



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

# WAH NOBEL CHEMICALS LTD

First Quarterly  
Financial Statements  
(Unaudited)  
September 30, 2014

## **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. Muhammad Ahsan Mahmood, HI (M)	:	Chairman
Mr. Torbjorn Saxmo	:	Vice Chairman
Mr. Feroze Khan Malik	:	Director
Mr. Muhammad Nawaz Tishna	:	Director (N.I.T. Nominee)
Mr. Riaz Ahmad	:	Director
Mr. Muhammad Asif Hussain	:	Director
Mr. Asif Ali Siddiqui	:	Director

**CHIEF EXECUTIVE** : Syed Naseem Raza

### **AUDIT COMMITTEE**

Mr. Riaz Ahmad	:	Chairman
Mr. Feroze Khan Malik	:	Member
Mr. Asif Ali Siddiqui	:	Member

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

Mr. Riaz Ahmad	:	Chairman
Mr. Asif Ali Siddiqui	:	Member
Syed Naseem Raza	:	Member

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

: Mr. Tanveer Elahi, FCA

### **AUDITORS**

: Anjum Asim Shahid Rehman  
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: 051-4102626-7, 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** : [wahnobel@comsats.net.pk](mailto:wahnobel@comsats.net.pk)

**WEBSITE** : [www.wahnobel.com/wnc.htm](http://www.wahnobel.com/wnc.htm)

**FACTORY** : Wah Cantt.

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

The Directors are pleased to present their Report and the un-audited accounts of your company for the 1<sup>st</sup> quarter ended 30 September 2014.

Owing to economic slow down in the country the company has been able to achieve gross sale revenue of Rs.342.118 million during the period under review vis-à-vis Rs.329.083 million and earned a pre-tax profit of Rs.5.287 million as against profit of Rs.22.288 million during the corresponding period of the previous year.

The company is finding difficulty to pass on surge in cost of the products fully to the customers because of tough competition in the market. Therefore, the management of the company is putting more emphasis on maximizing the sale volume in order to maintain the profitability. The Company experienced break down due to aging of formaldehyde/resin plants, however Board has approved necessary expenditure for up gradation/maintenance of aging plants. The management hopes to attain better results in remaining months of the financial year 2014-15.

The board has approved installation of 2000 M.Tons per annum capacity of Glazing Powder Production Plant.

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 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 hard work, loyalty and devotion to duty by all the employees of the company at all levels and thanks all its valued customers for their continued patronage and support.

**On behalf of the Board**

**Wah Cantt.**  
Dated: 31.10.2014

**(SYED NASEEM RAZA)**  
**CHIEF EXECUTIVE**

WAH NOBEL CHEMICALS LIMITED  
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
AS AT SEPTEMBER 30, 2014

	Note	September 30, 2014	Audited June 30, 2014
		(Rupees in '000')	
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	163,880	167,015
Long term investment	5	35,708	35,708
<b>Total non-current assets</b>		<b>199,588</b>	<b>202,723</b>
<b>Current assets</b>			
Stores, spares and loose tools		56,252	53,601
Stock in trade		156,820	191,369
Trade debts	6	384,122	323,692
Advances		14,919	11,954
Trade deposits and prepayments		1,550	40
Accrued interest income		45	168
Other receivables		29,471	43,069
Short-term investment		2,583	2,583
Taxation - net		91,448	67,654
Cash and bank balances		11,576	10,106
<b>Total current assets</b>		<b>748,786</b>	<b>704,236</b>
<b>Total assets</b>		<b>948,374</b>	<b>906,959</b>
<b>Equity</b>			
<i>Authorized capital:</i>			
20,000,000 ordinary shares of Rs.10/- each			
Issued, subscribed and paid up capital:			
9,000,000 (June 30, 2014: 9,000,000) ordinary shares of			
Rs.10/- each, fully paid up in cash			
		90,000	90,000
Capital reserve		944	944
General reserve		325,000	325,000
Unappropriated profit		101,339	99,214
<b>Total equity</b>		<b>517,283</b>	<b>515,158</b>
<b>Non current liabilities</b>			
Deferred tax liability		6,007	5,759
Accumulated compensated absences		8,297	7,797
<b>Total non-current liabilities</b>		<b>14,304</b>	<b>13,556</b>
<b>Current liabilities</b>			
Trade and other payables		115,322	169,655
Due to associated companies		1,653	1,694
Accrued mark-up		7,261	5,118
Short term borrowings - secured		292,551	201,778
<b>Total current liabilities</b>		<b>416,787</b>	<b>378,245</b>
<b>Total liabilities</b>		<b>431,091</b>	<b>391,801</b>
<b>Total equity and liabilities</b>		<b>948,374</b>	<b>906,959</b>
<b>Contingencies and commitments</b>	8		

