payables		2,061,561	1,980,253
Contract liabilities		161,550	93,473
Mark up accrued		563,451	355,984
Unclaimed dividend		13,182	12,325
Short-term borrowings		13,212,007	13,040,528
Current maturity of long-term loans	6	863,716	384,195
Current maturity of lease liabilities		38,081	38,671
Current portion of deferred grant		177,048	168,378
Provision for taxation		328,689	870,184
		17,419,285	16,943,991
CONTINGENCIES AND COMMITMENTS			
	7	-	-
TOTAL EQUITY AND LIABILITIES			
		31,379,234	30,128,449

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



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Unaudited)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

Note	Six month period ended		Three month period ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Rs."000"	Rs."000"	Rs."000"	Rs."000"
Revenue from contracts with customers - gross	26,661,382	16,004,021	11,758,150	7,307,827
Less: Sales tax, trade discounts and commission	(3,737,445)	(2,360,977)	(1,671,612)	(1,074,272)
Revenue from contracts with customers - net	8 22,923,937	13,643,044	10,086,538	6,233,555
Cost of sales	9 (20,845,034)	(11,901,546)	(9,160,290)	(5,246,331)
Gross profit	2,078,903	1,741,498	926,248	987,224
Distribution costs	10 (183,635)	(92,327)	(95,052)	(50,458)
Administrative expenses	(210,126)	(193,288)	(102,038)	(112,139)
	(393,761)	(285,615)	(197,090)	(162,597)
Operating profit	1,685,142	1,455,883	729,158	824,627
Other expenses	(25,301)	(77,077)	269	(47,290)
Other income	94,960	22,180	69,770	8,550
Finance cost	11 (1,324,315)	(374,064)	(713,711)	(213,578)
Profit before taxation	430,486	1,026,922	85,486	572,309
Taxation:				
Current	(70,424)	(328,861)	27,285	(176,672)
Deferred	(27,247)	28,917	4,457	8,596
	(97,671)	(299,944)	31,742	(168,076)
Profit for the period	332,815	726,978	117,228	404,233
Earnings per ordinary share - Basic and diluted Rs.	12 3.01	6.57	1.06	3.66

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

Condensed Interim Statement of Comprehensive Income (Unaudited)

FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

	Six month period ended		Three month period ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Rs."000"	Rs."000"	Rs."000"	Rs."000"
Profit for the period	332,815	726,978	117,228	404,233
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	332,815	726,978	117,228	404,233

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


Chief Executive Officer


Director


Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Unaudited)

FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

	Issued, subscribed and paid up capital	Unappropriated profit/revenue reserve	Total
	Rs. "000"	Rs. "000"	Rs. "000"
Balance as on 01 July 2021 - (Audited)	1,105,905	3,818,121	4,924,026
Profit for the period	-	726,978	726,978
Other comprehensive income	-	-	-
Total comprehensive income	-	726,978	726,978
Final dividend for the year ended 30 June 2021 at the rate of Rs. 2.0 per share	-	(221,181)	(221,181)
Balance as on 31 December 2021 - (Un-audited)	<u>1,105,905</u>	<u>4,323,918</u>	<u>5,429,823</u>
Balance as on 01 July 2022 - (Audited)	1,105,905	5,072,837	6,178,742
Profit for the period	-	332,815	332,815
Other comprehensive income	-	-	-
Total comprehensive income	-	332,815	332,815
Final dividend for the year ended 30 June 2022 at the rate of Rs. 1.5 per share	-	(165,886)	(165,886)
Balance as on 31 December 2022 - (Un-audited)	<u>1,105,905</u>	<u>5,239,766</u>	<u>6,345,671</u>

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



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Statement of Cash Flows (Unaudited)

FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

	Six-month period ended	
	31 DECEMBER 2022	31 DECEMBER 2021
	Rs."000"	Rs."000"
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	430,486	1,026,922
Adjustment for:		
Depreciation	269,461	249,963
Amortization of Intangible Asset	5,380	-
Gain on disposal of property, plant and equipment	(1,591)	(54)
Mark-up expense	1,307,682	360,103
Grant income	(67,230)	(4,621)
Provision for gratuity	20,000	18,000
Workers' profit participation fund	23,120	55,152
Workers' welfare fund	8,785	20,958
	1,565,607	699,501
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1,996,093	1,726,423
(Increase) / Decrease in current assets		
Stores, spares parts and loose tools	(173,660)	(27,928)
Stock in trade	176,376	(2,601,954)
Trade debts	452,620	195,669
Loans and advances	11,161	7,160
Trade deposits and short term prepayments	(15,490)	(15,486)
Other receivables	65,663	11,355
Tax refunds due from the Government	(511,372)	150,220
	5,298	(2,280,964)
(Decrease) / increase in current liabilities		
Trade and other payables	181,919	(489,937)
Contract liabilities	68,077	(113,664)
CASH FLOWS GENERATED / (USED IN) OPERATIONS	2,251,387	(1,158,142)
Contribution from / (to) gratuity fund	16,800	(1,000)
Mark-up paid	(1,032,985)	(245,940)
Tax paid	(502,557)	(761,910)
Long-term deposits	(950)	662
Workers' welfare fund paid	-	(52,546)
Workers' profit participation fund paid	(132,516)	(129,341)
	(1,652,208)	(1,190,075)
NET CASH FLOWS GENERATED / (USED IN) OPERATING ACTIVITIES	599,179	(2,348,217)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment - net	(56,457)	(164,615)
Additions in capital work in progress	(1,580,447)	(3,222,632)
Sale proceeds from disposal of property, plant and equipment	2,721	19,756
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(1,634,183)	(3,367,491)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term loans repaid	(279,693)	(212,944)
Increase in deferred liabilities	425,000	-
Long-term loans obtained	900,000	3,055,112
Dividend paid during the period	(165,029)	(219,447)
Repayment of lease liabilities	(13,192)	(28,636)
Short-term borrowings - net	171,479	3,093,318
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	1,038,565	5,687,403
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	3,561	(28,305)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	260,276	58,429
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	263,837	30,124

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.


