

Report & Unaudited Accounts

**FOR THE HALF YEAR
Ended December 31, 2007**



**WAH
NOBEL
CHEMICALS
LTD.**



ISO 9001:2000, 14001, IEC 17025
& OHSAS 18000 CERTIFIED

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.

COMPANY INFORMATION

BOARD OF DIRECTORS

Lt. Gen. Syed Sabahat Husain, HI (M)	:	Chairman
Mr. Rolf Ekberg	:	Vice Chairman
Mr. Syed Naseem Raza	:	Director
Mr. Feroze Khan Malik	:	Director
Mr. Shahid Ahmed	:	Director
Mr. Muhammad Nawaz Tishna	:	Director (N.I.T. Nominee)
Mr. Aftab Iqbal	:	Director

CHIEF EXECUTIVE : Mr. Shabbir Ahmed

AUDIT COMMITTEE

Mr. Shahid Ahmed	:	Chairman
Mr. Feroze Khan Malik	:	Member
Mr. Aftab Iqbal	:	Member

COMPANY SECRETARY : Mr. Tauqir Sadiq

**ACTING GENERAL MANAGER
FINANCE & ACCOUNTS** : Mr. Tanveer Elahi

AUDITORS : Anjum Asim Shahid Rahman,
Chartered Accountants

LEGAL ADVISORS : The Law Firm of Basit Musheer

BANKERS : Muslim Commercial Bank Limited
Askari Commercial Bank Limited
Bank Al-Habib Limited

REGISTERED OFFICE : G.T. Road, Wah Cantt.

PHONES : (051) 5568760, 4545243-6 (4 Lines)
(051) 9314101-21 (21 Lines) Ext. 22236

CABLE : DYNAMITE WAH CANTT.

FAX : (051) 4545241, (051) 4535862

E.MAIL : wahnobel@comsats.net.pk
wahnobel@micro.net.pk

WEBSITE : www.wahnobel.com

FACTORY : Wah Cantt.

WAH NOBEL CHEMICALS LTD

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors are pleased to present un-audited financial statements of your Company, duly reviewed by the auditors, for the half year ended 31st Dec 2007.

The Company has been able to achieve net sales revenue of Rs. 286.808 million during the half year under review vis-à-vis Rs. 229.372 million and earned the record pre-tax profit of Rs. 44.877 million compared to Rs. 8.263 million earned in the corresponding period of last year.

The Management has made strenuous efforts to improve overall operational efficiency and to increase sales of its core products which has resulted in better profitability. Procurement of Methanol, the basic raw material, at the right time on favourable prices, has greatly helped in increasing the sales and the profit margins.

As regards Vend and Permit Fee, case is pending with the learned Supreme Court of Pakistan. In view of the merits of the case and previous decisions of the Sindh High Court, the management is expecting a favourable decision from the apex court and is confident that the Company will be able to continue as a going concern.

The Management is confident to increase the sale of our products as well as maintain the overall profitability of the Company in the remaining period of the financial year.

(SHABBIR AHMED)
CHIEF EXECUTIVE

WAH CANTT.
Dated: 27.02.2008.

INDEPENDENT AUDITORS REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS TO MEMBERS

Introduction

We have reviewed the accompanying interim balance sheet of Wah Nobel Chemicals Limited as at December 31, 2007 and the related interim profit and loss account, interim cash flow statement and interim statement of changes in equity for the Half Year period then ended (here in after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and

for the Half Year period ended at December 31, 2007 is not prepared, in all material respect, in accordance with approved accounting standards as applicable in Pakistan.

Without qualifying our opinion, we draw attention to note 7.1.1 to the interim financial information. The Company is defendant in a lawsuit alleging non-payment of vend and permit fee of Rs. 518 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 interim financial information. In the event of unsuccessful outcome, there is a substantial doubt that the Company will be able to continue as a going concern.

Islamabad
Dated: 27.02.2008.

Anjum Asim Shahid Rahman
Chartered Accountants

WAH NOBEL CHEMICALS LIMITED
BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2007