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

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DIRECTOR

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CHIEF EXECUTIVE

WAH CANTT DATED 31.10.2014

WAH NOBEL CHEMICALS LIMITED  
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	July-Sep 2014	July-Sep 2013
(Rupees in '000')		
Gross sales	342,118	329,083
Sales tax	(50,755)	(47,477)
<b>Net sales</b>	<b>291,363</b>	<b>281,606</b>
<b>Cost of sales</b>	<b>(259,428)</b>	<b>(244,757)</b>
Gross profit	<b>31,935</b>	<b>36,849</b>
Administrative and general expenses	(4,081)	(4,599)
Selling and distribution expenses	(14,637)	(10,600)
<b>Operating profit</b>	<b>13,217</b>	<b>21,650</b>
<b>Financial and other charges:</b>		
Finance cost	(7,513)	(498)
Other expenses	(498)	(1,783)
Other income	81	2,919
<b>Profit before taxation</b>	<b>5,287</b>	<b>22,288</b>
Provision for taxation	(3,162)	(7,972)
<b>Profit for the period</b>	<b>2,125</b>	<b>14,316</b>
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<b>2,125</b>	<b>14,316</b>
<b>Earning per share - basic and diluted</b>	<b>Rs. 0.24</b>	<b>Rs. 1.59</b>

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

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DIRECTOR

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CHIEF EXECUTIVE

WAH CANTT DATED 31.10.2014

WAH NOBEL CHEMICALS LIMITED  
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	September 30, 2014	September 30, 2013
	(Rupees in '000')	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	5,287	22,288
Adjustment for non cash charges and other items:		
Depreciation	3,145	1,658
Interest on term deposit receipts	(45)	(40)
Bank interest	(27)	(550)
Financial and other charges	7,513	498
Provision for doubtful debts	-	(488)
Workers' profit participation fund (WPPF)	284	1,197
Workers' welfare fund (WWF)	108	455
Provision for employees' gratuity fund	800	800
Provision for accumulated compensated absences	500	500
	<b>12,278</b>	<b>4,030</b>
Changes in working capital		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	(2,652)	(15,399)
Stock in trade	34,550	(40,949)
Trade debts	(60,430)	(53,626)
Advances	(2,965)	(6,585)
Trade deposits and prepayments	(1,510)	(1,502)
Other receivables	13,598	(5,352)
Increase/(decrease) in current liabilities:		
Trade and other payables	(49,915)	(10,648)
	<b>(69,324)</b>	<b>(134,061)</b>
Cash generated from operations	<b>(51,759)</b>	<b>(107,743)</b>
Payment for / receipt of:		
Taxation	(26,708)	(13,527)
Financial and other charges	(5,371)	(32)
WPPF	(5,651)	
Interest on bank balance	27	550
	<b>(37,703)</b>	<b>(13,009)</b>
Net cash generated from/(used in) operating activities	<b>(89,462)</b>	<b>(120,752)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(10)	(59,476)
Interest on term deposit receipts	169	238
Net cash used in investing activities	<b>159</b>	<b>(59,238)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash (used in)/generated from financing activities	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(89,303)</b>	<b>(179,990)</b>
<b>Cash and cash equivalents at beginning of the period</b> 7	<b>(191,672)</b>	<b>164,175</b>
<b>Cash and cash equivalents at end of the period</b> 7	<b>(280,975)</b>	<b>(15,815)</b>

