



Wah Nobel Chemicals Limited

2015
ANNUAL
REPORT



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VISION STATEMENT

The Company's vision is to be the market leader and serve the needs of customers with total dedication, supply them the current and anticipate their future needs, create value for customers, shareholders, employees and the community



CORPORATE MISSION

- To meet the current needs of its customers and anticipate their future needs.
- To maintain close and direct contacts with the customers to ensure their complete satisfaction.
- Constantly improve the quality of all our activities through operational excellence.
- To give fullest regard to the safety and health of employees and customers.
- To promote professionalism at all levels through constant education, training and development of human resources.
- To safeguard the environment and the community from pollution.
- To create a conducive work environment and inspire people to perform to their fullest potential and to reward talent.

Corporate Information

BOARD OF DIRECTORS

Lt. Gen. Omar Mahmood Hayat,
HI (M)

Mr. Torbjorn Saxmo
Mr. Feroze Khan Malik
Mr. Muhammad Nawaz Tishna
Mr. Tabassum Rahman
Mr. Muhammad Asif Hussain
Mr. Asif Ali Siddiqui

Chairman

Vice Chairman
Director
Director (N.I.T. Nominee)
Director
Director
Director

CHIEF EXECUTIVE

Brig (R) Shiraz Ullah Choudhry

AUDIT COMMITTEE

Mr. Tabassum Rahman
Mr. Feroze Khan Malik
Mr. Asif Ali Siddiqui

Chairman
Member
Member

HUMAN RESOURCE & REMUNERATION (HR&R) COMMITTEE

Mr. Tabassum Rahman
Mr. Asif Ali Siddiqui
Brig (R) Shiraz Ullah Choudhry

Chairman
Member
Member

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Mr. Tanveer Elahi

AUDITORS

Grant Thornton Anjum Rahman
Chartered Accountants

LEGAL ADVISORS

The Law Firm of Basit Musheer

SHARES REGISTRAR

Ilyas Saeed Associates (Pvt.) Ltd.,
Management Consultants,
Office # 26, 2nd Floor, Rose Plaza,
I-8 Markaz, Islamabad.
Tel: 051-4938026-7, Fax: 051-4102628
Email: iilyas@hotmail.com

BANKERS

MCB Bank Limited
Allied Bank of Pakistan Limited
Bank Al-Habib Limited
Askari Bank Limited

REGISTERED OFFICE

G.T. Road, Wah Cantt.

PHONES

(051) 5568760, 4545243-6 (4 Lines)
(051) 9314101-21 (21 Lines) Ext. 22236
(051) 4545241, (051) 4535862
wahnobel@comsats.net.pk
www.wahnobel.com/wnc.htm

FAX
E.MAIL
WEBSITE

FACTORY

Wah Cantt.

Company Profile

Wah Nobel Chemicals Limited is a Pakistan's leading manufacturer of Formaldehyde, UF, PF Resins and Urea Formaldehyde Moulding Compound. Since its inception Wah Nobel Chemicals Limited has stood as a symbol of quality, safety, reliability, unparalleled after sale service and commitment. Its products enjoy the highest reputation throughout Pakistan. This has been achieved through innovation, expertise, state of the art technology and a vision for the future.

PRODUCTION PREMISES

• Total Area	45,100 Sqr. M
• Process Area	20,000 Sqr. M
• Auxiliary Building	1,000 Sqr. M
• Green Area	11,730 Sqr. M
• Open Plot For Future Expansion	12,270 Sqr. M

PRODUCT RANGE

• Formaldehyde	37 TO 55% Concentration
• Urea Formaldehyde Glue	Various Grades
• Phenol Formaldehyde Glue	Various Grades
• Special Resins	Various Grades
• UFC 85	
• Urea Formaldehyde Moulding Compound	Various Grades

INSTALLED CAPACITY

Formaldehyde	30,000 M. Tons per annum.
Urea/Phenol Formaldehyde	19,000 M. Tons per annum.
Urea Formaldehyde Moulding Compound	4,000 M. Tons per annum.

QUALITY LEADERSHIP

Quality is an integral part of our business environment and culture. The certification of ISO 9001-2008 affirms our commitment to the adherence of international quality standards. Further, our Company has also been awarded two other Certificates namely Environmental Management System ISO 14001:2004 and Health & Safety Management System OHSAS 18001:2007. All these certifications add to the confidence of our customers in our ability to provide them with the best products and services at most competitive prices.

Notice of Annual General Meeting

NOTICE is hereby given that the 32nd Annual General Meeting of WAH NOBEL CHEMICALS LIMITED will be held at the Registered Office of the Company, G.T. Road, Wah Cantt on Monday, November 30, 2015 at 11.00 hours to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 31st Annual General Meeting held on October 31, 2015.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2015 together with the Directors' and the Auditors' Reports thereon.
3. To approve the payment of cash dividend @ Rs.1.00 per share i.e. 10% as recommended by the Directors.
4. To appoint auditors and fix their remuneration for the year ending June 30, 2016.

OTHER BUSINESS

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

By Order of the Board

WAH CANTT.
NOVEMBER 03, 2015

(TANVEER ELAHI)
COMPANY SECRETARY

Notes:

1. The share transfer books of the Company will remain closed from November 24, 2015 to November 30, 2015 (both days inclusive). Transfers received in order by the Shares Registrar of the Company by the close of business on November 23, 2015 will be treated in time for the entitlement of payment of dividend.
2. A member of the Company entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend the meeting and vote for him/her. Proxies in order to be effective, must be received at the Company's Registered Office not later than 48 hours before the time appointed for the meeting and must be duly stamped, signed and witnessed.
3. CDC Account Holders are advised to bring their original National Identity Cards to authenticate their identity along with CDC account numbers at the meeting. However, if any proxies are granted by such shareholders, the same shall also have to be accompanied with attested copies of the National Identity Card of the grantor, and the signature on the proxy form has to be the same as appearing on the National Identity Card.
4. Shareholders are requested to notify to the Shares registrar the change of address, if any, immediately.
5. Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP) contained in SRO No. 831 (I) / 2012 dated July 05, 2012, Dividend Warrants shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC (if not already provided) to the Company's Share Registrar, M/s Ilyas Saeed Associates (Pvt) Limited, without any delay. In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company will be constrained to withhold the Dividend Warrants in terms of Section 251 (2) (a) of the Companies Ordinance 1984, which will be released by the Company only upon compliance with the aforesaid notification.
6. The Government of Pakistan through Finance Act, 2015 has made certain amendments in the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as follows:

(a) For filers of income tax returns 12.5%

(b) For non-filers of income tax returns 17.5%

Shareholders who are filers are advised to make sure that their names are entered

into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 17.5% instead of 12.5%.

7. As directed by SECP vide Circular No.18 of 2012 dated June 05, 2012, we give the shareholders the opportunity to authorize the Company to directly credit in their bank account the cash dividend, if any, declared by the Company in future. If you wish that the cash dividend if declared by the Company be directly, credited into your bank account, instead of issuing a dividend warrant, please provide the following details.

Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	
Cell Number of Shareholder	
Landline Number of Shareholder, if any	

Directors' Report

The Directors of the Company are pleased to present Annual Report and the Audited Financial Statements of the Company for the year ended June 30, 2015 together with the Auditors' Report thereon.

OPERATING PERFORMANCE

Your company operates in a highly competitive industry, where excess capacity exists. To retain market share by reducing prices, we are also required to adjust our marketing strategy, which is thereby adversely affecting our financial results. During the year your Company has achieved net sales revenue of Rs.1.210 billion as compared to Rs.1.304 billion of last year, i.e a decrease of 7.24% over net sales revenue reported last year. Company's gross profit has reduced to Rs.128.054 million as compared to Rs.193.842 million of the last year. The decline in gross profit is attributed mainly due to intense competition in the glue market which has kept the margins under pressure, however, UFMC plant installed last year with company's own resources has performed well and contribute positively.

Operating expenses are normal and in line with sales volume and inflation factors. Financial cost increased from Rs 9.998 million to Rs.26.450 million as a result of increase in working capital requirement. Company earned after tax profit of Rs.12.263 million against last year's after tax profit of Rs. 66.775 million. Net Profit decreased by Rs.54.512 million, whereas net profit ratio declined to 1.01 % from 5.12% of previous year.

The summary of the operating results of the Company for the year under review along-with the comparatives for the last year are as under:

	2014-15	2013-14
	Rupees (in thousands)	
Net Sales	1,209,911	1,303,980
Gross Profit	128,054	193,842
Operating Profit	50,701	116,548
Profit before taxation	26,484	104,625
Provision for taxation	14,221	37,850
Profit after taxation	12,263	66,775
Other comprehensive income / (loss)	1,039	(1,229)
Total comprehensive income for the year	13,302	65,546
Un-appropriated profit brought forward Restated	99,214	118,168
Profit available for appropriation	112,516	183,714
Appropriations		
Dividend Paid (9,000,000 shares @ Rs.4 / Rs.5.50 per share)	36,000	49,500
Transfer to general reserve	35,000	35,000
Un-appropriated profit carried forward	41,516	99,214

DIVIDEND

Your Directors recommended for the year 2014-15, a payment of cash dividend @ Rs.1.00 per share (i.e 10%). The dividend recommended is subject to the approval of shareholders in the forthcoming Annual General Meeting

NET EARNING PER SHARE

Earnings per share for the year ended June 30, 2015 decreased to Rs.1.36 from Rs.7.42 as recorded in the previous year.

OUTLOOK FOR 2015-16

We foresee intense competition from existing players and new entrants in the Industry, resultantly anticipate pressure on margins. However, the Management is taking all possible measures to combat these challenges and are hopeful to post better financial results in the coming year.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

As required by the Code of Corporate Governance (xvi), the Directors are pleased to report the following:

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) The Company has maintained proper books of account.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
 - Summary of key operating and financial data for the last six financial years is annexed with the report.
 - The un-audited value of investments, including bank deposits, of retirement benefits funds as of June 30, 2015 were as follows:

RUPEES

5.3.1	Provident Fund	48,203,924
5.3.2	Gratuity Fund	28,228,312
5.3.3	Pension Fund	18,385,105

BOARD OF DIRECTORS

During the year the following changes took place in the Board:

On April 27, 2015 Lt. Gen Omar Mahmood Hayat was appointed as Chairman/Director in place of Lt. Gen. Muhammed Ahsan Mahmood being retired.

Consequent upon retirement of Mr. Riaz Ahmad from service Mr. Tabassum Rahman appointed as Director in his place effective May 06, 2015.

Subsequent to the year end, Brig (R) Shiraz Ullah Choudhry was appointed as Chief Executive Officer of the Company effective July 14, 2015, in place of Syed Naseem Raza being retired.

The Board would like to thank the outgoing Chairman / Directors and Chief Executive Officer for their valuable contribution to the Company and welcome the new Chairman / Directors and Chief Executive Officer on the Board of the company.

