



ISO 9001:2008, 14001:2004 &  
OHSAS 18001:2007 CERTIFIED

**Half Yearly  
Financial Statements  
(Unaudited)  
December 31, 2015**

**Wah Nobel Chemicals Ltd.**



## **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) : Chairman  
Mr. Torbjorn Saxmo : Vice Chairman  
Mr. Feroze Khan Malik : Director  
Mr. Muhammad Nawaz Tishna : Director (N.I.T. Nominee)  
Mr. Tabassum Rahman : Director  
Mr. Rehan Waheed Khan : Director  
Mr. Muhammad Afzal : Director

**CHIEF EXECUTIVE** : Brig (R) Shiraz Ullah Choudhry

### **AUDIT COMMITTEE**

Mr. Tabassum Rahman : Chairman  
Mr. Feroze Khan Malik : Member  
Mr. Rehan Waheed Khan : Member

### **HUMAN RESOURCE & REMUNERATION (HR&R) COMMITTEE**

Mr. Tabassum Rahman : Chairman  
Mr. Rehan Waheed Khan : Member  
Brig (R) Shiraz Ullah Choudhry : Member

### **COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER**

: Mr. Tanveer Elahi, FCA

### **AUDITORS**

: KPMG Taseer Hadi & Co  
Chartered Accountants

### **LEGAL ADVISORS**

: The Law Firm of Basit Musheer

### **SHARES REGISTRAR**

: Ilyas Saeed Associates (Pvt.) Ltd.,  
Management Consultants,  
Office # 26, 2<sup>nd</sup> Floor, Rose Plaza,  
I-8 Markaz, Islamabad.  
Tel: 051-4938026-27, Fax: 051-4102628  
Email: [iilyas@hotmail.com](mailto: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

### **FAX**

: (051) 4545241, (051) 4535862

### **E.MAIL**

: [ce@wahnobel.com](mailto:ce@wahnobel.com)

### **WEBSITE**

: [www.wahnobel.com](http://www.wahnobel.com)

### **FACTORY**

: Wah Cantt.

**WAH NOBEL CHEMICALS LTD**  
**DIRECTORS' REPORT TO THE SHAREHOLDERS**

The Directors of the company are pleased to present Condensed Interim Financial Information (unaudited) of the company, duly reviewed by the Auditors, for the six months period ended December 2015.

During the period under review Company has achieved net sales revenues of Rs 560.171 million as compared to Rs 602.128 million of previous corresponding period. Despite decline in net sales revenue by 6.97% Gross profit margin improved from 9.17 % in the previous corresponding period to 16.41% during the period under review.

The reason for increase in Gross Profit Margin can be attributed to reduction in Cost of Sales by 7.23%, Financial Cost during the period under review reduced by 37.14% viz-a-viz corresponding period of last year, due to decrease in short term Running Finance and mark-up rates. Admin, Selling and Distribution expenses also reduced during the period under review.

The Company earned after-tax profit of Rs 30.678 million during the period under review against loss of Rs (1.352) million incurred during the previous corresponding period.

The company has a positive outlook and will continue its best efforts to ensure continued growth, operational efficiency and optimum results for the company and its stakeholders in the second half of the financial year 2015-16.

As regards Vend fee and permit fee case, Sindh High Court has already pronounced favourable judgment. Presently the case is pending with the learned 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 efforts to continue as a going concern.

The Directors wish to place on record their deep appreciation for the hard work, loyalty and devotion to duty by all the employees of the company at all levels and thanks all its customers for their continued patronage and support.

**On behalf of the Board**

**Brig (R)**  
**Shiraz Ullah Choudhry, SI(M)**  
**Chief Executive**

**Wah Cantt**  
**Dated:24-02-2016**

## **Auditors' Report to Members on Review of Interim Financial Information**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of Wah Nobel Chemicals Limited ("the Company") as at 31 December 2015, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended ("interim financial information").

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. 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 inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at 31 December, 2015, and of its financial performance and its cash flow for six month period then ended in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

### **Emphasis of matter**

Without qualifying our conclusion, we draw attention to note 8.1 to the condensed interim financial information where in it has been stated that the Company is defending a law suit alleging non-payment of vend and permit fee of Rs. 902 million on methanol to the Excise and Taxation Department, Government of Sindh. This condition indicates the existence of significant

uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

**Other matter**

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 31 December 2015 have not been reviewed and we do not express a conclusion on them.