Chief Executive Officer


Director


Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Unaudited)

FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

1 THE COMPANY AND ITS OPERATIONS

Nimir Industrial Chemicals Limited ('the Company') was incorporated in Pakistan as a public limited company and its shares are listed on Pakistan Stock Exchange Limited. The Company is engaged in manufacturing and sales of chemical products along with toll manufacturing of aerosol and soap products. Following are the business units of the Company along with their respective locations:

Business Unit	Address
Registered office and plant	14.8 km, Sheikhpura-Faisalabad Road, Mouza Bhikki, District Sheikhpura, Pakistan.
Head office	Nimir House, 122-B, New Muslim Town, Lahore, Pakistan.

Nimir Industrial Chemicals Limited is part of Nimir Group which consist of:

Subsidiary Companies	% age of Direct shareholding	% age of Effective shareholding
Nimir Management (Private) Limited ("NMPL")	51.00%	51.00%
Nimir Resins Limited ("NRL")	11.63%	37.64%

The registered office of Nimir Management (Private) Limited (NMPL) is Nimir House, 122-B, New Muslim Town, Lahore, Pakistan. NMPL was formed for the purpose of investment in Nimir Resins Limited.

Nimir Resins Limited is a listed company engaged in the manufacturing of surface coating resins, polyesters, optical brightener and textile auxiliaries. The registered office of the NRL is 14.5 Km, Lahore-Sheikhpura Road, Lahore. The Company considers that it exercises control over Nimir Resins Limited and hence the investment has been treated as investment in subsidiary company.

These financial statements are the separate financial statements of the Company in which investment in subsidiary companies is accounted for on cost basis rather than on the basis of reported results. Consolidated financial statements are prepared separately.

2 STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2022. The comparative Statement of Financial Position is extracted from the annual financial statements, as of June 30, 2022, whereas the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity are extracted from the un-audited condensed interim financial statements for the half year ended 31 December 2021.

2.3 These condensed interim financial statements are unaudited but subject to limited scope review by the auditors and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations 2019. The condensed interim consolidated financial statements of the Company are prepared separately.

2.4 The condensed interim financial statements have been prepared under the historical cost convention. These financial statements are prepared in Pak Rupee, which is the functional currency of the Company. Figures have been rounded off to the nearest thousand Pak Rupee unless otherwise stated.

2.5 These are separate financial statements, where the investment in subsidiaries is shown at cost.

2.6 Provisions in respect of Workers' Welfare Fund, Workers' Profit Participation Fund and taxation are estimated based on management judgment and prevailing laws; these are subject to final adjustments in the annual audited financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are similar to those applied in the preparation of the Company's annual financial statements for the year ended 30 June 2022 except for the adoption of amendments to approved accounting and reporting standards as applicable in Pakistan which became effective for the current period as disclosed in Note 3.1 to these condensed interim unconsolidated financial statements. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3.1 Amendments to published accounting and reporting standards as applicable in Pakistan, that are effective in the current period

The Company has adopted the following amendments to published accounting and reporting standards as applicable in Pakistan, which became effective:

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the condensed interim financial statements of the Company as the Company had no such contracts.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the condensed interim financial statements of the Company as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

This amendment had no impact on the condensed interim financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

This amendment had no impact on the condensed interim financial statements of the Company as it did not have assets in scope of IAS 41 as at the reporting date.

Notes to the Condensed Interim Financial Statements (Unaudited)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

4 PROPERTY, PLANT AND EQUIPMENT	(Un-audited)	(Audited)
	31 Dec. 2022	30 June 2022
	Rs."000"	Rs."000"
Operating fixed assets - owned assets	5,392,046	5,356,205
Right-of-use assets	78,476	80,864
Capital work in progress	8,204,985	6,872,124
	13,675,507	12,309,193

Following are the additions / transfers and disposals (at cost) in the operating fixed assets and right-of-use assets:

	(Un-Audited)		(Audited)	
	31 Dec. 2022		30 June 2022	
	Additions/ Transfers*	Disposals	Additions / Transfers*	Disposals
	Rs."000"	Rs."000"	Rs."000"	Rs."000"
Operating fixed assets - owned assets				
Free-hold land	-	-	163,239	-
Building on free-hold land	84,484*	-	450,726*	(213)
Plant and machinery - owned	163,102*	(904)	1,571,293*	(24,245)
Furniture and fittings	343	-	700	(163)
Office and factory equipment	23,913	(110)	83,953	(2,622)
IT & Computer Equipment	13,564	(80)	-	-
Vehicles - owned	2,885	-	20,663	(165)
	288,291	(1,094)	2,290,574	(27,408)
Right-of-use assets				
Vehicles - Leased	15,752	(1,315)	29,552	-
	304,043	(2,409)	2,320,126	(27,408)

Capital work in progress

Following are the additions / transfers in the capital work-in-progress:

Note	(Un-Audited)		(Audited)	
	Additions during the period 31 Dec-2022	Transfers to fixed assets 31 Dec-2022	Additions during the period 30 June-2022	Transfers to fixed assets 30 June-2022
	Rs."000"	Rs."000"	Rs."000"	Rs."000"
	510,887	(84,484)	450,726	(450,726)
	1,053,652	(163,102)	6,529,521	(1,571,293)
4.1	1,564,539	(247,586)	6,980,247	(2,022,019)

4.1 These include the major capital expenditure incurred on the following ongoing projects:

- Thermal power plant
- Chlorine liquefaction plant

Subsequent to period end, the thermal power plant has been completed and became operational.