	Dec. 31, 2007	June 30, 2007
Note	(Rupees in '000')	
NON CURRENT ASSETS		
Property, Plant and Equipment	4 114,234	117,470
Long Term Investment	5 27,603	25,703
CURRENT ASSETS		
Stores, spares and loose tools	20,632	21,872
Stock in trade	75,294	57,345
Trade debts	192,017	157,117
Advances, deposits and prepayments	2,992	8,512
Other receivables	5,770	4,880
Advance income tax - net	-	2,859
Cash and bank balances	8,772	30,577
	<u>305,477</u>	<u>283,162</u>
	<u>447,314</u>	<u>426,335</u>
NON CURRENT LIABILITIES		
Deferred tax liability	18,680	21,680
Accumulated compensated absences	2,561	2,401
CURRENT LIABILITIES		
Trade and other payables	6 79,881	79,446
Current portion of liability under finance lease	419	581
Accrued mark-up	3,455	3,247
Short term borrowings - secured	94,320	85,103
Taxation (Net)	12,584	-
Current portion of long term financing - secured	9,375	18,750
	<u>200,034</u>	<u>187,127</u>
	<u>221,275</u>	<u>211,208</u>
NET ASSETS	<u>226,039</u>	<u>215,127</u>
REPRESENTED BY		
SHARE CAPITAL AND RESERVES		
Authorized capital:		
20,000,000 ordinary shares of Rs.10/- each		
Issued, subscribed and paid up capital:		
9,000,000 (June 2007: 9,000,000) ordinary shares of		
Rs.10/- each, fully paid up in cash		
	90,000	90,000
Capital reserve	944	944
General reserve	103,000	98,000
Unappropriated profit	32,095	26,183
Contingencies and Commitments	7	
	<u>226,039</u>	<u>215,127</u>

The annexed notes from 1 to 10 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE

WAH.CANTT. DATED 27.02.2008.

WAH NOBEL CHEMICALS LIMITED
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

	Half year ended December 31, 2007	Half year ended December 31, 2006	Quarter ended December 31, 2007	Quarter ended December 31, 2006
(Rupees in '000')				
Gross sales	333,738	263,574	163,897	130,722
Sales tax	46,930	34,202	24,092	17,250
Net sales	286,808	229,372	139,805	113,472
Cost of sales	208,882	193,882	91,673	91,085
Gross profit	77,926	35,490	48,132	22,387
Trading income	-	1,174	-	11
	77,926	36,664	48,132	22,398
Operating expenses				
Administrative and general expenses	12,715	8,106	10,473	5,839
Selling and distribution expenses	11,244	11,110	5,507	4,425
	23,959	19,216	15,980	10,264
Operating profit	53,967	17,448	32,152	12,134
Other Operating income	52	54	-	3
	54,019	17,502	32,152	12,137
Financial and other charges:				
Financial charges	8,780	8,804	3,690	5,221
Workers' profit participation fund	2,262	435	1,423	346
	11,042	9,239	5,113	5,567
	42,977	8,263	27,039	6,570
Share in Profit of Associated Company	1,900	-	776	-
Profit before taxation	44,877	8,263	27,815	6,570
Provision for taxation	15,965	2,892	10,387	2,300
Profit after taxation	28,912	5,371	17,428	4,270
Earning Per Share - basic and diluted	Rs. 3.21	Rs. 0.60	Rs. 1.94	RS. 0.48

Appropriations have been reflected in the statement of changes in equity.

The annexed notes from 1 to 10 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE

WAH CANTT DATED 27.02.2008.

WAH NOBEL CHEMICALS LIMITED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

	December 31, 2007	December 31, 2006
	(Rupees in '000')	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	44,877	8,263
Adjustment for non cash charges and other items:		
Depreciation	3,238	3,392
Gain on insurance claim of fixed assets	-	(2)
Financial and other charges	8,780	8,804
Share in profit of associated company	(1,900)	-
Provision against doubtful debts	8,687	3,583
Allocation of Workers' Profit Participation Fund (WPPF)	2,262	435
Provision for accumulated compensated absences	250	250
Interest on TDRs	(52)	(51)
	21,265	16,411
Changes in working capital		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	1,240	(363)
Stock in trade	(17,949)	4,493
Trade debts	(43,586)	(17,308)
Advances, deposits and prepayments	5,520	2,984
Other receivables	(892)	20,820
Increase/(decrease) in current liabilities:		
Trade and other payables	(18,148)	(18,488)
	(73,815)	(7,862)
Cash generated from operations	(7,673)	16,812
Taxation	(3,522)	(1,300)
Financial and other charges paid	(8,572)	(8,631)
WPPF paid	(1,579)	(1,862)
Compensated absences paid	(90)	(30)
Interest received	52	51
	(13,711)	(11,772)
Net cash generated from/(used in) operating activities	(21,384)	5,040
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(2)	(49)
Receipt on insurance claim of fixed assets	-	7
Net cash used in investing activities	(2)	(42)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - repayment	(9,375)	(9,375)
Short term borrowings	9,217	(747)
Repayment against finance lease	(162)	-
Dividends paid	(96)	(7)
Net cash (used in)/generated from financing activities	(418)	(10,129)
Net increase/(decrease) in cash and cash equivalents	(21,804)	(5,131)
Cash and cash equivalents at beginning of the period	30,576	8,854
Cash and cash equivalents at end of the period	8,772	3,723