The condensed interim financial information of the Company for the six months' period ended 31 December 2014 and financial statements for the year ended 30 June 2015 were reviewed and audited by another auditors whose reports dated 26 February 2015 and 03 November 2015 respectively expressed an unqualified conclusion and opinion thereon respectively.

Islamabad  
24-February-2016

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Engagement Partner:  
Syed Bakhtiyar Kazmi

**WAH NOBEL CHEMICALS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT DECEMBER 31, 2015**

	Note	Unaudited December 31, 2015	Audited June 30, 2015
(Rupees in '000')			
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	153,547	159,030
Long term investment	5	27,347	30,715
<b>Total non-current assets</b>		<b>180,894</b>	<b>189,745</b>
<b>Current assets</b>			
Stores, spares and loose tools		44,557	46,845
Stock in trade		133,512	105,117
Trade debts	6	374,785	358,481
Advances		20,034	20,785
Trade deposits, prepayments and others		1,216	21,457
Short-term investment		2,583	2,583
Taxation - net		128,629	117,544
Cash and bank balances		3,948	4,463
<b>Total current assets</b>		<b>709,264</b>	<b>677,275</b>
<b>Total assets</b>		<b>890,158</b>	<b>867,020</b>
<b>Equity</b>			
Issued, subscribed and paid up capital:			
9,000,000 (June 30, 2015: 9,000,000) ordinary shares of Rs.10/- each, fully paid up in cash			
		90,000	90,000
Capital reserve		944	944
General reserve		375,000	360,000
Unappropriated profit		48,194	41,516
<b>Total equity</b>		<b>514,138</b>	<b>492,460</b>
<b>Non current liabilities</b>			
Deferred tax liability		3,728	3,942
Accumulated compensated absences		6,643	6,464
<b>Total non-current liabilities</b>		<b>10,371</b>	<b>10,406</b>
<b>Current liabilities</b>			
Trade and other payables		136,296	129,041
Due to associated companies		7,712	31
Accrued mark-up		4,178	4,981
Short term borrowings		217,463	230,101
<b>Total current liabilities</b>		<b>365,649</b>	<b>364,154</b>
<b>Total liabilities</b>		<b>376,020</b>	<b>374,560</b>
<b>Total equity and liabilities</b>		<b>890,158</b>	<b>867,020</b>
<b>Contingencies and commitments</b>			
	8		

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
CHIEF EXECUTIVE

WAH CANTT DATED 24.02.2016

**WAH NOBEL CHEMICALS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2015**

	Half year ended December 31, 2015	Half year ended December 31, 2014	Quarter ended December 31, 2015	Quarter ended December 31, 2014
	<b>(Rupees in '000')</b>			
Gross sales	660,072	706,329	396,227	364,211
Sales tax	<u>(99,901)</u>	<u>(104,201)</u>	<u>(59,956)</u>	<u>(53,446)</u>
<b>Net sales</b>	<b>560,171</b>	<b>602,128</b>	<b>336,271</b>	<b>310,765</b>
<b>Cost of sales</b>	<b><u>(468,249)</u></b>	<b><u>(546,893)</u></b>	<b><u>(278,287)</u></b>	<b><u>(287,465)</u></b>
Gross profit	<b>91,922</b>	<b>55,235</b>	<b>57,984</b>	<b>23,300</b>
Administrative expenses	<b>(6,049)</b>	<b>(7,582)</b>	<b>(2,776)</b>	<b>(3,501)</b>
Distribution expenses	<b>(22,325)</b>	<b>(27,950)</b>	<b>(11,801)</b>	<b>(13,313)</b>
<b>Operating profit</b>	<b>63,548</b>	<b>19,703</b>	<b>43,407</b>	<b>6,486</b>
<b>Financial and other charges:</b>				
Finance cost	<b>(9,237)</b>	<b>(14,695)</b>	<b>(4,214)</b>	<b>(7,182)</b>
Other expenses	<b>(4,089)</b>	<b>(712)</b>	<b>(2,901)</b>	<b>(214)</b>
Other income	<b>1,097</b>	<b>1,463</b>	<b>847</b>	<b>1,382</b>
Share in loss of associated company- net of tax	<b>(3,368)</b>	<b>(908)</b>	<b>(3,368)</b>	<b>(908)</b>
<b>Profit / (loss) before taxation</b>	<b>47,951</b>	<b>4,851</b>	<b>33,771</b>	<b>(436)</b>
Provision for taxation	<b><u>(17,273)</u></b>	<b><u>(6,203)</u></b>	<b><u>(11,685)</u></b>	<b><u>(3,041)</u></b>
Net profit / (loss) after taxation	<b>30,678</b>	<b>(1,352)</b>	<b>22,086</b>	<b>(3,477)</b>
Other comprehensive income for the period	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other comprehensive income for the period	<b><u>30,678</u></b>	<b><u>(1,352)</u></b>	<b><u>22,086</u></b>	<b><u>(3,477)</u></b>
<b>Earnings / (loss) per share - basic and diluted (Rupees)</b>	<b>3.41</b>	<b>(0.15)</b>	<b>2.45</b>	<b>(0.39)</b>