5 STOCK-IN-TRADE	(Un-audited)	(Audited)
	31 Dec. 2022	30 June 2022
	Rs."000"	Rs."000"
Raw and packing material		
In hand	4,720,470	5,683,694
In transit	801,158	682,640
	5,521,628	6,366,334
Finished goods	2,125,003	1,456,673
	7,646,631	7,823,007

Notes to the Condensed Interim Financial Statements (Unaudited)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

6 LONG-TERM LOANS	Note	(Un-audited)	(Audited)
		31 Dec. 2022	30 June 2022
		Rs."000"	Rs."000"
Term Finance	6.1	2,706,439	2,035,166
Term Finance - under refinance scheme for payroll financing	6.2	-	44,877
Term Finance - under temporary economic refinance facility	6.3	3,794,894	3,717,782
Loan from directors / sponsors - unsecured	6.4	14,512	14,512
		6,515,845	5,812,337
Mark up accrued		118,137	96,992
		6,633,982	5,909,328
Less: Current maturity shown under current liabilities		(863,716)	(384,195)
Less: Mark up accrued shown under current liabilities		(118,137)	(96,992)
		5,652,129	5,428,141

6.1 This represents long-term finance facilities obtained from financial institutions carrying mark-up at the rate of 3 months KIBOR plus 125 to 150 bps per annum repayable in equal monthly, quarterly and semi-annual instalments over a period of 2 to 6 years including 1 year grace period. These facilities are secured against first joint pari passu charge and mortgage charge (equitable) over present and future fixed assets of the Company.

6.2 This represented long-term finance facility from a financial institution for disbursement of salaries under State Bank of Pakistan's (SBP) Refinance Scheme. The loan carried mark-up at SBP rate plus 100 bps to 200 bps per annum and repayable in 8 equal quarterly installments starting from January 2021. This facility was secured against first joint pari passu charge over fixed assets of the Company. The effect of differential in rate by applying 'IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance' had been treated as deferred grant.

6.3 These represent the loans obtained under the Temporary Economic Refinance Facility offered by the State Bank of Pakistan (the "SBP TERF") for setting up imported and locally manufactured plants and machinery for new projects. The loans carry mark-up at the rate of 2.02% per annum repayable in equal quarterly installments over a period of 10 years including 2 years grace period. These facilities are secured against first joint pari passu charge over all present and future fixed assets of the Company. The loan was initially recognized at fair value in accordance with IFRS 9 - Financial instruments using an effective interest rate of three (3) month KIBOR plus spread respectively. The difference between the fair value of the loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance).

6.4 This represents unsecured loan obtained from ex-director / sponsors of Nimir Resins Limited acquired as a result of winding of Nimir Holding (Private) Limited in the prior year. This loan is interest free and repayable on demand, however, the lender has agreed not to demand repayment for a period of next twelve months.

7 CONTINGENCIES AND COMMITMENT

CONTINGENCIES

There is no material change in the contingencies since the last audited financial statements for the year ended 30 June 2022

COMMITMENTS

Commitments in respect of letters of credit and letters of guarantee as at 31 December 2022 are as follows:

	(Un-audited)	(Audited)
	31 Dec. 2022	30 June 2022
Letters of credit established for the import of raw materials, spare parts and machinery	3,998 million	3,721 million
Letter of guarantee given to SNGPL	156 million	133 million
Letter of guarantee given to PSO	59 million	59 million
Letter of guarantee given to TOTAL PARCO	5 million	5 million

Notes to the Condensed Interim Financial Statements (Unaudited)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

(Un-Audited)				
	Six-month period ended		Three-month period ended	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
	Rs."000"	Rs."000"	Rs."000"	Rs."000"
8 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET				
Gross revenue	26,661,382	16,004,021	11,758,150	7,307,827
Less:				
Commission / discount	(82,226)	(41,327)	(79,325)	(16,471)
Sales tax	(3,655,219)	(2,319,650)	(1,592,287)	(1,057,801)
	(3,737,445)	(2,360,977)	(1,671,612)	(1,074,272)
Net revenue	22,923,937	13,643,044	10,086,538	6,233,555
9 COST OF SALES				
Opening stock of finished goods	1,456,673	1,492,413	1,760,574	1,482,540
Cost of goods manufactured	21,513,364	12,296,383	9,524,718	5,651,041
	22,970,037	13,788,796	11,285,292	7,133,581
Less: Closing stock of finished goods	(2,125,003)	(1,887,250)	(2,125,003)	(1,887,250)
	20,845,034	11,901,546	9,160,289	5,246,331
10 DISTRIBUTION COSTS				
Salaries, wages and benefits	36,573	39,212	18,783	23,994
Depreciation	2,272	2,107	1,227	1,071
Repairs and maintenance	278	58	21	38
Traveling, conveyance and entertainment	6,601	3,128	5,049	1,862
Communications	619	715	209	396
Insurance	2,507	1,440	1,620	1,167
Printing and stationery	102	194	27	52
Freight outward	129,100	44,242	62,938	21,438
Dues, fees and subscription	2,283	232	2,209	132
Other expenses	3,300	999	2,969	308
	183,635	92,327	95,052	50,458
11 FINANCE COSTS				
Mark-up on				
Long-term loans	132,339	38,823	49,816	16,613
Short-term borrowings	1,169,139	320,689	653,568	186,627
Financial charges on lease	6,203	5,211	3,366	2,546
Financial charges on GIDC unwinding	-	1,232	-	-
Bank charges, fee and commission	16,634	8,109	6,961	7,792
	1,324,315	374,064	713,711	213,578
12 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit attributable to ordinary shareholders (Rs. "000")	332,815	726,978	117,228	404,233
Weighted average number of shares (No. "000")	110,591	110,591	110,591	110,591
Earnings per share (Rs.)	3.01	6.57	1.06	3.66