During the year under review, five Board meetings were held. The number of meetings attended by each Director is given hereunder:

Directors		Number of Meetings Attended
1.	Lt. Gen Omar Mahmood Hayat Chairman (Appointed w.e.f April 27, 2015)	-
2.	Lt. Gen. Muhammad Ahsan Mahmood Ex-Chairman (Retired w.e.f. April 27, 2015)	01
3.	Mr. Torbjorn Saxmo Director	05
4.	Mr. Feroze Khan Malik Director	02
5.	Mr. Riaz Ahmed Director (Retired w.e.f. May 06, 2015)	02
6.	Mr. Tabassum Rahman Director (Appointed w.e.f May 06, 2015)	-
7.	Mr. Muhammad Nawaz Tishna Director	05
8.	Mr. Muhammad Asif Director	05
9.	Mr. Asif Ali Siddiqui Director	05
10.	Syed Naseem Raza Chief Executive	05

During the year, Audit Committee held four (4) Meetings and were attended by each member as follows:

Members		Number of Meetings Attended
1.	Mr. Riaz Ahmed Chairman	01
2.	Mr. Feroze Khan Malik Member	03
3.	Mr. Asif Ali Siddiqui Member	04

Leave of absence was granted to the members of the Board / Committee who were unable to attend the meeting.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Being socially responsible corporate entity we are committed to our communities as we are to our customers, shareholders and employees. Company is committed to act ethically and contribute to economic development while improving the quality of life of the workforce and their families as well

as of the local communities and society at large. The Company practices active corporate citizenship through energy conservation, industrial relations, employment of special persons, occupational safety & health, business ethics, contributing to national exchequer

Our country is facing its worse ever energy crisis these days. Energy conservation has drawn focus in recent years in this regard your Company has taken various steps to conserve energy like restricted use of all air conditioners and heaters and replacement of electric bulbs & tubes with energy savers and LED's. Last year, parent Company has installed Solar Energy Panels in main office of Wah Nobel for energy conservation & to reduce the electricity burden.

The Company is committed to provide quality products at competitive price to our customers. We also provide free advisory services to them.

The Company enjoys a good relationship between its management and employees. The Company also has a good relationship with vendors and suppliers.

Occupational health & safety continues to be among the Company's top priorities. The Company is committed to health and safety practices and work environments that enable our employees to work free of injury and illness. To achieve this, we ensure that operations comply with applicable occupational health and safety regulations.

Business ethics are an integral part of our policies and procedures. The Company is committed to conduct all of its business activities according to the highest principles of business ethics and in full compliance with the laws and regulations of the state.

As a general obligation of the Company, WNCL does not discriminate on the basis of race, sex, religion, disability or family status in the recruitment, training or advancement of its employees. The Company is committed to provide a safe, healthy, learning and environment friendly atmosphere to all its employees. The Company promotes culture of team work, sense of urgency, innovation, sincerity & loyalty, discipline, tolerance and mutual respect among the employees which helps in transforming their creativities into professional excellence Company offers apprenticeship on regular basis to elevate professional and technical skills of the individuals.

The company is contributing significant amount towards the national exchequer on account of corporate tax, general sales tax, excise duty, custom duty and vend / permit fee. During the year 2014-15 company has contributed over Rs. 308 million to the national exchequer.

DIRECTORS' TRAINING PROGRAM

During the year one Director of the company have acquired the certification under directors' training program from the Institute of Cost and Management Accountants of Pakistan.

WEBSITE

Company's periodic financial statements for the current financial year including annual /periodic reports for the last three years are available on the Company's website for information of the shareholders and others. www.wahnobel.com/wnc.htm

RECOGNITION

RCCI GOLD AWARD FOR PERFORMANCE

The Company has been awarded by "RCCI Gold Award" on the occasion of 27th Annual Achievement Awards 2014. The said award was presented by Mr. Mamnoon Hussain, President Islamic Republic of Pakistan to Syed Naseem Raza, Ex.Chief Executive of the Company.

VEND FEE AND PERMIT FEE

As regards vend fee and permit fee case, Sindh High Court has already pronounced favourable judgment. Presently the case is pending with the Honorable Supreme Court of Pakistan. In view of the merits of the case and favourable decision of the Sindh High Court, the management is expecting a favourable decision from the apex court and is making necessary efforts to continue as a going concern.

EXTERNAL AUDITORS

The present auditors, Messrs Grant Thornton Anjum Rahman, Chartered Accountants are due to retire at the conclusion of the 32nd annual general meeting of the Company, being eligible, offer themselves for re-appointment. They confirmed that they have been given satisfactory rating under the Quality Control Review Program of The Institute of Chartered Accountants of Pakistan (ICAP) and the firm fully comply with the International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the ICAP.

On the recommendation of the Board's Audit Committee, the Board of Directors proposed their re-appointment as auditors of the Company for the year ending June 30, 2016 for shareholders consideration and approval at the forthcoming annual general meeting.

PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2015 and additional information thereabout required under the Code of Corporate Governance is included in this report.

During the year only 9,000 shares were sold by Mr. Feroze Khan Malik, Director of the Company. No trading in the shares of the Company was carried out, except as mentioned above, by any of the other company's Director(s), Chief Executive Officer, Executive(s), their spouse(s) and minor Children from July 01, 2014 to June 30 2015.

ACKNOWLEDGMENT

The Directors wish to place on record their sincere appreciation for the commitment, hard work and dedication shown by all the Management and Employees of the Company towards the progress of the company. The Directors also express their gratitude to our valued shareholders, customers, suppliers and bankers for their continued patronage and support.

On behalf of Board of Directors

WAH CANTT:
November 03, 2015

Brig (R)
Shiraz Ullah Choudhry
Chief Executive

Six Years at a Glance

	2010	2011	2012	2013	2014	2015
(Rupees in Thousands)						
(A) Operating Results:						
i) Net Sales Revenue	712,677	698,678	1,147,501	1,211,238	1,303,980	1,209,911
ii) Gross Profit	185,476	151,912	189,850	233,840	193,842	128,054
iii) Operating Profit	132,848	106,239	119,301	157,227	116,548	50,701
iv) Profit Before Tax	117,003	97,844	116,968	155,938	104,625	26,484
v) Profit After Tax	75,991	64,294	73,733	115,240	66,775	12,263
(B) Financial Position						
i) Paid-up Capital	90,000	90,000	90,000	90,000	90,000	90,000
ii) Shareholders Equity	382,117	401,411	430,145	499,112	515,158	492,460
iii) General Reserve	183,000	233,000	260,000	290,000	325,000	360,000
iv) Property, Plants and Equipment (Net)	105,209	100,181	92,989	109,571	167,015	159,030
v) Current Assets	358,411	385,464	491,637	544,733	704,236	677,275
(C) Key Performance Indicators						
i) Gross Profit %	26.03%	21.74%	16.54%	19.31%	14.86%	10.58%
ii) Profit Before Tax %	16.42%	14.00%	10.19%	12.87%	8.02%	2.19%
iii) Earning Per Share Rs.	8.44	7.14	8.19	12.8	7.42	1.36
iv) Cash Dividend %	50%	50%	50%	55%	40%	10%
vi) Break-up Value Per Share Rs.	42.46	44.60	47.79	55.45	57.24	54.72
vii) Current Ratio	3.46:1	3.51:1	2.70:1	2.9 1:1	1.86:1	1.86:1

Pattern of Shareholding as at June 30, 2015

No of shareholders	Shareholding		Total shares held
	From	To	
158	1	100	6,557
395	101	500	109,930
148	501	1,000	121,564
143	1,001	5,000	351,552
45	5,001	10,000	353,588
15	10,001	20,000	228,000
14	20,001	30,000	396,284
4	30,001	50,000	141,302
3	50,001	100,000	205,203
4	100,001	1,000,000	2,115,625
1	1,000,001	5,000,000	4,970,395
930	Total		9,000,000

Categories of shareholders	No. of Shareholders	Shares held	Percentage
• Directors, Chief Executive Officer, and their spouse and minor children.	7	51,105	0.57
• Associated Companies, undertakings and related parties.	4	5,102,497	56.69
• NIT/ICP	2	629,749	7.00
• Banks Development Financial Institutions, Non Banking Financial	3	325,899	3.62
• Insurance Companies	2	874,080	9.71
• Modarabas and Mutual Funds	2	22,960	0.26
• General Public			
a. Local	897	1,899,866	21.11
b. Foreign	1	8,673	0.10
• Others (to be specified)			
Investment Companies	1	1,000	0.01
Trust	2	18,600	0.21
Benevolent / Pension Fund	2	60,245	0.67
Joint Stock Coys.	6	5,226	0.06
Stock Exchange.	1	100	0.00
Total	930	9,000,000	100.00

Details of Pattern of Shareholding as per requirements of Code of Corporate Governance

Categories of Shareholders Number of Shares held

I) Associated Companies, undertakings and related parties.

1 Wah Nobel (Pvt) Ltd	4,970,395
2 WNPL Employees Provident Fund	87,000
3 WNCL Employees Provident Fund	33,102
4 WNPL Employees Provident Fund (WNDL)	12,000
	5,102,497

II) Mutual Funds

1 CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	629,124
2 Investment Corporation of Pakistan, (ICP)	625
	629,749

III) Directors and their spouse(s) and minor children.

1 Lt. Gen. Omar Mahmood Hayat, Chairman/Director	1*
2 Mr. Torbjorn Sexmo, Director	1*
3 Mr. Muhammad Asif, Director	1*
4 Mr. Tabassum Rahman, Director	1*
5 Mr. Asif Ali Siddiqui, Director	1*
6 Mr. Feroze Khan Malik, Director	21,000
7 Mrs. Anwar Sultana Malik, (spouse of Feroze Khan Malik)	30,100
	51,105

IV) Executives

Nil

V) Public Sector Companies and Corporations

1 State Life Insurance Corporation Of Pakistan	862,080
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VI) Banks Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds .

1,283,184

VII) Shareholders holding five percent or more voting rights / Interests

1 Wah Nobel (Pvt) Ltd	4,970,395
2 CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	629,124
3 State Life Insurance Corporation Of Pakistan	862,080
	6,461,599

* Directors mentioned at Sr III (1-5) held these shares (1 share each) as nominee of Wah Nobel (Pvt) Ltd .
The ultimate ownership remains with Wah Nobel (Pvt) Ltd

Some of the share holders are reflected in more than one category

Details of trading in the shares by the CEO, Directors, Chief Financial Officer
Company Secretary and their spouses and minor children.