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

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DIRECTOR

\_\_\_\_\_  
CHIEF EXECUTIVE

WAH CANTT DATED 24.02.2016



**WAH NOBEL CHEMICALS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2015**

	December 31, 2015	December 31, 2014
	(Rupees in '000')	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	47,951	4,851
Adjustment for non cash charges and other items:		
Depreciation	6,342	6,166
Interest income	(136)	(142)
Financial and other charges	9,237	14,695
Share in loss of associated company	3,368	908
Workers' profit participation fund (WPPF)	2,756	309
Workers' welfare fund (WWF)	1,047	118
Provision for employees' gratuity fund	1,600	1,000
Provision for accumulated compensated absences	1,000	1,000
	<b>25,214</b>	<b>24,054</b>
Changes in working capital		
Decrease/ (increase) in current assets:		
Stores, spares and loose tools	2,289	(2,112)
Stock in trade	(28,396)	52,902
Trade debts	(16,305)	(61,813)
Advances	752	6,278
Trade deposits and prepayments	(766)	(1,006)
Other receivables	20,867	(27)
	<b>10,863</b>	<b>(41,060)</b>
	<b>(10,696)</b>	<b>(46,838)</b>
Cash generated from operations	<b>62,469</b>	<b>(17,933)</b>
(Payment for) / receipt of:		
Taxation	(28,572)	(36,156)
Financial and other charges	(10,040)	(12,648)
WPPF	(1,329)	(5,782)
Compensated absences	(821)	-
	<b>(40,762)</b>	<b>(54,586)</b>
Net cash generated from/(used in) operating activities	<b>21,707</b>	<b>(72,519)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(857)	(1,123)
Interest on term deposit receipts	207	168
Interest on bank balance	66	27
Net cash used in investing activities	<b>(584)</b>	<b>(928)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(9,000)	(36,000)
Net cash used in financing activities	<b>(9,000)</b>	<b>(36,000)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>12,123</b>	<b>(109,447)</b>
<b>Cash and cash equivalents at beginning of the period</b> 7	<b>(225,638)</b>	<b>(191,672)</b>
<b>Cash and cash equivalents at end of the period</b> 7	<b>(213,515)</b>	<b>(301,119)</b>

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
CHIEF EXECUTIVE

WAH CANTT DATED 24.02.2016

WAH NOBEL CHEMICALS LIMITED  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2015

	Issued, subscribed and paid-up share capital	Capital reserve - share premium	Revenue reserves		Total
			General reserve	Unappropriated profit	
(Rupees in '000')					
<b>Balance as at July 1, 2014</b>	<b>90,000</b>	<b>944</b>	<b>325,000</b>	<b>99,214</b>	<b>515,158</b>
Total comprehensive income for the period - net of tax	-	-	-	(1,352)	(1,352)
Transfer to general reserve	-	-	35,000	(35,000)	-
Final dividend @ Rs. 4.00 per share	-	-	-	(36,000)	(36,000)
<b>Balance as at December 31, 2014</b>	<b>90,000</b>	<b>944</b>	<b>360,000</b>	<b>26,862</b>	<b>477,806</b>
<b>Balance as at July 1, 2015</b>	90,000	944	360,000	41,516	492,460
Total comprehensive income for the period - net of tax	-	-	-	30,678	30,678
Transfer to general reserve	-	-	15,000	(15,000)	-
Final dividend @ Rs. 1.00 per share	-	-	-	(9,000)	(9,000)
<b>Balance as at December 31, 2015</b>	<b>90,000</b>	<b>944</b>	<b>375,000</b>	<b>48,194</b>	<b>514,138</b>