Notes to the Condensed Interim Financial Statements (Unaudited)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

13 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise parent company, related group companies, directors and key management personnel. Transactions with related parties during the period are as follows:

Name of Company and relationship	Nature of Transaction	(Un-audited)	
		Six-month period ended	
		31 Dec. 2022	31 Dec. 2021
		Rs. "000"	Rs. "000"
Nimir Resins Limited - Subsidiary	Sale of goods	138,885	78,163
	Purchase of goods	2,869	1,676
	Services acquired	2,559	2,326
	Services provided	3,302	3,002
	Reimbursement of expenses - net	5,358	676
Nimir Chemcoats Limited - Associated Company	Purchase of goods	21,043	3,399
Nimir Energy Limited - Associated Company	Purchase of goods	13,964	-
Nimir Chemicals Pakistan Limited - Associated Company	Sale of goods	13,843	-
Key Management Personnel	Managerial Remuneration	146,136	121,079
	Other Benefits	61,610	50,857
Staff retirement benefits	Contribution to gratuity fund	3,200	1,000

14 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks including market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

There have been no changes in the risk management policies during the period; consequently these condensed interim financial statements do not include the financial risk management information and disclosures required in the annual financial statements.

15 GENERAL

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company on Friday, 24 February 2023.


Chief Executive Officer


Director


Chief Financial Officer



16

Financial Statements Consolidated

FOR THE SIX MONTH PERIOD
ENDED DECEMBER 31, 2022

Condensed Interim Consolidated Statement of Financial Position (Unaudited) AS AT 31 DECEMBER 2022

	Note	Unaudited	Audited
		31 December 2022	30 June 2022
		Rs."000"	Rs."000"
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	14,380,353	13,024,172
Intangibles		25,107	30,487
Long-term deposits		67,178	63,148
		14,472,638	13,117,807
CURRENT ASSETS			
Stores, spare parts and loose tools		728,067	551,465
Stock-in-trade	5	9,384,241	10,110,344
Trade debts - considered good - unsecured		7,814,328	8,194,810
Loans and advances		178,548	150,001
Trade deposits and short-term prepayments		43,471	22,207
Other receivables		105,386	182,414
Tax refunds due from the Government		3,082,884	2,750,545
Cash and bank balances		283,080	284,936
		21,620,005	22,246,722
		36,092,643	35,364,529
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Authorized Share Capital		1,450,000	1,450,000
145,000,000 (30 June 2022: 145,000,000) Ordinary shares of of Rs.10/- each			
Issued, subscribed and paid up capital		1,105,905	1,105,905
110,590,546 (30 June 2022: 110,590,546) Ordinary shares of of Rs. 10/- each		5,675,232	5,498,106
Revenue reserve - unappropriated profit		1,281,186	1,253,269
Non-controlling interest		8,062,323	7,857,280
NON-CURRENT LIABILITIES			
Long-term loans	6	5,854,618	5,662,586
Lease liabilities		91,789	107,507
Net defined benefit liability - funded gratuity		224,099	182,840
Deferred liabilities		1,692,123	1,367,743
		7,862,629	7,320,676
CURRENT LIABILITIES			
Trade and other payables		2,508,370	2,297,269
Contract liabilities		161,550	139,232
Mark up accrued		629,221	412,132
Unclaimed dividend		13,475	12,618
Short term borrowings - secured		15,236,591	15,524,046
Current maturity of long term loans	6	947,442	472,174
Current maturity of lease liabilities		44,866	45,274
Current maturity of diminishing musharaka finance		-	525
Current portion of deferred grant		177,048	169,891
Provision for taxation		449,128	1,113,412
		20,167,691	20,186,573
Contingencies and commitments	7	-	-
		36,092,643	35,364,529
TOTAL EQUITY AND LIABILITIES			

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Consolidated Statement of Profit or Loss (Unaudited)

FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

Note	Six month period ended		Three month period ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Rs."000"	Rs."000"	Rs."000"	Rs."000"
Revenue from contracts with customers-gross	31,932,357	20,409,376	14,401,925	10,344,532
Less: Sales tax, trade discount and commission	(4,555,190)	(3,041,473)	(2,078,053)	(1,900,481)
Revenue from contracts with customers-net	8 27,377,167	17,367,903	12,323,872	8,444,051
Cost of sales	9 (24,939,262)	(15,177,460)	(11,246,270)	(7,151,016)
Gross profit	2,437,905	2,190,443	1,077,602	1,293,035
Distribution costs	10 (233,576)	(135,295)	(118,409)	(74,840)
Administrative expenses	(257,004)	(232,140)	(126,760)	(133,227)
	(490,580)	(367,435)	(245,169)	(208,067)
Operating profit	1,947,325	1,823,008	832,433	1,084,968
Other expenses	(30,840)	(147,477)	(2,049)	(104,077)
Other income	109,879	33,789	82,408	18,317
Finance cost	11 (1,536,892)	(437,821)	(814,217)	(250,416)
Profit before taxation	489,472	1,271,499	98,575	748,792
Taxation	(118,543)	(369,247)	37,345	(217,330)
Profit for the period	370,929	902,252	135,920	531,462
Attributable to:				
Equity holders of the parent	343,012	792,790	118,735	452,425
Non-controlling interests	27,917	109,462	17,185	79,037
	370,929	902,252	135,920	531,462
Earnings per share- Basic and diluted (Rs.)	13 3.10	7.17	1.07	4.09