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DIRECTOR

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CHIEF EXECUTIVE

WAH CANTT DATED 31.10.2014

WAH NOBEL CHEMICALS LIMITED  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	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 01, 2013 - restated</b>	90,000	944	290,000	118,168	499,112
Total comprehensive income for the period				14,316	14,316
<b>Balance as at September 30, 2013 - restated</b>	<b>90,000</b>	<b>944</b>	<b>290,000</b>	<b>132,484</b>	<b>513,428</b>
<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	-	-	-	2,125	2,125
<b>Balance as at September 30, 2014</b>	<b>90,000</b>	<b>944</b>	<b>325,000</b>	<b>101,339</b>	<b>517,283</b>

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

\_\_\_\_\_  
DIRECTOR

WAH CANTT DATED 31.10.2014

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CHIEF EXECUTIVE



WAH NOBEL CHEMICALS LIMITED  
 SELECTED NOTES TO THE CONDENSED INTERIM  
 FINANCIAL INFORMATION (UN-AUDITED)  
 FOR THE PERIOD ENDED SEPTEMBER 30, 2014

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

This condensed interim financial information 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 is unaudited and is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

This condensed interim financial information do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2014.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of financial statements of the Company for the year ended June 30, 2014.

4. PROPERTY, PLANT AND EQUIPMENT - AT BOOK VALUE

Note	Un-Audited September 30, 2014	Audited June 30, 2014
	Rupees in '000'	
Opening book value	167,015	86,924
Additions / Trf from CWIP during the period / year		
Plant and machinery	-	57,647
Building	-	31,612
Furniture and fixture	10	188
Tools and workshop equipments	-	60
Motor Vehicles	-	643
Computer installations	-	51
	<b>167,025</b>	177,125
Depreciation for the period / year	<b>3,145</b>	10,110
Closing book value	<b>163,880</b>	167,015

5. LONG TERM INVESTMENT

<b>Wah Nobel Acetate Limited</b>		
2,500,000 shares of Rs. 10 each. (equity held: 8.33%)	<b>25,000</b>	25,000
Share of profit of prior periods	<b>10,708</b>	11,295
Share of profit / (loss) of current period / year	-	(587)
	<b>10,708</b>	10,708
	<b>35,708</b>	35,708

WAH NOBEL CHEMICALS LIMITED  
 SELECTED NOTES TO THE CONDENSED INTERIM  
 FINANCIAL INFORMATION (UN-AUDITED)  
 FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	<u>Un-Audited</u> <u>September 30,</u> <u>2014</u>	<u>Audited</u> <u>June 30,</u> <u>2014</u>
	Rupees in '000'	
<b>6 TRADE DEBTS</b>		
Considered good	384,122	323,692
Considered doubtful	66,009	66,009
	<u>450,131</u>	<u>389,702</u>
Provision for doubtful debts	<u>(66,009)</u>	<u>(66,009)</u>
	<u><u>384,122</u></u>	<u><u>323,692</u></u>
<b>7 CASH AND CASH EQUIVALENT</b>		
Cash and bank balances	11,576	10,106
Short term running finance - secured	<u>(292,551)</u>	<u>(201,778)</u>
	<u><u>(280,975)</u></u>	<u><u>(191,672)</u></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 of vend fee and permit fee has increased from Rs. 843 million to Rs.853 million on account of further import of Methanol from July 01, 2014 to September 30, 2014.

	<u>Un-Audited</u> <u>September 30,</u> <u>2014</u>	<u>Audited</u> <u>June 30,</u> <u>2014</u>
	Rupees in '000'	
<b>8.2 Commitments in respect of:</b>		
<b>8.2.1</b> Letters of credit for purchase of stocks	<u>69,920</u>	<u>54,717</u>
<b>8.2.2</b> Post dated cheques issued in favour of Collector of Customs against custom duties and other levies on Methanol kept in bonded Ware house	<u>35,707</u>	<u>36,457</u>

**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 (266)	<u>827</u>
Management services by holding company	<u>225</u>
Sales to associated company	<u>353</u>
Dividend paid to the holding company	<u>-</u>
	<u><u>27,337</u></u>

**10 GENERAL**

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

**11 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue on October 31, 2014 by the Board of Directors of the Company.

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 DIRECTOR

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 CHIEF EXECUTIVE

WAH CANTT DATED 31.10.2014