Name	Category	No.Of Shares Sold
Mr. Froze Khan Malik	Director	9,000

Statement of Compliance with Code of Corporate Governance for the year ended June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the Regulation No. 5.19 of the Karachi Stock Exchange Limited Regulations and Regulation No. 35 of Chapter XI contained in listing Regulations of the Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

- The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. However, at present none of the directors on the board meets the criteria of independence specified under clause 5.19.1 (b) of the Code. The Company intends to take steps to remove this non compliance. At present the board includes:

Category	Names
Independent Directors	None
Executive Directors	1. Syed Naseem Raza , CEO
Non-Executive Directors	1. Lt. Gen Omar Mahmood Hayat 2. Mr. Torbjorn Saxmo 3. Mr. Feroze Khan Malik 4. Mr. Muhammad Nawaz Tishna 5. Mr. Tabassum Rahman 6. Mr. Muhammad Asif 7. Mr Asif Ali Siddiqui

- The directors have confirmed that none of them is serving as director in more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies).
- 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 NBFIs or being a member of stock exchange has been declared as a defaulter by that stock exchange.
- Casual vacancies occurred on the Board on April 27, 2015 and May 06, 2015 were filled in by the board on the same day.
- The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- 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 date on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board. No director or Chief Executive is being remunerated by the Company.
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 and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. During the year one director of the company has acquired the Certification under directors' training program from an institute duly approved by the Securities and Exchange Commission of Pakistan. One Director of the company is exempt from the requirement of directors training program in accordance with the criteria specified in Clause xi of the Code, and remaining directors to be trained within specified time. The Directors on Board have adequate exposure of corporate matters and are well conversant with legal requirements and operational imperatives of the company, and as such fully aware of their duties and responsibilities.
10. No new appointment of CFO, Head of Internal Audit or the Company Secretary was made during the year.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The quarterly, six monthly and annual financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.

18. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
19. The statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programmed of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the Code have been complied with.

On behalf of Board of Directors

WAH CANTT:
November 03, 2015

Brig (R)
Shiraz Ullah Choudhry
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 (the "Code") prepared by the Board of Directors of **Wah Nobel Chemicals Limited**, (the "Company") for the year ended June 30, 2015 to comply with the Listing Regulations of Stock Exchanges, where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

Further we highlight below instance of noncompliance with the requirement of the Code as reflected in the statement of compliance.

	Note	Description
	i)	1
		No independent Director

The Company has not presented the Statement of Compliance with Public Sector Company (corporate Governance) Rules, 2013 on the premise that the company is not a Public Sector Company. However Wah Industries Limited, wholly owned by State Enterprise Pakistan Ordinance Factories, has majority shareholding in the parent company of the Company and power to appoint majority of directors of the Company due to which the Company is a Public Sector Company as defined in the Rules. In view of above we could not issue our review report on the company's Statement of Compliance with Public Sector Company (Corporate Governance) Rules, 2013. Our report is not qualified in respect of this matter.

GRANT THORNTON ANJUM RAHMAN
Chartered Accountants
Engagement Partner: Nadeem Tirmizi
Islamabad
Date: November 3, 2015

Auditors' Report to the Members

We have audited the annexed balance sheet of **Wah Nobel Chemicals Limited** as at June 30, 2015 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 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 the 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 accounts 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 June 30, 2015 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.

Without qualifying our opinion we draw attention to note 24.1.2 to the financial statements which states that the Company is defendant in a lawsuit alleging non-payment of vend and permit fee of Rs. 884 million on methanol to the Excise and Taxation Department, Government of Sindh. The ultimate outcome of matter cannot be determined presently and therefore no provision for any liability that may result has been made in these financial statements. In the event of unsuccessful outcome, there is a substantial doubt that the Company will be able to continue as a going concern.

GRANT THORNTON ANJUM RAHMAN
Chartered Accountants
Engagement Partner: **Nadeem Tirmizi**

Islamabad
Date: November 3, 2015

Balance Sheet

as at June 30, 2015

	Note	2015 Rupees	2014 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	4	159,030,238	167,015,181
Long term investment	5	30,715,121	35,707,826
Total non-current assets		189,745,359	202,723,007
Current assets			
Stores, spare parts and loose tools	6	46,845,169	53,600,855
Stock in trade	7	105,116,514	191,369,106
Trade debts	8	358,480,568	323,692,204
Advances	9	20,785,201	11,953,708
Trade deposits		40,070	40,070
Interest accrued	10	181,646	168,500
Other receivables	11	21,235,446	43,069,336
Short-term investment	12	2,582,666	2,582,666
Taxation - net	13	117,544,427	67,653,744
Cash and bank balances	14	4,463,045	10,105,723
Total current assets		677,274,752	704,235,913
Total assets		867,020,112	906,958,920
EQUITY AND LIABILITIES			
Equity			
Authorized capital	15	200,000,000	200,000,000
Issued, subscribed and paid up capital	15	90,000,000	90,000,000
Capital reserves	16	944,404	944,404
General reserves	17	360,000,000	325,000,000
Unappropriated profit		41,515,682	99,213,506
Total equity		492,460,086	515,157,910
Non-current liabilities			
Deferred liabilities	18	6,463,646	7,796,836
Deferred taxation	19	3,942,093	5,758,932
Total non-current liabilities		10,405,739	13,555,768
Current liabilities			
Trade and other payables	20	129,041,157	169,655,194
Due to holding company	21	31,022	1,693,536
Mark-up accrued	22	4,981,181	5,118,525
Short term running finance - secured	23	230,100,927	201,777,987
Total current liabilities		364,154,287	378,245,242
Total liabilities		374,560,026	391,801,010
Contingencies and commitments	24		
Total equity and liabilities		867,020,112	906,958,920

The annexed notes from 1 to 47 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE

Profit and Loss Account

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
Turnover-net	25	1,209,910,970	1,303,980,097
Cost of sales	26	(1,081,857,280)	(1,110,138,093)
Gross profit		128,053,690	193,842,004
Administrative and general expenses	27	(18,237,966)	(18,737,567)
Selling and distribution expenses	28	(59,115,038)	(58,556,133)
Operating profit		50,700,686	116,548,304
Finance cost	29	(26,449,881)	(9,997,647)
Other operating expenses	30	(2,434,224)	(8,222,735)
Other income	31	9,660,356	6,884,998
Share in profit of associated company-net of tax	5	(4,992,705)	(587,595)
Profit before taxation		26,484,232	104,625,325
Provision for taxation	32	(14,221,210)	(37,850,648)
Profit for the year		12,263,022	66,774,677
Other comprehensive income for the year			
Profit/(loss) on remeasurement of staff defined benefit plan		1,583,092	(1,805,227)
Deferred tax credit relating to remeasurement of staff defined benefit plan		(543,938)	576,429
		1,039,154	(1,228,798)
Total comprehensive income for the year		13,302,176	65,545,879
Earnings per share - basic and diluted	33	1.36	7.42

The annexed notes from 1 to 47 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE

Cash Flow Statement

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
Cash flows from operating activities			
Profit before taxation		26,484,232	104,625,325
Adjustment for non cash and other items	34	51,390,678	33,802,474
Changes in working capital			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		6,755,686	(12,814,770)
Stock in trade		86,252,592	(113,748,222)
Trade debts		(40,120,487)	(100,641,037)
Advances		(8,831,493)	(7,056,555)
Other receivables		21,833,890	(31,646,841)
(Decrease) / increase in current liabilities:			
Trade and other payables		(27,465,591)	(19,965,520)
		38,424,597	(285,872,945)
Cash generated from operations		116,299,507	(147,445,146)
(Payments for) / Receipts of:			
Financial charges		(26,455,683)	(4,670,152)
Workers' profit participation fund	20	(5,782,075)	(2,076,713)
Workers' welfare fund	20	-	-
Gratuity	20	(6,000,000)	(6,000,000)
Accumulated compensated absences	18	(4,591,665)	(2,047,463)
Bank interest	31	93,631	803,853
Taxation	13	(66,472,670)	(77,596,387)
		(109,208,462)	(91,586,862)
Net cash generated from operating activities		7,091,045	(239,032,008)
Cash flows from investing activities			
Payments for capital expenditure		(5,158,713)	(67,553,305)
Interest on term deposit receipts	10	102,050	237,994
Net cash generated from / (used in) investing activities		(5,056,663)	(67,315,311)
Cash flows from financing activities			
Dividends paid		(36,000,000)	(49,500,000)
Net cash (used in) financing activities		(36,000,000)	(49,500,000)
Net increase in cash and cash equivalents		(33,965,618)	(355,847,319)
Cash and cash equivalents at beginning of the year		(191,672,264)	164,175,056
Cash and cash equivalents at the end of the year	35	(225,637,882)	(191,672,264)

The annexed notes from 1 to 47 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE

Statement of Changes in Equity

for the year ended June 30, 2015

	Issued Subscribed and paid-up share capital	Capital reserve	Revenue reserves		Total
			General reserve	Un- appropriated profit	
Balance as at June 30, 2013 - restated	90,000,000	944,404	290,000,000	118,167,627	499,112,032
Total comprehensive income	-	-	-	65,545,879	65,545,879
Transactions with owners					
Final dividend @ Rs. _____ per share related to year ended June 30, 2013	-	-	-	(49,500,000)	(49,500,000)
Transfer to general reserve	-	-	35,000,000	(35,000,000)	-
Balance as at June 30, 2014	90,000,000	944,404	325,000,000	99,213,506	515,157,911
Total comprehensive income	-	-	-	13,302,176	13,302,176
Transactions with owners					
Final dividend @ Rs. 4.00 per share related to year ended June 30, 2014	-	-	-	(36,000,000)	(36,000,000)
Transfer to general reserve	-	-	35,000,000	(35,000,000)	-
Balance as at June 30, 2015	90,000,000	944,404	360,000,000	41,515,682	492,460,087

The annexed notes from 1 to 47 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE

Notes to the Financial Statements

for the year ended June 30, 2015

1 LEGAL STATUS AND OPERATIONS

Wah Nobel Chemicals Limited (the Company) was incorporated in Pakistan on May 31, 1983 as a public limited Company under the Companies Act, 1913, (now the Companies Ordinance, 1984) and its shares are quoted on the Karachi, Lahore and Islamabad stock exchanges of Pakistan. The holding company of the Company is Wah Nobel (Private) Limited and the ultimate holding company is Wah Industries Limited. The registered office and manufacturing facilities of the Company are situated in Wah Cantt, Pakistan.

The principal activity of the Company is to manufacture Urea Formaldehyde Moulding Compound Formaldehyde and Formaldehyde based liquid resins for use as bonding agent in the chip board, plywood and flush door manufacturing industries.

2 BASIS OF PREPARATION

2.1 Basis of Measurement

These financial statements have been prepared under the historical cost convention except for the following material items in the balance sheet:

- a) Obligations under certain employee benefits have been measured at present value as shown in the note 18 and 20.1.
- b) Held-to-maturity investments are measured at amortized cost as shown in note 12.

These financial statements have been prepared under the accrual basis of accounting except cash flow statement.