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

	Six month period ended		Three month period ended	
	31 DEC. 2022	31 DEC. 2021	31 DEC. 2022	31 DEC. 2021
	Rs. "000"	Rs. "000"	Rs. "000"	Rs. "000"
Profit for the period	370,929	902,252	135,920	531,462
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	370,929	902,252	135,920	531,462
Attributable to:				
Equity holders of the parent	343,012	792,790	118,735	452,425
Non-controlling interests	27,917	109,462	17,185	79,037
	370,929	902,252	135,920	531,462

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statement of Changes In Equity (Unaudited) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

	Issued, subscribed and paid up share capital	Unappropriated profit/revenue reserve	Non-controlling interest	Total
	Rs. "000"	Rs. "000"	Rs. "000"	Rs. "000"
Balance as on 01 July 2021 - (Audited)	1,105,905	4,205,349	914,535	6,225,789
Profit for the period	-	792,790	109,462	902,252
Other comprehensive income	-	-	-	-
Total comprehensive income	-	792,790	109,462	902,252
Final dividend for the year ended 30 June 2021 at the rate of Rs. 2 per share	-	(221,181)	-	(221,181)
Balance as on 31 December 2021 - (Un-audited)	1,105,905	4,776,958	1,023,997	6,906,860
Balance as on 01 July 2022 - (Audited)	1,105,905	5,498,106	1,253,269	7,857,280
Profit for the period	-	343,012	27,917	370,929
Other comprehensive income	-	-	-	-
Total comprehensive income	-	343,012	27,917	370,929
Final dividend for the year ended 30 June 2022 at the rate of Rs. 1.5 per share	-	(165,886)	-	(165,886)
Balance as on 31 December 2022 (Un-audited)	1,105,905	5,675,232	1,281,186	8,062,323

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.


Chief Executive Officer


Director


Chief Financial Officer


Condensed Interim Consolidated Statement of Cash Flows (Unaudited)


FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

	Six month period ended	
	31 DEC. 2022	31 DEC. 2021
	Rs. "000"	Rs. "000"
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	489,472	1,271,499
Adjustment for:		
Depreciation	308,389	282,623
Amortization of Intangible Asset	5,380	-
Gain on disposal of property, plant and equipment	(1,596)	(54)
Mark-up expense	1,519,454	421,227
Grant income	(67,230)	(4,621)
Exchange loss - unrealized	448	37,531
Provision for gratuity	26,119	22,920
Expected credit losses of trade debts	-	9,996
Provision for obsolescence of stock	-	4,352
Workers' profit participation fund	26,587	68,323
Workers' welfare fund	10,407	26,308
	1,827,958	868,605
Operating profit before working capital changes	2,317,430	2,140,104
(Increase) / decrease in current assets		
Stores, spares parts and loose tools	(176,601)	(26,866)
Stock in trade	726,103	(2,916,070)
Trade debts	409,616	(367,183)
Loans and advances	(28,547)	(23,698)
Trade deposits and short term prepayments	(21,264)	(22,955)
Other receivables	77,028	(3,683)
Tax refunds due from the Government	(477,969)	179,796
	508,366	(3,180,659)
(Decrease) / increase in current liabilities		
Trade and other payables	276,570	(889,354)
Contract liabilities	68,077	(99,953)
	3,170,443	(2,029,862)
CASH FLOWS GENERATED FROM / (USED IN) OPERATIONS		
Contribution from / (to) gratuity fund	15,140	(1,000)
Mark-up paid	(1,232,768)	(295,127)
Tax paid	(645,947)	(841,433)
Long-term deposits	(4,030)	662
Workers' welfare fund paid	(12,681)	(62,590)
Workers' profit participation fund paid	(165,124)	(156,342)
	(2,045,410)	(1,355,830)
	1,125,033	(3,385,692)
NET CASH FLOWS GENERATED FROM / (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(67,800)	(166,750)
Addition in capital work-in-progress	(1,597,956)	(3,270,493)
Share deposit money repaid	(2,000)	-
Loan received from NRL	2,000	-
Sale proceeds from disposal of property, plant and equipment	2,786	18,021
	(1,662,970)	(3,419,222)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term loans repaid	(317,415)	(245,666)
Increase in deferred liabilities	425,000	-
Long-term loans obtained	900,000	3,205,112
Dividend paid during the period	(165,029)	(219,447)
Repayment of lease liabilities	(18,495)	(32,239)
Payment against diminishing musharaka finance	-	(899)
Short-term borrowings - net	(287,980)	4,043,024
	536,081	6,749,885
NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,856)	(55,029)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	284,936	100,093
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	283,080	45,064

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.


Chief Executive Officer


Director


Chief Financial Officer

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited) FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

1 THE GROUP AND ITS OPERATIONS

1.1 Nimir Industrial Chemicals Limited ("NICTL") is part of Nimir Group ("The Group") which consist of:

Parent (Holding) Company

Nimir Industrial Chemicals Limited ("NICTL")

Subsidiary Companies

Nimir Management (Private) Limited ("NMPL")

Nimir Resins Limited ("NRL")

The shareholding of Nimir Group as at reporting date is as follows:

• The holding of NICTL in NMPL:	51.00%
• The holding of NMPL in NRL:	51.00%
• The holding of NICTL in NRL:	11.63%
• Effective holding of NICTL in NRL:	37.64%

Nimir Industrial Chemicals Limited (the Holding Company) was incorporated in Pakistan as a Public Limited Company and its shares are listed on Pakistan Stock Exchange Limited. The Holding Company is engaged in manufacturing and sales of chemical products. Following are the business units of the Holding Company along with their respective locations:

Business Unit	Address
Registered office and plant	14.8 Km, Sheikhpura-Faisalabad Road, Mouza Bhikki, District Sheikhpura, Pakistan.
Head Office	Nimir House, 122-B, New Muslim Town, Lahore, Pakistan.