The annexed notes from 1 to 10 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE

WAH CANIT DATED 27.02.2008

WAH NOBEL CHEMICALS LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

	Share Capital	Capital Reserve	General Reserve	Un-appropriated Profit	Total
	(Rupees in '000')				
Balance as at June 30, 2006 (Restated)	90,000	944	98,000	25,288	214,232
Final dividend @ Rs. 2 per share				(18,000)	(18,000)
Profit for the period ended December 31, 2006				5,371	5,371
Balance as at December 31, 2006	<u>90,000</u>	<u>944</u>	<u>98,000</u>	<u>12,659</u>	<u>201,603</u>
Balance as at June 30, 2007	90,000	944	98,000	26,183	215,127
Final dividend @ Rs. 2 per share				(18,000)	(18,000)
Transfer to General Reserve			5,000	(5,000)	-
Profit for the period ended December 31, 2007				28,912	28,912
Balance as at December 31, 2007	<u>90,000</u>	<u>944</u>	<u>103,000</u>	<u>32,095</u>	<u>226,039</u>

The annexed notes from 1 to 10 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE

WAH CANTT DATED 27.02.2008.

WAH NOBEL CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

1. STATUS AND NATURE OF BUSINESS

1.1

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.

1.2

The principal activity of the Company is to manufacture Formaldehyde and Formaldehyde based liquid resins for use as bonding agent in the chip board, plywood and flush door manufacturing industries. It is also engaged in erection of plants and trading activities.

2. BASIS OF PREPARATION

These financial statements are unaudited but subject to limited scope review by the external auditors, as required by the Code of Corporate Governance, and are being circulated to the shareholders in compliance with section 245 of the Companies Ordinance, 1984. These financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting", as applicable in Pakistan.

3. ACCOUNTING POLICIES

3.1

The accounting policies adopted in preparation of these half yearly financial statements are same as those applied in the preparation of preceding annual financial statements of the Company.

WAH NOBEL CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

4. PROPERTY, PLANT AND EQUIPMENT - AT BOOK VALUE

Following is the statement of additions to operating assets during the period:

	December 31, 2007	June 30, 2007
	Rupees in '000'	
Opening book value	117,470	123,390
Plant and machinery	-	160
Tools and workshop equipments	-	11
Office equipment	-	14
Computer installations	2	178
	117,472	123,753
Book value of assets disposed off during the year		5
Depreciation for the period	3,238	6,278
Closing book value	114,234	117,470

5. LONG TERM INVESTMENT

	December 31, 2007	June 30, 2007
	Rupees in '000'	
Wah Nobel Acetate Limited 2,500,000 shares of Rs. 10/- each, (equity held: 8.33%)	25,000	25,000
Share of profit of prior periods	703	1,210
Share of Profit / (Loss) of current period	1,900	(507)
	2,603	703
	27,603	25,703

6. TRADE AND OTHER PAYABLES

This includes an amount of Rs.18 million as dividend payable, @ Rs. 2 (2006: Rs. 2.00) per share for the year ended June 30, 2007 approved by the members in annual general meeting held on November 27, 2007.

WAH NOBEL CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

The contingencies reported in the preceding annual financial statements have undergone the following changes:

- 7.1.1 The contingent liability of the Company on account of vend lee and permit fee has increased from Rs. 490 million to Rs. 518 million on account of further import of Methanol from July 01, 2007 to December 31, 2007.

	December 31, 2007	June 30, 2007
	Rupees in '000'	
7.2 Commitments in respect of:		
7.2.1 Letters of credit for purchase of stocks	12,200	37,250
7.2.2 Rentals payable under non-cancelable vehicle lease arrangements:		
- not later than one year	419	581
- later than one year but not later than five years	-	-

8. RELATED PARTY TRANSACTIONS

Significant transactions with related parties during the period were as follows:

	December 31, 2007	June 30, 2007
	Rupees in '000'	
Receipts of funds from the holding company	-	31,430
Repayment of funds to the holding company	-	32,920
Expenses incurred (on behalf of) by the group companies	1,057	1,135
Dividend paid to the holding company	-	9,941

WAH NOBEL CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

9 CORRESPONDING FIGURES

9.1 The figures of the profit and loss account for the quarters ended December 31, 2006 and December 31, 2007 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half years ended December 31, 2006 and December 31, 2007.

9.2 Figures have been rounded off to the nearest Rupees.

10 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 27, 2008 by the Board of Directors of the Company.

DIRECTOR

CHIEF EXECUTIVE

WAH CANTT DATED 27.02.2008.