2.2 Functional and presentation currency

The financial statements are presented in Pakistani Rupees (PKR) which is the Company's functional currency. All the financial information presented in PKR has been rounded off to the nearest rupee.

2.3 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by International Accounting Standard 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.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRSs) require 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 and other factors including expectation of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognized prospectively.

Notes to the Financial Statements

for the year ended June 30, 2015

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to these financial statements:

2.4.1 Contingencies

The assessment of contingencies inherently involves the exercise of significant judgment as the outcome of future event cannot be predicted with certainty. The Company based on the availability of latest information estimates the value of contingent assets and liabilities which may differ on occurrence / non-occurrence of uncertain future events.

2.4.2 Provision for doubtful debts

The Company revises the recoverability of its trade debts on annual basis and provides for doubtful debts based on its experience. Trade debts considered irrecoverable are written off while no provision is made in respect of the active customers which are considered good.

2.4.3 Employee benefit costs

Defined benefit plan and compensated absences are provided for employees of the Company. The plan is structured as separate legal entity managed by trustees, however for compensated absences liability is recognized in the Company's financial statements. These benefits are evaluated with reference to uncertain events and are based upon actuarial assumptions which includes discount rate, expected rate of return on plan assets, expected rate of salary increase and mortality rates. The actuarial valuations are conducted by independent actuaries on annual basis. Calculations are sensitive to change in underlying assumptions.

2.4.4 Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on the reporting date. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment.

2.4.5 Taxation

In making the estimates for income taxes currently payable by the Company, management considers the current income tax laws and decisions of appellate authorities on certain issues in the past. Instances where the Company's view differs from the view taken of the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the accounts are shown as contingent liability / assets.

2.5 New standards, amendments to approved accounting standards and new interpretations

2.5.1 New standards, amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2014.

There were certain new or revised standards, amendments to approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) interpretations which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements except IAS 19.

Notes to the Financial Statements

for the year ended June 30, 2015

2.5.2 Standards, interpretations and amendments not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below and have not been earlier adopted by the Company. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increase in disclosures. The Company has yet to assess the full impact of the amendments.

	Effective for periods beginning on or after
IAS 1 Presentation of Financial Statements (Amendments)	January 1, 2016
IAS 16 Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 19 Employee Benefits (Amendments)	January 1, 2016
IAS 27 Separate Financial Statements (Amendments)	January 1, 2016
IAS 27 Separate Financial Statements (revised 2011)	January 1, 2015
IAS 28 Investment in Associates and Joint ventures (Amendments)	January 1, 2016
IAS 28 Associates and Joint Ventures (revised 2011)	January 1, 2015
IAS 34 Interim Financial Reporting (Amendments)	January 1, 2016
IAS 38 Intangible Assets (Amendments)	January 1, 2016
IAS 41 Agriculture (Amendments)	January 1, 2016
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Amendments)	July 1, 2016
IFRS 7 Financial Instruments: Disclosures (Amendments)	July 1, 2016
IFRS 10 Consolidated Financial Statements	January 1, 2015
IFRS 11 Joint Arrangements	January 1, 2015
IFRS 12 Disclosure of Interests in Other Entities	January 1, 2015
IFRS 13 Fair Value Measurement	January 1, 2015

2.5.3 Standards, interpretations and amendments not yet adopted

The following new standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan:

- IFRS 1 First time adoption of International Financial Reporting Standards
- IFRS 9 Financial Instrument
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers

The following interpretations issued by the IASB have been waived of by SECP effective January 16, 2012:

Notes to the Financial Statements

for the year ended June 30, 2015

-IFRIC 4 Determining whether an arrangement contains lease
-IFRIC 12 Service Concession Arrangements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the periods presented in these financial statements unless otherwise stated.

3.1 Staff retirement benefits

The Company has the following plans for its employees:

a) Defined benefit gratuity scheme

The Company operates an approved gratuity fund established under an irrevocable trust to provide gratuity to all its eligible employees on retirement or cessation of their services. Contributions are made in accordance with actuarial recommendations. Actuarial valuations are conducted by an independent actuary, annually using projected unit credit method related details of which are given in note 20 to the financial statements. The obligation at the balance sheet date is measured at the present value of the estimated future cash outflows. All contributions are charged to profit or loss for the year.

b) Defined contributory pension scheme

The Company operates an approved pension scheme for its permanent employees eligible under Employees Pension Fund Rules. The Company's liability is fixed to 17% of basic salary per annum which is charged to the profit and loss account of related year.

c) Defined contributory provident fund

The Company also operates an approved defined contributory provident fund for all eligible employees for which contributions are charged to the profit and loss account.

d) Accumulated compensated absences

The Company provides a facility to its employees for accumulating their annual earned leaves. Accumulated compensated absences are encashable on cessation of service. Provision is made for the additional amount that the Company expects to pay as a result of unused entitlement that has accumulated at the balance sheet date and related expense thereof is charged to the profit and loss account. The provision and related cost is recognized on the basis of actuarial valuation which is summarized in note 18.

3.2 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current taxation

Provision for current taxation is based on taxable income at the current rates of taxation after

Notes to the Financial Statements

for the year ended June 30, 2015

taking into account available tax credits, rebates and exemptions available, if any.

Deferred taxation

Deferred tax liability is accounted for using the balance sheet liability method on all taxable temporary differences, while deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax losses and tax credits can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liability are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

3.3 Trade and other payables

Liabilities for trade and other amounts payable 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.

3.4 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.5 Dividend and appropriation to reserves

Dividends and appropriations to the reserves are recognized in the period in which these are approved. However if these are approved after the reporting period but before the financial statements are authorized for issue they are disclosed in the notes to these financial statements.

3.6 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss.

Capital work in progress is stated at cost less any identified impairment loss. All expenditure

Notes to the Financial Statements

for the year ended June 30, 2015

connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to operating fixed assets as and when these are available for use.

Depreciation is charged to income at rates given below applying the reducing balance method . The Company has a policy to depreciate the expansion in plant and machinery on written down value in proportion to utilized capacity till such time the expanded production capacity is fully utilized. Leasehold land is amortized over the period of the lease. Depreciation on additions during the year is calculated from the month of acquisition to the end of the financial year and depreciation on deletions is calculated up to the date of disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and assets so replaced, if any, are retired.

Gain/loss on disposal of property, plant and equipment is taken to profit and loss account in the year of disposal.

Applicable depreciation rates of the items are as under:

Office building	5%
Factory building	10%
Tube well	10%
Plant and machinery - old	10%
Plant and machinery - new	10% of utilized capacity
UFMC Plant	10%
Furniture and fittings	10%
Office equipment	10%
Tools and workshop equipment	10%
Computer installations	20%
Motor vehicles	20%
Leasehold land	Period of lease: 30 Years

Leased assets

Assets held under finance leases are initially recorded at the lower of the present value of the minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligation under the lease less financial charges allocated to future periods are shown as liability and classified as current and long term depending upon the timing of payment.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Amortization on the lease assets is charged to the profit and loss account applying the rate and method used for similar owned assets so as to write off the assets over their estimated useful lives in view of certainty of ownership of the assets at the end of the lease.

3.7 Impairment

The Company's asses at each reporting date whether there is any objective evidence that a financial asset or a group of financial asset is impaired. A financial asset or group of financial asset is deemed to be impaired, if and only if, there is objective evidence of impairment as a

Notes to the Financial Statements

for the year ended June 30, 2015

result of one or more events that have occurred after the initial recognition of the asset (an incurred "lost event") and that lost event has an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated. Any impairment losses on financial assets including financial assets carried at amortized cost are recognized in profit and loss account.

The Company assesses at each reporting date whether there is an indication that an asset or a group of asset is impaired. If any indication exists or when annual impairment testing for an asset is required the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining the fair value less cost to sell an appropriate valuation model is used.

A previously recognized impairment loss is reversed only if there has been change in assumption used to determine the assets recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount nor exceeds the carrying amount that would have been determined net of depreciation had no impairment loss been recognized for the asset in prior year. Such reversal is recognized in profit and loss account.

3.8 Investment in associates

Long term investment in an associated Company is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit and loss of the investee after the date of acquisition less any impairment in the value of investment. The Company's share of the profit and loss of investee is recognized in profit and loss account. Distribution received from the investee reduces the carrying amount of the investment.

3.9 Stores, spares and loose tools

These are valued at lower of cost and net realizable value (NRV) less allowance for obsolete and slow moving items. Cost is determined using the weighted average method and comprise cost of purchase and other costs incurred in bringing the inventories to their present location and condition. NRV signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale. The Company reviews the carrying amount of stores, spares and loose tools on regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools.

3.10 Stock in trade

Stock of raw material, work in process and finished goods are valued at the lower of weighted average cost and net realizable value (NRV). Cost of raw materials comprises the invoice value plus other charges paid thereon. Cost of work in process and finished goods include cost of direct materials, labour and appropriation of manufacturing overhead. NRV signifies selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale.

Goods in transit are stated at cost comprising invoice value plus other charges paid thereon.

Notes to the Financial Statements

for the year ended June 30, 2015

3.11 Trade and other receivables

Trade and other receivables are recognized and carried at original invoice amount / cost less an allowance for any uncollectible amounts based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off against the provision. Provision for doubtful debts is charged to profit and loss account currently.

3.12 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 cash in hand, cash with banks on current and saving accounts and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value and bank overdrafts. In balance sheet overdrafts are shown in current liabilities while favourable balance is shown in cash and bank.

3.13 Revenue recognition

Sale is recorded on transfer of significant risks and rewards of products when the Company retains neither continuing managerial involvement to degree usually associated with ownership nor effective control, the amount of revenue can be measured reliably, it is probable that economic benefit associated with transactions will flow to the Company and cost incurred or to be incurred in respect of transaction can be measured reliably which occurs as on achievement of delivery of products to customers. Revenue from sale of products is measure at the fair value of consideration received or receivable.

Income on bank deposits is accounted for on time apportioned basis by reference to the principal outstanding and applicable rate of return. Income on investment is recorded on time proportion basis taking into account the effective yield of such securities. While dividend income is recognized when right to receive is established.

3.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction and production of qualifying asset are capitalized as part of cost of that asset up to the date of its commissioning. All other borrowing costs are charged to the profit and loss account in the year when incurred as "finance cost".

3.15 Transactions with related parties

All transactions with related parties are carried out on commercial terms as approved by the Board.

3.16 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Company transfers substantially all the risks and rewards of ownership of the financial asset. If the Company neither transfers nor returns substantially all the risks and rewards of ownership of the financial asset, the principal assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset and financial liability is derecognized at the

Notes to the Financial Statements

for the year ended June 30, 2015

time when the obligation specified in the contract is discharged or cancelled or expired. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the profit and loss account currently. All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given and received, respectively, and subsequently carried at fair value, amortized cost or cost, as the case may be.