Nimir Management (Private) Limited (NMPL) was incorporated in Pakistan as private limited companies on 4 December 2015 for the purpose of investment in Nimir Resins Limited.

Nimir Resins Limited was initially incorporated in Pakistan on 17 December 1964 as a private limited company under the Companies Act, 1913 (now the Companies Act, 2017) and was converted into public limited company on 19 August 1991 with the name of Nimir Resins Limited. The name of the company was changed to Descon Chemicals Limited on 1 April 2010 when the company entered into a scheme of arrangement for merger / amalgamation with Descon Chemicals (Private) Limited. Upon acquisition by Nimir Group as explained in note 1.2, the name of the company changed to Nimir Resins Limited as per the approval of Securities and Exchange Commission of Pakistan dated 18 April 2016. The shares of Nimir Resins Limited are quoted on Pakistan Stock Exchange Limited. The principal activity of the company is to manufacture surface coating resins for paint industry, polyesters, and optical brightener for paper and textile industries and textile auxiliaries for textile industry. Following are the business units of the company along with their respective locations:

Business Unit	Address
Registered office and plant 1	14.5 Km, Lahore-Sheikhpura Road, Lahore, Pakistan
Plant 2	14.8 Km, Sheikhpura-Faisalabad Road, Mouza Bhikki, District Sheikhpura, Pakistan.

1.2 As a result of adoption of International Financial Reporting Standard (IFRS) – 10 'Consolidated Financial Statements', the Holding Company assessed the control conclusion of its investment in Nimir Resins Limited (NRL) that although the Holding Company has less than 50% shareholding in NRL, however, based on absolute size of the Holding Company's shareholding, common directorship and management, the Holding Company has the ability to exercise control over NRL as per the terms of IFRS-10. Henceforth, Nimir Industrial Chemicals Limited (NICTL) is deemed to be holding company of NRL.

2 STATEMENT OF COMPLIANCE

2.1 These condensed interim consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards), Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited) FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

- 2.2** The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Company for the year ended 30 June 2022. The comparative Consolidated Statement of Financial Position is extracted from the annual consolidated financial statements, as of June 30, 2022, whereas the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity are extracted from the un-audited condensed interim consolidated financial statements for the half year ended 31 December 2021.
- 2.3** These condensed interim consolidated financial statements have been prepared under the historical cost convention. These financial statements are prepared in Pak Rupee, which is the functional currency of the Group. Figures have been rounded off to the nearest thousand Pak Rupee unless otherwise stated.
- 2.4** Provisions in respect of Workers' Welfare Fund, Workers' Profit Participation Fund and taxation are estimated based on management judgment and prevailing laws; these are subject to final adjustments in the annual audited consolidated financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim consolidated financial statements are similar to those applied in the preparation of the Group's consolidated financial statements for the year ended 30 June 2022 except for the adoption of amendments to approved accounting and reporting standards as applicable in Pakistan which became effective for the current period as disclosed in Note 3.1 to these condensed interim consolidated financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The significant estimates and judgements adopted for the preparation of these condensed interim consolidated financial statements are similar to those applied in the preparation of the consolidated interim consolidated financial statements for the preceding year, ended June 30, 2022.

3.1 Amendments to published accounting and reporting standards as applicable in Pakistan, that are effective in the current period

The Group has adopted the following amendments to published accounting and reporting standards as applicable in Pakistan, which became effective:

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the condensed interim consolidated financial statements as the Group had no such contracts.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
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These amendments had no impact on the condensed interim consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

This amendment had no impact on the condensed interim consolidated financial statements of the Group as there were no modifications of the Group’s financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

This amendment had no impact on the condensed interim consolidated financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date

4 PROPERTY, PLANT AND EQUIPMENT

	(Unaudited) 31 December 2022	(Audited) 30 June 2022
	Rs. “000”	Rs. “000”
Operating fixed assets - owned assets	6,032,199	6,047,998
Right-of-use assets	120,789	80,864
Capital work in progress	8,227,365	6,895,310
	<u>14,380,353</u>	<u>13,024,172</u>

Following are the additions / transfers and disposals (at cost) in the operating fixed assets and right-of-use assets:

	(Un-Audited)		(Audited)	
	Additions	Disposals	Additions	Disposals
	Dec-2022	Dec-2022	June-2022	June-2022
	Rs. “000”	Rs. “000”	Rs. “000”	Rs. “000”
Operating fixed assets - owned assets				
Free-hold land	-	-	163,239	-
Building on free-hold land	84,484	-	471,770	(213)
Plant and machinery - owned	181,002	(904)	1,770,325	(24,245)
Furniture and fittings	343	-	700	(163)
Office and factory equipment	24,616	(110)	93,553	(2,622)
IT & Computer Equipment	14,946	(214)	20,802	-
Vehicles - owned	2,885	-	-	(165)
	<u>308,276</u>	<u>(1,228)</u>	<u>2,520,389</u>	<u>(27,408)</u>
Right-of-use assets				
Vehicles - Leased	15,752	(1,315)	65,970	-
	<u>324,028</u>	<u>(2,543)</u>	<u>2,586,359</u>	<u>(27,408)</u>

