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OHSAS 18001:2007 Certified

WAH NOBEL CHEMICALS LTD

First Quarterly
Financial Statements
(Unaudited)
September, 2019

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. Bilal Akbar,HI(M)	:	Chairman
Mr. Torbjorn Saxmo	:	Vice Chairman
Mr. Shafiq Ahmed Siddiqi	:	Director (N.I.T. Nominee)
Mr. Abdul Aziz	:	Director
Mr. Muhammad Arshad	:	Director
Mr. Tariq M. Rangoonwala	:	Director
Mr. Munaf Ibrahim	:	Director

CHIEF EXECUTIVE : Brig (R) Shiraz Ullah Choudhry, SI(M)

AUDIT COMMITTEE

Mr. Tariq M. Rangoonwala	:	Chairman
Mr. Abdul Aziz	:	Member
Mr. Muhammad Arshad	:	Member

HUMAN RESOURCE & REMUNERATION (HR&R) COMMITTEE

Mr. Abdul Aziz	:	Chairman
Mr. Tariq M. Rangoonwala	:	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, 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

FAX

: (051) 4545241, (051) 4535862

E.MAIL

: ce@wahnobel.com

WEBSITE

: www.wahnobel.com

FACTORY

: Wah Cantt.

WAH NOBEL CHEMICAL LTD

DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Directors of the company are pleased to present Condensed Interim Financial Information (unaudited) for the 1st Quarter ended September 30, 2019.

The performance of the Company during the period under review is fairly good and it achieved Gross Sales Revenue of Rs 562 million vis-à-vis Rs 548 million as compared to previous year's corresponding period (increased by 3%).

Despite volatile economic / financial situation and retarded business activity during the 1st Quarter of FY 2019-20, the Company earned After Tax Profit of Rs 34 million vis-à-vis Rs 30 million as compared to previous year's corresponding period (increased by 13%). The profit levels have been affected due to increase in financial cost.

The management has a positive outlook and geared up, to ensure continued growth, operational efficiency and optimum results for the company and its stakeholders in the second quarter of Financial Year 2019-20.

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. Nexus to merits of the case and favourable decision of the Sindh High Court, the management is expecting a favourable decision from the Apex Court.

The Directors are pleased to place on record their deep appreciation for the earnest efforts and dedication to the cause, by all employees of the company for achieving good results despite volatile economic situation in the country and pay vivid gratitude to all its customers for their continued patronage, support and trust.

On behalf of the Board

**ABDUL AZIZ
DIRECTOR**

**BRIG
SHIRAZ ULLAH CHOUDHRY, SI(M)®
CHIEF EXECUTIVE**

**Wah Cantt
Dated: October 28, 2019**

قانون نکلنے دینے کا

کھٹی کھانڈ ایکٹز اور سروس پید پید غیر ملکی شہر ملاؤ تاکہ پید پید کھٹی کھانڈ 30 ستمبر 2019 میں کرتے ہیں۔
تو یہ جانتے ہوئے کے بعد ان کھٹی کھانڈ کو کرنٹ بھی رہی ہے اس بعد ان کھٹی کھانڈ کی ٹیکس آمدنی 562 ملین روپے ہے جبکہ گزشتہ سال
یہ 548 ملین روپے تھی۔ (اضافہ 3%)۔

سال 2019-20 کے پہلے گواہ کے بعد ان غیر منظم اقتصادی ایف ایف ایف اور کاروباری سماج کے باوجود یہ جانتے ہوئے
میں کھٹی کھانڈ نے بعد ان ٹیکس منافع 34 ملین روپے حاصل کیا جبکہ گزشتہ سال 30 ملین روپے تھا۔ (اضافہ 13%)۔ منافع کی شرح
ایمانی و گت میں اضافے کیا عطا ہوئی۔

کھٹی کھانڈ کے سیکٹرز کے امکان سے ثابت ہیں اور وہ اپنی بہتر پیشکش سے یہ ایمانی سال 2019-20 کے بعد سیکٹرز میں کھٹی کھانڈ
اسکے گزشتہ سال کے لئے مسلسل بڑھتی ہوئی شرح کا ذکر کرتی ہیں اور یہ سیکٹرز کے لئے سروس کے لئے سروس کے لئے ہے
حالانکہ ان کے طور پر مندرجہ ذیل کھانڈ کے سیکٹرز میں اور پید پید کے سواتی فعلوں کے بعد ان کھٹی کھانڈ سروس کے لئے پاکستان
کے زیر اثر ہے کھٹی کھانڈ کی قانونی مشی اور مندرجہ ذیل کھانڈ کے سواتی فعلوں کی بدولت ان کے لئے منافع رکھتی ہے جبکہ کھٹی کھانڈ کے لئے
ہے۔

نکلنے میں غیر منظم اقتصادی سروس سال کے بعد ان کھٹی کھانڈ کے ملازمین کے بہتر ملاج کے حصول پر ان کے لئے ان کی تمام کھانڈوں سے
ملازمین کی نکلنے اور مندرجہ ذیل کھانڈ کے حصول کے لئے ان کی تمام کھانڈوں کو سروس ہے اور ان کے لئے ان کی تمام کھانڈوں کو سروس ہے اور ان کے لئے
کھٹی کھانڈ کے سروس کے لئے ہے۔