3.16.1 Financial assets

Financial assets of the Company include held-to-maturity investment and loan and receivables.

a) Investment held to maturity (HTM)

Investments held-to-maturity are non-derivative financial assets which carry fixed or determinable payments and fixed maturities other than loan and receivables. Investments are classified as HTM if the Company has the positive intention and ability to hold to maturity. The Company currently holds Term Deposits Receipts designated into this category. HTM investments are measured subsequently at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

b) Loan and receivables

Loan and receivables include trade debts, deposits and other receivables. After initial recognition these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Trade and other receivables are assessed on regular basis for impairment and if there is any doubt about the recoverability of these receivables, appropriate amount to provision is made. Balances considered bad and irrecoverable are written off against the provision. Provision for doubtful debts is charged to profit and loss account currently.

3.16.2 Financial Liabilities

The Company financial liabilities include trade and other payables.

- a) Trade and other payable include due to the joint venture operators, trade creditors and other payables. Subsequent to initial recognition trade and other payables are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

3.17 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amount and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

3.18 Foreign currency transactions and translations

Foreign currency transactions are recorded at the exchange rates approximately those prevailing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated in PKR at the exchange rates ruling at the balance sheet date.

Notes to the Financial Statements

for the year ended June 30, 2015

Exchange differences are recognized in the profit and loss account.

3.19 Segment reporting

The Company considers itself of a single reputable segment consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segment has been identified as Board of directors of the Company who makes strategic decisions. However, certain information about the Company's products, as required by the approved accounting standards, is presented in note 41 to these financial statements. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segment has been identified as Board of directors of the Company who makes strategic decisions.

4	Property, plant and equipment	Note	2015 Rupees	2014 Rupees
	Operating fixed assets	4.1	159,030,238	167,015,181
			159,030,238	167,015,181

Notes to the Financial Statements

for the year ended June 30, 2015

4.1 OPERATING FIXED ASSETS

Gross carrying value basis:

Particulars	Buildings on leasehold land			Plant and Machinery	Furniture and Fixture	Equipment		Computer Installations	Motor Vehicles	Total Owned assets	Leased assets		TOTAL
	Office	Factory	Tube well			Office	Workshop				Leasehold land		
Carrying amount June 30, 2013	1,119,231	3,777,502	31,861	79,126,431	466,241	283,014	1,217,132	322,983	574,863	86,919,258	-	4,661	86,923,919
Gross carrying amount	2,406,019	48,044,389	547,920	255,943,297	1,398,392	925,008	3,450,904	1,985,785	4,754,375	319,456,089	1,701,971	-	321,158,060
Accumulated depreciation	(1,342,751)	(15,140,148)	(519,245)	(126,308,916)	(795,553)	(670,290)	(2,304,547)	(1,679,207)	(3,684,912)	(152,445,569)	(1,697,310)	-	(154,142,879)
Carrying amount June 30, 2014	1,063,268	32,904,241	28,675	129,634,381	602,839	254,718	1,146,357	306,578	1,069,463	167,010,520	4,661	-	167,015,181
Gross carrying amount	2,406,019	48,044,389	547,920	260,264,597	1,669,910	925,008	3,774,398	2,228,185	4,754,375	324,614,801	1,701,971	-	326,316,772
Accumulated depreciation	(1,395,915)	(15,480,123)	(522,112)	(138,539,326)	(863,795)	(695,757)	(2,433,103)	(1,760,290)	(3,898,803)	(165,589,224)	(1,697,310)	-	(167,286,534)
Carrying amount June 30, 2015	1,010,104	32,564,266	25,808	121,725,271	806,115	229,251	1,341,295	467,895	855,572	159,025,577	4,661	-	159,030,238

Net carrying value basis:

Particulars	Buildings on leasehold land			Plant and Machinery	Furniture and Fixture	Equipment		Computer Installations	Motor Vehicles	Total Owned assets	Leased assets		TOTAL
	Office	Factory	Tube well			Office	Workshop				Leasehold land		
Carrying amount June 30, 2013	1,119,231	3,777,502	31,861	79,126,431	466,241	283,014	1,217,132	322,983	574,863	86,919,258	-	4,661	86,923,919
Additions	-	31,611,952	-	57,646,534	187,756	-	60,417	51,200	642,912	90,200,771	-	-	90,200,771
Depreciation	(55,963)	(2,485,213)	(3,186)	(7,138,584)	(51,158)	(28,296)	(131,192)	(67,605)	(148,312)	(10,109,509)	-	-	(10,109,509)
Carrying amount June 30, 2014	1,063,268	32,904,241	28,675	129,634,381	602,839	254,718	1,146,357	306,578	1,069,463	167,010,520	4,661	-	167,015,181
Additions	-	-	-	4,321,300	271,518	-	323,494	242,400	-	5,158,712	-	-	5,158,712
Depreciation	(53,164)	(339,975)	(2,867)	(12,230,410)	(68,242)	(25,467)	(128,556)	(81,083)	(213,891)	(13,143,655)	-	-	(13,143,655)
Carrying amount June 30, 2015	1,010,104	32,564,266	25,808	121,725,271	806,115	229,251	1,341,295	467,895	855,572	159,025,577	4,661	-	159,030,238

4.1.1 Production capacity achieved by the new Formaldehyde and U.F. Glue plants is 41% (2014: 54%) and 30% (2014: 28%) respectively.

4.1.2 Leasehold land measuring 10 acres was acquired on August 01, 1983 from the Cantonment Board, Wah, for an initial period of 30 years and subsequently renewed for another 30 year has been applied via letter Ref:Admin/WNG/620 date October 2, 2013. It is being amortized over the lease term. The lease is further renewable for a period of another 30 years.

Notes to the Financial Statements

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
4.1.3	Depreciation charge for the year has been allocated as under:		
Cost of sales	26.1	12,915,080	9,906,487
Administrative expenses	27	228,576	203,022
		13,143,656	10,109,509
5	Long term investment		
	Investments in related party:		
	Wah Nobel Acetate Limited		
2,500,000 shares of Rs. 10/- each. (equity held: 8.33%)		25,000,000	25,000,000
Share of profit of prior periods		10,707,826	11,295,421
Share of profit / (loss) of current period-net of tax		(4,992,705)	(587,595)
		5,715,121	10,707,826
		30,715,121	35,707,826
The Company is associated with Wah Nobel Acetates Limited (WNAL) due to common directorship. WNAL is engaged in manufacture, compound, import and export, acquire, sell and otherwise deal in any and all types and kinds of chemicals including acetaldehyde, acetic acid, butyl acetate, ethyl acetate			
Assets		570,143,696	685,584,493
Liabilities		270,100,487	325,604,842
Revenues		406,206,320	592,408,337
Loss		(59,936,440)	(7,053,962)
6	Store, spare parts and loose tools		
Stores		13,137,477	28,465,190
Spare parts		33,457,533	24,856,716
Loose tools		250,159	278,949
		46,845,169	53,600,855
7	Stock in trade		
Raw and packing material	26.2	48,173,811	70,953,507
Work in process	26.1	847,061	1,172,169
Finished goods	26	13,120,756	42,446,813
Goods in transit	7.1	42,974,886	76,796,617
		105,116,514	191,369,106

7.1 Goods in transit includes in-bonded raw material.

Notes to the Financial Statements

for the year ended June 30, 2015

		2015 Rupees	2014 Rupees
8 Trade debts			
Considered good - unsecured		358,480,568	323,692,204
Considered doubtful - unsecured		71,341,439	66,009,316
		<u>429,822,007</u>	<u>389,701,520</u>
Provision for doubtful debts	8.1	(71,341,439)	(66,009,316)
		<u>358,480,568</u>	<u>323,692,204</u>
8.1 Reconciliation of provision for doubtful debts			
Opening provision		66,009,316	66,496,901
Charge for the year	27	5,332,123	-
		<u>71,341,439</u>	<u>66,496,901</u>
Debts written off		-	(487,585)
Balance at the end of the year		<u>71,341,439</u>	<u>66,009,316</u>
9 Advances			
Advances - unsecured, considered good to suppliers		20,163,782	10,187,381
to employees for expenses		621,419	1,766,327
		<u>20,785,201</u>	<u>11,953,708</u>
9.1	The maximum aggregate amount of advances due from Chief Executive Officer, Directors, Executives and from associated undertakings at the end of any month during the year was Rs. Nil (2014 : Rs Nil).		
10 Interest accrued			
Profit receivable on term deposit receipts		181,646	168,500
11 Other receivables			
Sales tax refundable		20,111,511	28,887,885
Letter of credit / guarantee margin		180,900	180,900
Others		943,035	14,000,551
		<u>21,235,446</u>	<u>43,069,336</u>
12 Short-term-investment			
Held in local currency			
Term deposit receipts		2,582,666	2,582,666
		<u>2,582,666</u>	<u>2,582,666</u>
Held-to-maturity financial assets comprise term deposit receipts (TDRs) having maturity up to 1 year and average profit rate above 8% per annum (2014:above 7.76%) and held under lien with bank.			
13 Taxation			
Opening balance		(67,653,744)	(20,446,514)
Current tax			
- Current		12,099,110	29,287,828
- Prior		4,482,877	1,101,329
Income tax paid / withheld during the year		(66,472,670)	(77,596,387)
		<u>(117,544,427)</u>	<u>(67,653,744)</u>

Notes to the Financial Statements

for the year ended June 30, 2015

			2015 Rupees	2014 Rupees
14	Cash and bank balances			
	Cash in hand		70,757	50,111
	Cash with banks:			
	in current accounts		4,392,288	10,055,612
			4,463,045	10,105,723
15	Share capital			
	Authorized			
	20,000,000 20,000,000 Ordinary shares of Rs. 10 each		200,000,000	200,000,000
	Issued, subscribed and paid up			
	6,750,000 6,750,000 Ordinary shares of Rs. 10 each fully paid in cash		67,500,000	67,500,000
	2,250,000 2,250,000 Ordinary shares of Rs. 10 each issued as fully paid bonus shares		22,500,000	22,500,000
			9,000,000	90,000,000
15.1	Wah Nobel (Private) Limited (the holding Company) held 4,970,400 (2014: 4,970,400) ordinary shares at balance sheet date.			
15.2	The Company has no reserved or potential ordinary shares for issuance under options and sales contract.			
16	Capital reserve			
	Capital reserve	16.1	944,404	944,404
16.1	Represents exchange gain arising on the translation of foreign currency accounts held by the Company and interest thereon, up to the date of allotment of shares to the overseas Pakistani shareholders who, under an agreement, had subscribed in foreign currency at the rate of Rs. 13 /- per US Dollar.			
17	General reserve			
	Balance at the beginning of the year		325,000,000	290,000,000
	Transfer during the year		35,000,000	35,000,000
			360,000,000	325,000,000
18	Deferred liabilities			
	Provision for accumulated compensated absences	18.1	6,463,646	7,796,837
18.1	The amounts recognized in the balance sheet are determined as follows:			
	Opening present value of defined benefit obligations		7,796,837	5,972,838
	Charge for the year		3,258,475	3,871,462
	Benefits paid / adjustment		(4,591,665)	(2,047,463)
			6,463,647	7,796,837
18.2	The amounts recognized in the profit and loss account are as follows:			
	Current service cost		2,121,719	2,030,640
	Interest cost		918,733	544,402
	Experience adjustment		218,023	1,296,420
			3,258,475	3,871,462