5 STOCK-IN TRADE

	(Unaudited) 31 December 2022	(Audited) 30 June 2022
	Rs. “000”	Rs. “000”
Raw and packing material		
In hand	5,932,927	7,136,414
In transit	801,158	1,056,264
	<u>6,734,085</u>	<u>8,192,678</u>
Finished goods	2,607,010	1,854,557
Solar panel purchased	72,976	92,940
Less: Provision for obsolescence	(29,830)	(29,830)
	<u>9,384,241</u>	<u>10,110,345</u>

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

6 LONG TERM LOANS

	Note	(Unaudited)	(Audited)
		31 December 2022	30 June 2022
		Rs. "000"	Rs. "000"
Term Finance	6.1	2,870,165	2,221,019
Term Finance - under refinance scheme for payroll financing	6.2	-	56,459
Term Finance - under temporary economic refinance facility	6.3	3,794,895	3,717,782
Term Finance - under financing scheme for renewable energy	6.4	30,000	32,500
Loan from directors / sponsors - unsecured	6.5	107,000	107,000
		6,802,060	6,134,760
Mark up accrued		125,330	103,984
		6,927,390	6,238,744
Less: Current maturity shown under current liabilities		(947,442)	(472,174)
Less: Markup accrued shown under current liabilities		(125,330)	(103,984)
		5,854,618	5,662,586

- 6.1** This represents long-term finance facilities obtained from financial institutions carrying mark-up at the rate of 3 months KIBOR plus 125 to 150 bps per annum repayable in equal monthly, quarterly and semi-annual instalments over a period of 2 to 6 years including 1 year grace period. These facilities are secured against first joint pari passu charge and mortgage charge (equitable) over present and future fixed assets of the Group.
- 6.2** This represented long-term finance facility from a financial institution for disbursement of salaries under State Bank of Pakistan's (SBP) Refinance Scheme. The loan carried mark-up at SBP rate plus 100 bps to 200 bps per annum and repayable in 8 equal quarterly installments starting from January 2021. This facility was secured against first joint pari passu charge over fixed assets of the Group. The effect of differential in rate by applying 'IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance' had been treated as deferred grant.
- 6.3** These represent the loans obtained under the Temporary Economic Refinance Facility offered by the State Bank of Pakistan (the "SBP TERF") for setting up imported and locally manufactured plants and machinery for new projects. The loans carry mark-up at the rate of 2.02% per annum repayable in equal quarterly installments over a period of 10 years including 2 years grace period. These facilities are secured against first joint pari passu charge over all present and future fixed assets of the Group. The loan was initially recognized at fair value in accordance with IFRS 9 - Financial instruments using an effective interest rate of three (3) month KIBOR plus spread respectively. The difference between the fair value of the loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance).
- 6.4** This represents facility of Rs. 50 million obtained for solar energy unit of 450KW. This loan is repayable in 20 equal installments payable quarterly in arrears starting from March 31, 2021. Markup is charged at SBP rate plus 2% p.a. payable quarterly in arrears. This loan is secured against joint pari passu charge of Rs. 67 million over fixed assets of the Group with 25% margin.
- 6.5** This represents unsecured loan obtained from ex-director / sponsors of Nimir Resins Limited acquired as a result of winding of Nimir Holding (Private) Limited in the prior year. This loan is interest free and repayable on demand, however, the lender has agreed not to demand repayment for a period of next twelve months.

7 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

There is no material change in the contingencies since the last audited consolidated financial statements for the year ended 30 June 2022.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

COMMITMENTS

Commitments in respect of letters of credit and letters of guarantee as at 31 December 2022 are as follows:

	(Unaudited) 31 December 2022	(Audited) 30 June 2022
Letters of credit established for the import of raw materials, spare parts and machinery	3,998 million	4,185 million
Letter of guarantee given to SNGPL	159 million	136 million
Letter of guarantee given to PSO	62 million	62 million
Letter of guarantee given to Total PARCO	13 million	13 million

8 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

	Six month period ended		Three month period ended	
	31 DEC. 2022	31 DEC. 2021	31 DEC. 2022	31 DEC. 2021
	Rs. "000"	Rs. "000"	Rs. "000"	Rs. "000"
Gross revenue	31,932,357	20,409,376	14,401,925	10,344,532
Less:				
Commission / discount Sales tax	(4,555,190)	(3,041,473)	(2,078,053)	(1,900,481)
Net revenue	<u>27,377,167</u>	<u>17,367,903</u>	<u>12,323,872</u>	<u>8,444,051</u>

9 COST OF SALES

Opening stock of finished goods	10,110,345	1,670,468	2,330,104	1,709,794
Cost of goods manufactured	24,213,158	15,684,997	18,300,407	7,619,227
	<u>34,323,503</u>	<u>17,355,465</u>	<u>20,630,511</u>	<u>9,329,021</u>
Less: Closing stock of finished goods	(9,384,241)	(2,178,005)	(9,384,241)	(2,178,005)
	<u>24,939,262</u>	<u>15,177,460</u>	<u>11,246,270</u>	<u>7,151,016</u>