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

\_\_\_\_\_  
DIRECTOR

WAH CANTT DATED 24.02.2016

\_\_\_\_\_  
CHIEF EXECUTIVE

**WAH NOBEL CHEMICALS LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM**  
**FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2015**

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**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). Previously, the shares of the Company were quoted on Karachi, Lahore and Islamabad stock exchanges of Pakistan. However, due to integration of these Stock Exchanges into Pakistan Stock Exchange effective January 11, 2016 the shares of the Company are now quoted on Pakistan Stock Exchange. 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 at G.T.Road Wah Cantt, Pakistan.
- 1.2 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**

This condensed interim financial information of the Company for the half year ended December 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all of the information required for annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2015. Comparative condensed interim balance sheet is extracted from annual financial statements for the year ended June 30, 2015, whereas comparative condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from unaudited condensed interim financial information of the Company for the half year ended December 31, 2014.

This condensed interim financial information is unaudited and is being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984 and the listing regulations of Pakistan Stock Exchange.

**3. ACCOUNTING POLICIES**

Except for note 3.1, the accounting policies, significant judgments made in the application of accounting policies, key sources of estimations and the methods of computation adopted in preparation of this condensed interim financial information and financial risk management policy are the same as those applied in preparation of annual audited financial statements for the year ended 30 June 2015. IFRS 13 'Fair Value Measurement' became effective for financial periods beginning on or after 01 January 2015. The effect of IFRS 13 'Fair Value Measurement' are disclosed in notes 3.1 and 12 to these condensed interim financial information. The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016 and are not expected to have any significant effect on condensed interim financial information of the Company:

- Amendments to IAS 38 'Intangible Assets'	(effective 01 January 2016)
- Amendments to IAS 16 'Property, Plant and Equipment'	(effective 01 January 2016)
- Amendments to IAS 27 'Separate Financial Statement'	(effective 01 January 2016)
- Amendments to IAS 28 'Investments in Associates and Joint'	(effective 01 January 2016)
- Amendments to IAS 41 'Agriculture'	(effective 01 January 2016)

Amendments to following standards as annual improvements cycle of 2012-2014. Most amendments will apply prospectively for annual period beginning on or after 01 July 2016:

**WAH NOBEL CHEMICALS LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM**  
**FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2015**

- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'
- IFRS 7 'Financial Instruments- Disclosures'
- IAS 19 'Employee Benefits'
- IAS 34 'Interim Financial Reporting'

The above amendments are not likely to have an impact on Group's financial statements.

- 3.1. IFRS 13 Fair Value Measurement, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 does not have an impact on the financial statements of the Company's except certain additional disclosures.

	<u>Un-Audited</u> <u>December 31,</u> <u>2015</u>	<u>Audited</u> <u>June 30,</u> <u>2015</u>
	<u>Rupees in '000'</u>	
<b>4 PROPERTY, PLANT AND EQUIPMENT</b>		
Opening book value	159,030	167,015
Additions during the period / year		
Plant and machinery	843	4321
Furniture and fixture	-	272
Tools and workshop equipments	-	323
Computer installations	16	242
	<u>159,889</u>	<u>172,173</u>
Depreciation for the period / year	<u>(6,342)</u>	<u>(13,143)</u>
Closing book value	<u>153,547</u>	<u>159,030</u>
<b>5 LONG TERM INVESTMENT</b>		
<b>Wah Nobel Acetate Limited - associate</b>		
2,500,000 shares of Rs. 10 each. (equity held: 8.33%)	25,000	25,000
Share of profit of prior periods	5,715	10,708
Share of profit / (loss) of current period / year	<u>(3,368)</u>	<u>(4,993)</u>
	<u>2,347</u>	<u>5,715</u>
	<u>27,347</u>	<u>30,715</u>
<b>6 TRADE DEBTS</b>		
Considered good	374,785	358,481
Considered doubtful	71,341	71,341
	<u>446,126</u>	<u>429,822</u>
Provision for doubtful debts	<u>(71,341)</u>	<u>(71,341)</u>
	<u>374,785</u>	<u>358,481</u>
	<u>Un-Audited</u> <u>December 31,</u> <u>2015</u>	<u>Un-Audited</u> <u>December31,</u> <u>2014</u>
	<u>Rupees in '000'</u>	
<b>7 CASH AND CASH EQUIVALENT</b>		
Cash and bank balances	3,948	2,720
Short term running finance - secured	<u>(217,463)</u>	<u>(303,839)</u>
	<u>(213,515)</u>	<u>(301,119)</u>

**WAH NOBEL CHEMICALS LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM**  
**FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2015**

**8. CONTINGENCIES AND COMMITMENTS**

**8.1** 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 Sindh High Court, however 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 pending 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. 902 million (June 2015 : Rs. 884 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 exist which may cast significant doubt in 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.