Notes to the Financial Statements

for the year ended June 30, 2015

		2015 Rupees	2014 Rupees
18.3 The principal actuarial assumptions used were as follows:			
Discount rate		9.75%	11%
Expected rate of increase in salary		8.75%	13.25%
Average number of leaves accumulated per annum by the officers		9 days	9 days
Average number of leaves accumulated per annum by the staff		5 days	5 days
Average number of leaves accumulated per annum by the workers		3 days	3 days
19 Deferred taxation -net			
Deferred tax liability - July 01,		(5,758,932)	1,126,130
Credited to profit and loss for the year		2,360,777	(7,461,491)
Credited to other comprehensive income		(543,938)	576,429
Net deferred tax asset / (liability) - June 30,	19.1	(3,942,093)	(5,758,932)
19.1 The deferred tax asset/ (liability) comprises of the following:			
Deferred tax liability on taxable temporary differences			
Accelerated tax depreciation		(28,956,759)	(30,276,668)
Share in profit from associates		(571,512)	(1,070,783)
Deferred tax asset on deductible temporary differences			
Provision for doubtful debts		22,829,262	21,783,074
Provision for staff retirement and other benefits		2,068,367	2,572,956
Provision for gratuity scheme - routed through other comprehensive income		688,550	1,232,488
		(3,942,093)	(5,758,933)
20 Trade and other payables			
Trade creditors		74,334,070	100,375,908
Advances from customers		2,491,992	4,876,995
Accrued expenses		14,700,775	4,398,579
Bonus payable		4,400,000	11,818,315
Sales tax payable		2,375,776	1,761,462
Unclaimed dividends		3,258,053	3,077,893
Payable to employees gratuity fund	20.1	7,909,895	12,165,847
Workers' profit participation fund	20.2	1,328,623	5,650,533
Workers' welfare fund	20.3	16,428,070	22,661,169
Payable to employees' provident fund	20.4	523,566	609,070
Other liabilities		1,290,337	2,259,423
		129,041,157	169,655,194
20.1 The amounts recognized in the balance sheet are as follows:			
Present value of defined benefit obligations	20.1.1	29,891,036	31,732,154
Fair value of plan assets	20.1.2	(21,981,141)	(19,566,308)
Balance at end of the year		7,909,895	12,165,847
20.1.1 Movement in the present value of funded obligation is as follows:			
Present value of defined benefit obligation at beginning		31,732,154	27,519,950
Current service cost	20.1.3	2,155,574	1,805,859
Interest cost	20.1.3	4,155,193	2,934,811
Charged to other comprehensive income	20.1.4	(346,281)	1,151,225
Benefits paid /Adjustments		(7,805,604)	(1,679,691)
Present value of defined benefit obligation at end		29,891,036	31,732,154

Notes to the Financial Statements

for the year ended June 30, 2015

		2015 Rupees	2014 Rupees
20.1.2 Movement in the fair value of plan assets is as follows:			
Fair value of plan assets at beginning		19,566,308	14,097,460
Expected return on plan assets	20.1.3	2,983,626	1,802,541
Charged to other comprehensive income	20.1.4	1,236,811	(654,002)
Contributions		6,000,000	6,000,000
Benefits paid /Adjustments		(7,805,604)	(1,679,691)
Fair value of plan assets at end		21,981,141	19,566,308
20.1.3 Charge for the year is as follows:			
Current service cost		2,155,574	1,805,859
Interest cost		4,155,193	2,934,811
Expected return on plan assets		(2,983,626)	(1,802,541)
Charge for the year		3,327,141	2,938,129
20.1.4 Remeasurement chargeable in Other comprehensive income (OCI)			
Experience adjustment		346,281	(1,151,225)
Remeasurement (loss)/gain on plan assets		1,236,811	(654,002)
Remeasurement loss recognized in OCI		1,583,092	(1,805,227)
20.1.5 Movement in liability recognised in balance sheet:			
Balance at beginning of year		12,165,847	13,422,490
Cost for the year		3,327,141	2,938,130
Remeasurement recognized in OCI during the year		(1,583,092)	1,805,227
Contributions during the year		(6,000,000)	(6,000,000)
Balance at end of year		7,909,896	12,165,847
20.1.6 Plan assets comprise of:			
Bond		96.1%	63.4%
Equity		26.5%	28.0%
Cash and bank balances		9.3%	8.6%
Other		-31.9%	-
		100%	100%
20.1.7 The principal actuarial assumptions used in the actuarial valuation are as follows:			
Discount rate		13.25%	11.00%
Discount rate used for year end obligation		9.75%	13.25%
Expected rate of salary growth			
Salary increase FY 2015		8.75%	12.25%
Salary increase FY 2016 onward		8.75%	12.25%
Mortality rate		SLIC 2001-2005 set back 1 year	SLIC 2001-2005 set back 1 year
Withdrawal rates		age based (per appendix)	age based (per appendix)
Retirement assumption		60 years	60 years
Estimated charge to profit and loss account for the next year		2,144,786	3,282,333

Notes to the Financial Statements

for the year ended June 30, 2015

20.1.8 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in respective assumptions by one percent.

	Effect of 1% increase	Effect of 1% decrease
Discount rate	5,989,668	7,011,346
Future salary growth	7,015,342	5,981,513

20.1.9 The average duration of the defined benefit obligation as at June 30, 2015 is 8 years.

	Note	2015 Rupees	2014 Rupees
20.2 Workers' profit participation fund			
Balance at the beginning of the year		5,650,533	1,867,743
Interest for the period on fund utilized by the Company	29	131,542	208,970
Payments during the year		(5,782,075)	(2,076,713)
Allocation for the year	30	1,328,623	5,650,533
Balance at the end of the year		1,328,623	5,650,533
20.3 Workers' welfare fund			
Balance at the beginning of the year		22,661,169	20,513,967
Allocation for the year	30	645,601	2,147,202
Adjustment	31.2	(6,878,700)	-
Balance at the end of the year		16,428,070	22,661,169
20.4 Payable to employees' provident fund			
Opening payable		609,070	502,037
Contribution/withheld during the year		6,884,467	6,579,922
Payments during the year		(6,969,971)	(6,472,889)
Balance at the end of the year		523,566	609,070
21 Due to holding company			
Wah Nobel (Private) Limited - holding company		31,022	1,693,536
22 Mark-up accrued			
On short term running finance - secured		4,981,181	5,118,525
		4,981,181	5,118,525
23 Short Term Running Finance - Secured			
Bank Al-Habib	23.1	28,946,490	23,657,558
Allied Bank Limited	23.1	80,748,233	76,551,641
MCB Bank Limited	23.1	21,533,280	11,318,026
Askari Bank Ltd	23.1	98,872,924	90,250,762
Short term running finance - secured		230,100,927	201,777,987

Notes to the Financial Statements

for the year ended June 30, 2015

23.1 Facilities related to short term running finance - secured

Banks	Markup	Limits	
		2015	2014
Bank Al-Habib Limited	3 months average KIBOR plus 0.5%	100 million	100 million
Allied Bank Limited	1 month average KIBOR plus 0.5%	100 million	100 million
MCB Bank Limited	1 month average KIBOR plus 0.5%	40 million	40 million
Askari Bank Ltd	3 month average KIBOR plus 0.35%	100 million	100 million

23.2 The mark up on the facilities are without a floor or cap, payable quarterly.

23.3 Facilities secured against:

Bank	Security description
Bank Al Habib Limited	1st pari passu charge on present & future, current and fixed assets of the Company for Rs. 210 million and Rs. 150 million respectively.
Allied Bank Limited	1st pari passu charge on all present and future current & fixed assets of the Company, with 25% margin.
MCB Bank Limited	1st pari passu charge of Rs. 146 million over stock and 1st floating charge of Rs. 146 million over book debts & receivables of the Company. 1st pari passu charge of Rs. 146 million over fixed assets of the Company in shape of equitable mortgage of project
Askari Bank Limited	1st pari passu hypothecation charge on all present and future current assets of the company. Rs. 133 million

23.4 Facilities of letter of guarantee and letter of credit

Following banks have extended facilities of letter of guarantee and letter of credit

	Note	Letter of guarantee		Letter of credit	
		2015	2014	2015	2014
(Figures in Rupees)					
Bank Al Habib Limited	23.4.1	20,000,000	20,000,000	120,000,000	250,000,000
Allied Bank limited	23.4.2	-	-	100,000,000	100,000,000
MCB Bank Limited	23.4.3	10,000,000	10,000,000	100,000,000	100,000,000
Askari Bank Limited	23.4.4	-	-	100,000,000	100,000,000

23.4.1 This is secured by 1st pari passu charge on present & future, current and fixed assets of the Company for Rs. 210 million and Rs. 150 million respectively. Further, letter of guarantee and letter of credit are secured against counter guarantee from the Company, lien on shipping documents and accepted drafts

23.4.2 This is secured by 1st pari passu charge on all present and future current & fixed assets of the Company, with 25% margin and lien on valid import documents.

23.4.3 1st pari passu charge of Rs. 146 million over stock and 1st floating charge of Rs. 146 million over book debts & receivables of the company for letter of guarantee. Lien over import documents covering the consignment of raw material, spare parts and chemicals and lien over duly accepted bills of exchange backed by TR executed in the bank favour.

Notes to the Financial Statements

for the year ended June 30, 2015

23.4.4 Lien over import documents covering the consignment of raw material, spare parts and chemicals and lien over duly accepted bills of exchange backed by TR executed in the bank favour.

24 Contingencies and commitments

24.1 Contingencies

24.1.1 In 1990, the Government of Sindh levied excise duty @ Rs. 4 per bulk gallon on transport of imported Methanol outside the province of Sindh under the Sindh Abkari Act, 1878. The Company filed a Constitutional Petition No. D - 123/91 in the High Court of Sindh that the duty was ultra vires of article 151 of the Constitution. The Court granted interim relief by permitting the Company to remove Methanol by submitting bank guarantees in lieu of payment of excise duty. Accordingly, the Company has submitted bank guarantees of Rs. 8,707,220 (2014 : Rs. 8,707,220) for transport of 7200 tons of Methanol outside Sindh.

On August 12, 2004 the High Court Sindh decided the case in favour of the Company. Excise Department Sindh has filed a leave to appeal in the Supreme Court on September 07, 2004 against the said judgment which is pending adjudication by the Supreme Court.