10 DISTRIBUTION COSTS

Salaries, wages and benefits	55,224	61,490	26,247	36,881
Depreciation	3,990	3,155	2,208	1,626
Repairs and maintenance	1,097	683	466	(165)
Traveling, conveyance and entertainment	10,889	5,354	7,408	2,903
Communications	767	943	299	526
Insurance	3,316	2,151	2,071	1,646
Printing and stationery	142	205	46	57
Freight outward	129,100	44,242	62,929	21,945
Packing, carriage and forwarding	21,672	14,095	11,374	8,052
Dues, fees and subscription	3,318	1,660	2,227	1,560
Other expenses	3,300	998	2,742	(72)
Rent, rates and taxes	309	20	163	(280)
Utilities	452	299	230	160
	<u>233,576</u>	<u>135,295</u>	<u>118,409</u>	<u>74,840</u>

11 FINANCE COST

Mark-up on				
Long-term loans	147,152	43,213	56,976	18,788
Short-term borrowings	1,361,831	376,078	744,334	219,390
Diminishing musharaka finance	3	60	-	24
Financial charges on lease	8,570	6,495	4,679	3,223
LC discounting charges	1,897	1,386	610	799
Financial charges on GIDC unwinding	-	1,232	-	-
Bank charges, fee and commission	17,439	9,357	7,618	8,192
	<u>1,536,892</u>	<u>437,821</u>	<u>814,217</u>	<u>250,416</u>

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

12 OPERATING SEGMENT INFORMATION

	Rs. '000"									
	Oleo Chemicals and Chlor Alkali		Coating, Emulsion and Resins		Other Segments		Inter segment eliminations		Total	
	Six-month period ended 2022	2021	Six-month period ended 2022	2021	Six-month period ended 2022	2021	Six-month period ended 2022	2021	Six-month period ended 2022	2021
Revenue from contracts with customers-net	22,923,937	13,643,044	4,594,984	3,804,698	-	-	(141,754)	(79,839)	27,377,167	17,367,903
Cost of sales	(20,845,034)	(11,901,546)	(4,231,186)	(3,355,994)	-	-	136,958	80,080	(24,939,262)	(15,171,460)
Gross profit	2,078,903	1,741,498	363,798	448,704	-	-	(4,796)	241	2,437,905	2,190,443
Distribution cost	(183,635)	(92,327)	(49,941)	(42,968)	-	-	-	-	(233,576)	(135,295)
Administrative expenses	(210,126)	(193,288)	(47,069)	(39,279)	(108)	(100)	299	527	(257,004)	(232,140)
Operating profit / (loss)	1,685,142	1,455,883	266,788	366,457	(108)	(100)	(4,497)	768	1,947,325	1,823,008
Other expenses	(25,301)	(77,077)	(5,539)	(70,400)	-	-	-	-	(30,840)	(147,477)
Other income	94,960	22,180	15,744	12,614	-	-	(825)	(1,005)	109,879	33,789
Financial cost	(1,324,315)	(374,064)	(212,577)	(63,757)	-	-	-	-	(1,536,892)	(437,821)
Profit before taxation	430,486	1,026,922	64,416	244,914	(108)	(100)	(5,322)	(237)	489,472	1,271,499
Taxation	(97,671)	(299,944)	(19,564)	(69,303)	-	-	(1,308)	-	(118,543)	(369,247)
Profit after taxation	332,815	726,978	44,852	175,611	(108)	(100)	(6,630)	(237)	370,929	902,252
	31 Dec. 2022	30 June 2022	31 Dec. 2022	30 June 2022	31 Dec. 2022	30 June 2022	31 Dec. 2022	30 June 2022	31 Dec. 2022	30 June 2022
Segment assets	(Un-audited) 31,379,235	(Audited) 30,128,449	(Un-audited) 5,424,474	(Audited) 5,963,418	(Un-audited) 292,729	(Audited) 292,912	(Un-audited) (1,003,794)	(Audited) (1,020,248)	(Un-audited) 36,092,643	(Audited) 35,364,529
Segment liabilities	25,033,563	23,949,708	2,949,016	3,637,812	78,881	78,956	(31,142)	(159,226)	28,030,320	27,507,249

12.1 Inter segment sales, purchases and balances have been eliminated.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

13 EARNINGS PER SHARE - BASIC AND DILUTED

	Six month period ended		Three month period ended	
	31 DEC. 2022	31 DEC. 2021	31 DEC. 2022	31 DEC. 2021
	Rs. "000"	Rs. "000"	Rs. "000"	Rs. "000"
Profit attributable to equity holders of the parent (Rs. "000")	343,012	792,790	118,735	452,425
Weighted average number of shares (No. "000")	110,591	110,591	110,591	110,591
Earnings per share (Rs.)	3.10	7.17	1.07	4.09

14 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies (based on common directorships), directors and key management personnel. Transactions with related parties during the period are as follows:

Name of Company and relationship	Nature of Transaction	Six-month period ended	
		(Unaudited) 31 December 2022	(Unaudited) 31 December 2021
		Rs. "000"	Rs. "000"
Nimir Chemcoats Limited - Associated Company	Purchase of goods	65,351	3,896
	Sale of goods	15,937	36,859
	Services provided	1,577	936
	Other expenses reimbursed	-	32
Nimir Energy Limited - Associated Company	Purchase of goods	20,124	-
	Sale of goods	105,769	-
	Other expenses reimbursed	4	-
Nimir Chemicals Pakistan Limited - Associated Company	Sales of goods	13,843	-
Key Management Personnel	Managerial Remuneration	184,028	147,676
	Other Benefits	72,193	57,721
Staff retirement benefits	Contribution to gratuity fund	9,320	5,920

15 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks including market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

There have been no changes in the risk management policies during the period; consequently these condensed interim consolidated financial statements do not include the financial risk management information and disclosures required in the annual financial statements.

16 GENERAL

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors of the group on Friday, 24 February 2023.


Chief Executive Officer


Director


Chief Financial Officer



NIMIR

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