ایگزیکٹوز اور ان کی طرف سے

ایگزیکٹوز اور ان کی طرف سے
چیف ایگزیکٹو

ایگزیکٹوز اور ان کی طرف سے
ایگزیکٹوز اور ان کی طرف سے

واک پینٹ۔

سورج 28 اکتوبر 2019ء

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2019

		Unaudited September 30, 2019	Audited June 30, 2019
	Note	(Rupees in '000')	
Assets			
Property, plant and equipment	4	324,419	332,755
Non-current assets		324,419	332,755
Stores, spares and loose tools		50,741	50,771
Stock in trade		372,105	377,656
Trade debts	5	850,880	819,312
Advances, deposits, prepayments and other receivables		26,627	28,646
Short-term investment		2,649	2,678
Taxation - net		225,460	226,842
Cash and bank balances		11,489	20,661
Current assets		1,539,951	1,526,566
Total assets		1,864,370	1,859,321
Equity			
Share Capital		90,000	90,000
Capital reserve		944	944
Revenue reserves		831,087	796,701
Total equity		922,031	887,645
Liabilities			
Long Term Financing	6	48,000	54,857
Deferred liabilities	7	8,253	8,317
Non-current liabilities		56,253	63,174
Trade and other payables		244,880	263,446
Due to associated companies		1,840	967
Unclaimed dividend		5,979	5,979
Current portion of long term financing		30,244	30,047
Loan from holding company - unsecured		309,807	308,325
Short term borrowings		293,335	299,738
Current liabilities		886,086	908,502
Total liabilities		942,339	971,676
Total equity and liabilities		1,864,370	1,859,321
Contingencies and commitments	8		

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	July-Sep 2019	July-Sep 2018
	(Rupees in '000')	
Gross sales	562,303	547,767
Sales tax	(87,503)	(84,705)
Net sales	474,800	463,062
Cost of sales	(394,605)	(405,330)
Gross profit	80,195	57,732
Administrative expenses	(3,782)	(4,174)
Distribution expenses	(2,178)	(2,419)
Operating profit	74,235	51,138
Financial and other charges:		
Finance cost	(21,689)	(4,878)
Other expenses	(3,830)	(3,340)
Other income	801	216
Profit before taxation	49,517	43,137
Provision for taxation	(15,131)	(12,691)
Profit for the period	34,386	30,446
Other comprehensive income for the period	-	-
Total comprehensive income for the period	34,386	30,446
Earnings per share - basic and diluted	3.82	3.38

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

Wah Cantt Dated : 28-10-2019

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	September 30, 2019	September 30, 2018
	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	49,517	43,137
Adjustment for non cash items:		
Depreciation	8,336	3,772
Provision for gratuity fund	800	800
Workers' profit participation fund (WPPF)	2,659	2,317
Workers' welfare fund (WWF)	1,011	880
Provision for accumulated compensated absences	600	600
Provision in respect provident fund	1,557	-
	14,963	8,369
Changes in:		
Stores, spares and loose tools	30	2,481
Stock in trade	5,551	(25,173)
Trade debts	(31,567)	(67,937)
Advances, deposits, prepayments and other receivables	2,020	22,773
Due to holding company	873	-
Trade and other payables	(23,069)	14,565
	(46,162)	(53,291)
Cash generated from operating activities	18,318	(1,785)
Payment for:		
Workers' profit participation fund	-	(2,397)
Accumulated Compensated absences	-	(238)
Provident fund	(1,525)	-
Taxation	(14,414)	(23,395)
Interest on bank balance	-	159
	(15,939)	(25,871)
Net cash (used in) / generated from operating activities	2,379	(27,656)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for capital expenditure	-	(30,968)
Interest on term deposit receipts	29	-
Net cash used in investing activities	29	(30,968)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans (repaid) / received during the year	(6,658)	-
Short term loan obtained during the year	1,483	-
Net cash used in financing activities	(5,176)	-
Net increase/(decrease) in cash and cash equivalents	(2,768)	(58,624)
Cash and cash equivalents at beginning of the period	(279,078)	(197,308)
Cash and cash equivalents at end of the period	9	(255,932)

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

WAH NOBEL CHEMICALS LIMITED
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Issued, subscribed and paid-up share capital	Capital reserve - share premium	Revenue reserves		Sub-total	Total
			General reserve	Unappropriated profit		
(Rupees in '000')						
Balance as at July 1, 2018	90,000	944	505,000	182,436	687,436	778,380
Total comprehensive income for the period - net of tax	-	-	-	30,446	-	30,446
Transfer to general reserve	-	-	130,000	(130,000)	-	-
Balance as at September 30, 2018	90,000	944	635,000	82,882	717,882	808,826
Balance as at July 1, 2019	90,000	944	635,000	161,701	796,701	887,645
Total comprehensive income for the period - net of tax	-	-	-	34,386	-	34,386
Balance as at September 30, 2019	90,000	944	635,000	196,087	831,087	922,031

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

 DIRECTOR

 CHIEF EXECUTIVE OFFICER

 CHIEF FINANCIAL OFFICER

WAH NOBEL CHEMICALS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

1 STATUS AND NATURE OF BUSINESS

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 Act, 2017) and its shares are 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 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. The Company's registered office and manufacturing facilities are situated in Wah Cantt, Pakistan.