24.1.2 In 1996, the Government of Sindh raised a demand of Rs. 67,294,724 in respect of vend fee and permit fee for the years 1990-91 to 1995-96, under the Sindh Abkari Act, 1878. The Company filed Constitutional Petition No. D-1412 of 1996 dated August 20, 1996 in the High Court of Sindh challenging the legality of the levy on the grounds that provincial taxation, under the Sindh Abkari Act, 1878 on imported Methanol temporarily stored in Karachi but meant for consumption outside the province of Sindh, was unlawful and ultravires of the Constitution, relying on the judgment of the High Court of Sindh in the case of Crescent Board Limited. The case was decided in the favour of the Company on June 12, 2001 by the High Court, but Sindh Government moved an appeal in the Supreme Court against the decision of the High Court. After hearing the appeal of Excise Department Sindh against the Company and other Formaldehyde manufacturers, the Supreme Court remanded the case of levy of vend fee and permit fee to the High Court Sindh for adjudication on all points of law and fact. Vide its judgment dated March 26, 2003, High Court Sindh again decided the matter in favour of the Company and other manufacturers. Excise Department filed a leave to appeal in the Supreme Court on June 12, 2003. The Court has admitted the appeal for regular hearing. The case is now awaiting adjudication by the Supreme Court.

Currently all imports of Methanol are being released on payment of Rs. 3/- per bulk gallon in cash and submission of guarantee @ Rs. 14/- per bulk gallon in the form of indemnity bonds. Accordingly, in case of an unfavorable decision of the Supreme Court, the Company is exposed to an aggregate obligation of Rs. 884 million (2014 : Rs. 843 million) on account of vend fee and permit fee based on the guarantees issued against methanol imported and released up to the balance sheet date. This material uncertainty exists which may cast significant doubt on the entity's ability to continue as going concern therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, keeping in view the facts and previous decisions, the management is confident that no such exposure will arise to the Company, therefore, no provision for this has been made in these financial statements. Furthermore, management is making necessary efforts to resolve this matter amicably and is confident that Company will be able to continue as a going concern.

Notes to the Financial Statements

for the year ended June 30, 2015

24.1.3 Under the Punjab Excise Act, 1914, Excise Commissioner / Director General, Excise and Taxation Department, Punjab has issued a notification dated June 30, 2003 by which the department has levied fees on the import, possession, industrial use and sale of Methanol. The Company and other manufacturers, importers and vendors of Methanol have filed writ petitions in the High Court, Lahore and obtained stay order against these levies. The case is pending adjudication by the High Court, Lahore.

24.1.4 The Assistant Commissioner inland Revenue of Income Tax (Audit VII) has amended the assessment under Section 122 (1) of the Income Tax Ordinance, 2001 for the tax year 2008. Whereby, further tax of Rs. 7,520,068 was determined to be payable by the Company. The Company filed an appeal before the Commissioner Inland Revenue (Appeals-I), which is still pending. The Company is confident that case will be decided in its favour and therefore no provision for any liability there against has been made in these financial statements.

	Note	2015 Rupees	2014 Rupees
24.2 Commitments in respect of:			
Letters of credit for purchase of stocks		38,748,212	54,716,750
24.2.1 Post dated cheques issued in favour of collector of customs against custom duties and other levies on methanol kept in bonded ware house.		23,812,641	36,456,899
25 Turnover			
Gross revenue - manufacturing		1,420,357,598	1,529,545,083
Sales tax		(210,446,628)	(225,564,986)
Net turnover		1,209,910,970	1,303,980,097
26 Cost of sales			
Cost of goods manufactured	26.1	1,047,575,205	1,144,308,954
Packing material consumed		4,956,018	2,204,590
		1,052,531,223	1,146,513,544
Opening stock of finished goods		42,446,813	6,071,362
Closing stock of finished goods	7	(13,120,756)	(42,446,813)
		1,081,857,280	1,110,138,093
26.1 Cost of goods manufactured			
Raw material consumed	26.2	863,233,350	985,561,300
Stores and spares consumed		45,734,193	32,324,123
Salaries, wages and other benefits	28.1	63,027,259	60,578,707
Fuel and power		49,494,739	48,678,443
Rent, rates and taxes		426,611	499,010
Insurance		1,124,231	1,174,683
Repairs and maintenance of vehicles		2,749,241	994,657
Outside security charges		2,281,681	1,044,736
Miscellaneous expenses		6,263,712	4,006,026
Depreciation	4.1.3	12,915,080	9,906,487
Manufacturing cost		1,047,250,097	1,144,768,172
Opening stock of work in process		1,172,169	712,951
Closing stock of work in process	7	(847,061)	(1,172,169)
		1,047,575,205	1,144,308,954

Notes to the Financial Statements

for the year ended June 30, 2015

		2015 Rupees	2014 Rupees
26.2 Raw material consumed			
Opening stock	7	70,953,507	27,932,972
Purchases during the year		840,453,654	1,028,581,835
		911,407,161	1,056,514,807
Closing stock	7	(48,173,811)	(70,953,507)
		863,233,350	985,561,300
27 Administrative and general expenses			
Salaries, wages and other benefits	28.1	6,321,887	11,445,335
Corporate service charges		900,000	900,000
Office rent		160,354	107,891
Electricity and water charges		44,151	711,093
Postage, telephone and telex		328,616	408,929
Printing and stationery		461,873	709,012
Travelling and conveyance		1,264,491	1,290,088
Entertainment		75,487	477,349
Legal and professional charges		1,137,723	1,179,917
Fees and subscription		509,004	445,730
Advertisement and publicity		98,630	85,388
Maintenance expenses		27,001	53,888
Provision for doubtful debts	8.1	5,332,123	-
Miscellaneous expenses		1,348,050	719,925
Depreciation	4.1.3	228,576	203,022
		18,237,966	18,737,567
28 Selling and distribution expenses			
Salaries, wages and other benefits	28.1	7,879,426	12,475,263
Postage, telephone and telex		138,098	118,809
Printing and stationery		25,000	22,361
Travelling and conveyance		812,075	657,827
Carriage		28,811,115	36,990,547
UFMC Sales Commission		18,482,549	5,731,046
Vehicle running expenses		177,099	949,295
Transit insurance		595,130	610,992
Entertainment		3,810	8,500
Miscellaneous expenses		2,190,736	991,493
		59,115,038	58,556,133
28.1	Related amounts include contribution towards pension fund of Rs. 1,402,292 (2014: Rs. 1,748,105), provident fund of Rs. Rs.2,307,008 (2014: Rs. 2,581,029), expense for accumulating absences of Rs.3,258,475 (2014: Rs. 3,871,462), gratuity of Rs.3,327,140 (2014: Rs.2,938,130) and provision for bonus to employees of Rs.4,400,000 (2014: Rs. 11,818,315).		

Notes to the Financial Statements

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
29 Finance cost			
Interest on workers' profit participation fund	20.2	131,542	208,970
Mark up on short term running finance - secured		26,066,307	9,575,041
Bank charges		252,032	213,636
		26,449,881	9,997,647
30 Other operating expenses			
Workers' profit participation fund	20.2	1,328,623	5,650,533
Workers' welfare fund	20.3	645,601	2,147,202
Auditors' remuneration	30.1	460,000	425,000
		2,434,224	8,222,735
30.1 Auditors' remuneration			
Annual audit fee		350,000	325,000
Half yearly review		110,000	100,000
		460,000	425,000
31 Other income			
Income from financial assets	31.1	208,827	1,012,019
Income from non-financial assets	31.2	9,451,529	5,872,979
		9,660,356	6,884,998
31.1 Income from financial assets			
Interest on term deposit receipts		115,196	208,166
Bank interest		93,631	803,853
		208,827	1,012,019
31.2 Income from non-financial assets			
Miscellaneous income		-	526,262
Provision - written back	20.3	6,878,700	-
Sale of scrap		2,572,829	5,346,717
		9,451,529	5,872,979
32 Provision for taxation			
- Current for the year		12,099,110	29,287,828
- Prior year		4,482,877	1,101,329
- Deferred	19	(2,360,777)	7,461,491
		14,221,210	37,850,648

The relation ship between tax expense and accounting income has not been presented as the current tax represents minimum tax on turnover.

Notes to the Financial Statements

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
33 Earnings per share - basic and diluted			
Profit for the year		<u>12,263,022</u>	<u>66,774,677</u>
Number of ordinary shares outstanding during the year	15	<u>9,000,000</u>	<u>9,000,000</u>
Earnings per share-basic and diluted		<u>1.36</u>	<u>7.42</u>
34 Adjustment for non-cash items			
The following non-cash and other items have been adjusted in profit before taxation for the year to arrive at operating cash flow:			
Adjustments			
Depreciation	4	13,143,656	10,109,509
Interest on term deposit receipts	31.1	(115,196)	(208,166)
Bank interest	31.1	(93,631)	(803,853)
Financial charges		26,318,339	9,788,677
Interest on workers' profit participation fund	29	131,542	208,970
Provision for gratuity fund	20.1	3,327,141	2,938,130
Share in profit of associated company	5	4,992,705	587,595
Workers' profit participation fund (WPPF)	20.2	1,328,623	5,650,533
Workers' welfare fund (WWF)	20.3	645,601	2,147,202
Provision for accumulated compensated absences	18.2	3,258,475	3,871,462
Provision write back		-	-
Write back excess Provision (WWF)	31.2	(6,878,700)	-
Provision for doubtful debts/write off	8.1	5,332,123	(487,585)
		<u>51,390,678</u>	<u>33,802,474</u>
35 Cash and cash equivalent			
Cash and bank balances		4,463,045	10,105,723
Short term running finance - secured		(230,100,927)	(201,777,987)
		<u>(225,637,882)</u>	<u>(191,672,264)</u>

36 Staff provident fund

- 36.1** The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance 1984, and the rules formulated for this purpose. The salient information of the fund is as follows:

	2015 (Unaudited) Rupees	2014 Rupees
Size of fund/trust	<u>66,105,905</u>	<u>63,213,800</u>
Cost of investment made	<u>43,598,486</u>	<u>49,219,629</u>
Percentage of investment (%)	<u>66%</u>	<u>78%</u>
Fair value of investment	<u>45,317,811</u>	<u>53,273,373</u>

Notes to the Financial Statements

for the year ended June 30, 2015

36.2 The break-up of fair value of investment is:

Regular income certificates (RIC)	15,520,000	25,700,000
N.I.T units	7,322,835	6,939,176
Term deposits - FWBL	20,808,290	18,317,057
Shares in Wah Nobel Chemicals Limited.	1,666,686	2,317,140
	45,317,811	53,273,373

Percentage

36.3 Percentage of investment made is:

	2015	2014
Regular income certificates (RIC)	34%	48%
N.I.T units	16%	13%
Term deposits - FWBL	46%	34%
Shares in Wah Nobel Chemicals Limited.	4%	4%

37 Financial risk management objectives and policies

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks. The Company's risk management is coordinated in close co-operation with the Board of Directors by minimizing the exposure to financial markets. A summary of Company's financial assets and liabilities by category are presented in note 37.1.