**8.2** There were no changes in other contingencies from the reported figures of 30 June 2015.

	<b>Un-Audited</b>	<b>Audited</b>
	<b>December 31,</b>	<b>June 30,</b>
	<b>2015</b>	<b>2015</b>
	<b>Rupees in '000'</b>	
<b>8.3 Commitments in respect of:</b>		
<b>8.3.1</b> Letters of credit for purchase of stocks	<b>62,902</b>	38,748
<b>8.3.2</b> Post dated cheques issued in favour of Collector of Customs against custom duties and other levies on Methanol kept in bonded Ware house	<b>13,968</b>	23,813

**9 RELATED PARTY TRANSACTIONS**

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

Expenses incurred (on behalf of) / by the group companies net	7,231	(2,563)
Corporate service fee charged by holding company	450	900
Sales to associate company	3,392	3,911
Dividend paid to the holding company	4,970	19,882

**WAH NOBEL CHEMICALS LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM**  
**FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2015**

Other related parties	<u>Un-Audited</u> <u>December 31,</u> <u>2015</u>	<u>Un-Audited</u> <u>December 31,</u> <u>2014</u>
	<u>Rupees in '000'</u>	
Payment to:		
Employees' provident fund trust	2,026	2,640
Workers' profit participation fund	1,329	5,782
Remuneration including perquisites of Key Management Personnel	7,457	6,235

**10. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or Liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	<u>Carrying amount</u>			<u>Fair value</u>				
	<u>Note</u>	<u>Held - for-</u> <u>maturity</u>	<u>Loans and</u> <u>receivables</u>	<u>Other</u> <u>financial</u> <u>liabilities</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<b>31 December 2015</b>								
<b>Financial assets not measured at fair value</b>								
Bank balances		-	3,948	-	3,948			
Trade debts	6	-	374,785	-	374,785			
Trade deposits, prepayments and others		-	412	-	412			
Corporate debt securities		2,583	-	-	2,583	-	2,583	2,583
		<u>2,583</u>	<u>379,145</u>	<u>-</u>	<u>381,728</u>			
<b>Financial liabilities not measured at fair value</b>								
Trade and other payables		-	-	(136,296)	(136,296)			
Markup accrued		-	-	(4,178)	(4,178)			
Short term borrowings		-	-	(217,463)	(217,463)	-	(217,463)	(217,463)
Due to associated company		-	-	(7,712)	(7,712)	-	(7,712)	(7,712)
		<u>-</u>	<u>-</u>	<u>(365,649)</u>	<u>(365,649)</u>			

**WAH NOBEL CHEMICALS LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM**  
**FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2015**

Note	Carrying amount				Fair value		
	Held - for- maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Total
<b>30 June 2015</b>							
<b>Financial assets not measured at fair value</b>							
Bank balances	-	4,463	-	4,463			
Trade debts	6	358,481	-	358,481			
Trade deposits, prepayments and others	-	21,417	-	21,417			
Corporate debt securities	2,583	-	-	2,583	-	2,583	2,583
	<u>2,583</u>	<u>384,361</u>	<u>-</u>	<u>386,944</u>			
<b>Financial liabilities not measured at fair value</b>							
Trade and other payables	-	-	(129,041)	(129,041)			
Markup accrued	-	-	(4,981)	(4,981)			
Short term borrowings	-	-	(230,101)	(230,101)	-	(230,101)	(230,101)
Due to associated company	-	-	(31)	(31)	-	(31)	(31)
	<u>-</u>	<u>-</u>	<u>(364,154)</u>	<u>(364,154)</u>			

**10.1** The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

**11 GENERAL**

**11.1** Figures have been rounded off to the nearest thousand of rupees.

**12 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue on February 24, 2016 by the Board of Directors of the Company.

\_\_\_\_\_  
**DIRECTOR**

WAH CANTT DATED 24.02.2016

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**CHIEF EXECUTIVE**