2 BASIS OF PREPARATION

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

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

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

The disclosures in these condensed interim financial statements do not include the information that was reported for full annual audited financial statements and should therefore be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2019. Comparative condensed interim statement of financial position is extracted from the annual audited financial statements as of June 30, 2019, whereas comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from unaudited interim financial statements for three months period ended September 30, 2018.

These condensed interim financial statements are un-audited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

3 ACCOUNTING POLICIES

The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these condensed interim financial statements and financial risk management policy are the same as those applied in preparation of audited annual financial statements for the year ended June 30, 2019.

WAH NOBEL CHEMICALS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

4 PROPERTY, PLANT AND EQUIPMENT

During the three months period ended September 30, 2019, the Company made additions to property, plant and equipment aggregating to Rs. Nil (September 30, 2018: Rs. 30,968 thousand). Depreciation charge for the period amounts to Rs. 8,336 thousand (September 30, 2018: Rs. 3,772 thousand).

	September 30 2019	June 30 2019
	(Rupees in '000')	
	(Un-Audited)	(Audited)
5 TRADE DEBTS		
Considered good	850,880	819,312
Considered doubtful	127,664	127,664
	<u>978,544</u>	<u>946,976</u>
Less: Allowance for expected credit losses	<u>(127,664)</u>	<u>(127,664)</u>
	<u><u>850,880</u></u>	<u><u>819,312</u></u>

	September 30 2019	June 30 2019
	(Rupees in '000')	
	(Un-Audited)	(Audited)
6 LONG TERM FINANCING		
Term finance facility-secured	78,244	84,904
Less: Current portion shown under current liabilities	<u>(30,244)</u>	<u>(30,047)</u>
	<u><u>48,000</u></u>	<u><u>54,857</u></u>

7 DEFERRED LIABILITIES

Provision for accumulated compensated absences	7,664	7,064
Deferred tax liability	589	1,253
	<u>8,253</u>	<u>8,317</u>

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

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

The contingent liability of the Company on account vend fee and permit fee has increased from Rs. 1,132 million to Rs. 1,144 million on account of further import of Methanol from July 01, 2019 to September 30, 2019.

	September 30 2019	June 30 2019
	(Rupees in '000')	
	(Un-Audited)	(Audited)
8.2 Commitments		
8.2.1 Letters of credit for purchase of stocks	<u>187,180</u>	<u>281,918</u>
8.2.2 Post dated cheques issued in favour of Collector of Customs against custom duties and other levies on Methanol kept in bonded ware house.	<u>27,650</u>	<u>17,250</u>
8.2.3 Letter of guarantee issued by bank on behalf of the Company	<u>15,000</u>	<u>15,000</u>

WAH NOBEL CHEMICALS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	September 30 2019	September 30 2018
	(Rupees in '000')	
	(Un-Audited)	(Un-Audited)
9 CASH AND CASH EQUIVALENTS		
Cash and bank balances	11,489	15,862
Short term running finance - secured	(293,335)	(271,794)
	<u>(281,846)</u>	<u>(255,932)</u>

	September 30 2019	September 30 2018
	(Rupees in '000')	
	(Un-audited)	(Un-audited)
10 RELATED PARTY TRANSACTIONS		
Significant transactions with related parties during the period were as follows:		
Expenses incurred (on behalf of) / by the group companies - net	648	(247)
Corporate service fee charged by holding company	225	225
Purchase of electricity from associated company	5,065	4,643
Purchase of raw material from associated company	-	3,575
Dividend paid to the holding company		
Interest paid to the holding company	8,325	-
Contribution to:		
- Employee provident fund trust	553	514
- Workers' profit participation fund	-	2,397
Balances with related parties were as follows:		
Payable to associated companies	4,030	-
Due to holding company	1,840	1,267

11 DISCLOSURE REQUIREMENTS FOR SHARIAH COMPLIANT COMPANIES

11.1 Following information has been disclosed as required under Para 10 of Part-I of the Fourth Schedule to the Companies Act, 2017:

	September 30 2019	September 30 2018
	(Rupees in '000')	
	(Un-audited)	(Un-audited)
Profits earned on any conventional investment	556	216
Interest paid on any conventional loan or advance	18,110	1,728

11.2 All revenue is earned from shariah compliant business segment.

11.3 Disclosures other than above are not applicable to the Company.

WAH NOBEL CHEMICALS LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

12 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

Members of the company have approved for the year ended June 30, 2019 cash dividend @ 40% i.e. Rs. 4/- per share in annual general meeting held on October 28, 2019.

13 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 28, 2019 by the Board of Directors of the Company.

14 GENERAL

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

DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

Wah Cantt Dated : 28-10-2019

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