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The board of directors have the overall responsibility for to establishment and oversight of Company's risk management framework and policies. Audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Company with the assistance of internal audit function.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies & processes for measuring and managing risks and the Company's management of capital. Further quantitative disclosure are presented through out these financial statements.

a) Market risks

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Company's income or the value of its holding of financial instrument. The objective of market risk management is to manage and control market risks' exposure within acceptable parameters, while optimizing the return on risk.

Notes to the Financial Statements

for the year ended June 30, 2015

i) Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's running finance facilities with floating interest rates. The Company manages its interest rate risk by having investment in fixed interest bearing financial assets like term deposits receipts and deposits in savings accounts in the banks.

Profile:

At the reporting date the Company's interest bearing financial instruments are:

	Note	2015 Rupees	2014 Rupees
Financial Assets			
Short-term investment	12	2,582,666	2,582,666
		2,582,666	2,582,666
Financial Liabilities			
Short term running finance - secured		230,100,927	201,777,987
Net financial assets / (liabilities)		(227,518,261)	(199,195,321)

The effective markup rates for the financial assets and liabilities are mentioned in respective notes to the financial statements.

Markup rate sensitivity analysis

If markup rates had been 50 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended June 30, 2015 would decrease / increase by Rs. 301,887 thousand (2014: Rs. 146,936). This is mainly attributable to the Company's exposure to markup rates on its variable rate borrowings.

ii) Foreign currency sensitivity

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. Financial liabilities include Rs. 38,748,212 (2014: 57,495,159) which were subject to foreign currency risk. A one rupee change in the exchange rate of foreign currencies would have the impact of +/- Rs. 379,840 on the profit and loss before tax.

b) Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transaction. Out of the total financial assets of Rs. 365,988,895 (2014: Rs. 336,758,910), the financial assets that are subject to credit risk amounted to Rs. 365,918,138 (2014: Rs. 336,758,910).

Notes to the Financial Statements

for the year ended June 30, 2015

The maximum exposure to credit risk as at June 30, 2015, along with comparative is tabulated below:

	Note	2015 Rupees	2014 Rupees
Financial Assets			
Trade debts	8	358,480,568	323,692,204
Trade deposits		40,070	40,070
Other receivables		240,900	485,300
Interest accrued	10	181,646	168,500
Short-term-investment		2,582,666	2,582,666
Bank balances		4,392,288	10,055,612
		365,918,138	337,024,352

The bank balances including short-term investments along with credit ratings are tabulated below:

	Rating agency	Rating		2015 Rupees
		Short term	Long term	
National Bank of Pakistan	JCR-VIS	A-1+	AAA	952,105
Askari Bank Limited	PACRA	A1+	AA	30,510
Bank-Al Falah Limited	PACRA	A1+	AA	2,995,106
MCB Bank Limited	PACRA	A1+	AAA	2,994,124
Habib Bank Limited	JCR-VIS	A-1+	AAA	3,109
				6,974,954

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligation to the Company.

For trade receivables, internal risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are fixed based on internal or external ratings in accordance with limits set by the management. The utilization of credit limits is regularly monitored. Accordingly the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk.

	Note	2015 Rupees	2014 Rupees
The ageing of trade debts at June 30 is as follows:			
Neither past due nor provided for		184,378,554	211,501,689
Past due but not provided for:			
- within 90 days		15,864,721	89,378,805
- within 91 to 180 days		36,022,789	2,073,366
- over 180 days		122,214,504	20,738,344
Considered good		358,480,568	323,692,204
Past dues provided for		71,341,439	66,009,316
Total	8	429,822,007	389,701,520

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Notes to the Financial Statements

for the year ended June 30, 2015

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages its liquidity needs by monitoring cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and on the basis of a rolling 90-days projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified in 90 days projection.

The Company maintains cash to meet its liquidity requirements for up to 20-days periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities, dividend payout policy and additional equity injection by the sponsor of the Company.

As at 30 June 2015, The Company's financial liabilities have contractual/probable maturities which are summarized below:

June 30, 2015	Current	
	Within 6 months	6 to 12 months
Trade and other payables	97,507,898	-
Due to holding company	31,022	-
	97,538,920	-

These financial liabilities are compared to the maturity of the Company's financial liabilities in the previous year as follow:

June 30, 2014	Current	
	Within 6 months	6 to 12 months
Trade and other payables	121,494,871	-
Due to holding company	1,693,536	-
	123,188,407	-

d) Fair value estimation

The carrying value of financial assets and liabilities approximates their fair value.

37.1 Summary of financial assets and liabilities by category

The carrying amounts of financial assets and liabilities as recognized at the balance sheet date of the reporting periods under review may also be categorized as follows.

Financial Assets	Note	2015 Rupees	2014 Rupees
Current assets:			
Loans and receivables at amortized cost:			
Trade debts	8	358,480,568	323,692,204
Trade deposits		40,070	40,070
Other receivables		240,900	485,300
Accrued interest income	10	181,646	168,500
Cash and cash at bank	14	4,463,045	10,105,723
Investments held to maturity			
Short term investments	12	2,582,666	2,582,666
		365,988,895	337,074,463

Notes to the Financial Statements

for the year ended June 30, 2015

Financial Liabilities	2015	2014
	Rupees	Rupees
<u>Current liabilities:</u>		
Financial liabilities at amortized cost:		
Trade and other payables	97,507,898	121,494,871
Due to holding company	31,022	1,693,536
	97,538,920	123,188,407

38 Capital risk management

The company is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and the level of dividend to ordinary shareholders. There was no change to company's approach to the capital management during the year and the company is not subject to externally imposed capital requirement.

39 Remuneration of Chief Executive Officer, Directors and Executives

The aggregate amount charged in these financial statements in respect of remuneration and allowances, including all benefits, to chief executives and executives of the Company are given below:

	Executives	
	2015	2014
	Rupees	Rupees
Managerial remuneration	8,493,456	11,108,610
Leave encashment	856,261	783,612
Retirement benefits	1,233,390	1,955,008
Bonus and incentives	1,887,860	3,088,115
	12,470,967	16,935,345.00
Number of persons	5	8

39.1 Comparative figures have not been presented as no employee of the Company fall under the definition of "Executive" as given in Fourth Schedule to the Companies Ordinance, 1984 in the previous year.

39.2 No fee or remuneration was paid by the Company to Chief Executive Officer and Directors except for the lump sum amount of Rs. 900,000/- (2014: Rs. 900,000/-) charged by Wah Nobel (Private) Limited, as corporate service fee as disclosed in note 27.

40 Operating segment

These financial statements have been prepared on the basis of single reportable segment.

- Formaldehyde, glue and UFMC sales represent 93.5% (2014: 93.3%) of the total sales of the Company.
- 100% (2014: 100%) of the Company's sales relate to customers in Pakistan.
- All non-current assets of the Company as at June 30, 2015 are located in Pakistan
- Ten (2014: Ten) of the Company's customers having sales aggregating Rs.873.8 million (2014: Rs.1061 million) contributed towards 72 % (2014: 80%) of the Company's sales. Two (2014: Two) customers individually exceeded 10% of total sales.

Notes to the Financial Statements

for the year ended June 30, 2015

41 Capacity and production

	Designed annual capacity		Actual production	
	2015	2014	2015	2014
	Metric Tones			
Formaldehyde and Formalin solvent	30,000	30,000	21,063	23,114
Urea / Phenol Formaldehyde	19,000	19,000	17,552	23,572
UFMC	4,000	4,000	3,431	1,429

41.1 The urea/phenol formaldehyde plant has been operated in extended hours due to increase in demand of products.

42 Transaction with related parties

The related parties comprise holding company, ultimate holding company, related group companies, directors of the Company, other companies with common directorship, staff retirement benefit funds and key management personnel.

The Company's significant related party transactions consist of transactions with holding company and related group companies. Following are the related group companies with whom transactions were undertaken during the year:

Wah Nobel (Private) Limited - holding company

Wah Nobel Acetates Limited - fellow subsidiary

Details of transactions with these related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2015 Rupees	2014 Rupees
Expenses incurred (on behalf of) / by the group companies net	(2,562,514)	826,783
Corporate service fee charged by holding company	900,000	900,000
Sales to associate company	3,911,237	955,050
Dividend paid to the holding company	19,881,600	27,337,200
Other related parties		
Payment to:		
Employees' pension fund trust	1,402,292	1,748,105
Employees' provident fund trust	6,969,971	6,472,889
Workers' profit participation fund	5,782,075	2,076,713
Employees' gratuity fund	6,000,000	6,000,000

43 Number of employees

Total number of permanent employees as at June 30, 2015 is 90 (2014 : 123) and average number of employees over the period were 106 (2014: 113)

Notes to the Financial Statements

for the year ended June 30, 2015

44 Non-adjusting event after balance sheet date

The Board of directors at the meeting held on November 3, 2015 have proposed for the year ended June 30, 2015 cash dividend of Rs. 1.00 per share (2014: Rs. 4.00 per share), amounting to Rs. 9 million subject to approval of members at the annual general meeting.

45 Date of authorization

These financial statements were authorized for issue on November, 03 2015 by the Board of Directors of the Company.

46 Corresponding figures

Corresponding figures, wherever necessary have been rearranged and reclassified for the purpose of comparison. However, no reclassification is considered material enough to be

47 General

Figures have been rounded off to the nearest rupee.

DIRECTOR

CHIEF EXECUTIVE

Proxy Form

I/We _____
of _____ being a member(s) of Wah
Nobel Chemicals Limited hereby appoint _____
of _____ or failing him/her
_____ of _____ as my/our proxy in
my/our absence to attend and vote for me/us and on my/our behalf at the 32nd Annual General
Meeting of the Company to be held on Monday, November 30, 2015 at 1100 hrs and /or any
adjournment thereof.

Signed this _____ day of November, 2015.

Folio No	CDC Participant ID No	CDC Account / Sub-Account No	No.of Shares held	Signature on Five Rupees Revenue Stamp

Witness 1

Signature _____
Name _____
CNIC NO. _____
Address _____

Witness 2

Signature _____
Name _____
CNIC NO. _____
Address _____

Note:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, G.T.Road, Wah Cantt not less than 48 hours before the time of holding the meeting.
2. The Proxy must be a member of the Company.
3. Signature(s) should agree with the specimen signature/s registered with the Company.
4. For CDC Account Holders/Corporate Entities
In addition to the above the following requirements have to be met.
 - (i) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
 - (ii) The proxy shall produce his original CNIC or original passport at the time of the meeting.
 - (iii) In case of a corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier along with proxy form to the Company).

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