

WAH NOBEL  
CHEMICALS  
LIMITED



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

# Half Yearly Financial Statements (Unaudited) December 31, 2008



## **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. 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. Aftab Iqbal	:	Director
Mr. Shahid Aziz	:	Director (N.I.T. Nominee)

**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

**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** : Muslim Commercial Bank Limited  
Allied Bank of Pakistan 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

**FAX** : (051) 4545241, (051) 4535862

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

**WEBSITE** : [www.wahnobel.com](http://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 31<sup>st</sup> Dec 2008.

The Company has been able to achieve net sales revenue of Rs.351.405 million during the half year under review vis-à-vis Rs.286.808 million and earned the record pre-tax profit of Rs.63.207 million compared to Rs.44.877 million earned in the corresponding period of last year.

The Management has made strenuous efforts to maintain the profitability level through increase in sales volume of core products. The management of the company also envisages further enhancing the sales and improving the overall profitability of the company by the end of this financial year ending 30<sup>th</sup> June 2009.

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 Directors wish to express their appreciation of the team of dedicated officers and staff/workers who continue to make concerted efforts for growth of the Company's business.

**On behalf of the Board**

**WAH CANTT.**  
**Dated: 18.02.2009.**

**(SHABBIR AHMED)**  
**CHIEF EXECUTIVE**

## **REVIEW REPORT TO THE MEMBERS**

### **Introduction**

We have reviewed the accompanying interim balance sheet of Wah Nobel Chemicals Limited as at December 31, 2008 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. The figures of the interim profit and loss account for the quarters ended December 31, 2008 and 2007 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2008.

### **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 six months ended December 31, 2008 and not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Without qualifying our opinion, we draw attention to note 6.1.1 to the interim financial information. The Company is defendant in a lawsuit alleging non-payment of vend and permit fee of Rs.568 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: 18.02.2009.

**Anjum Asim Shahid Rahman**  
**Chartered Accountants**

**WAH NOBEL CHEMICALS LIMITED**  
**BALANCE SHEET (UN-AUDITED)**  
**AS AT DECEMBER 31, 2008**

		December 31, 2008	June 30, 2008
	Note	(Rupees in '000')	
<b>Assets</b>			
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	4	108,717	109,852
Long Term Investment	5	31,597	31,405
		140,314	141,257
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		23,408	20,031
Stock in trade		66,025	117,445
Trade debts		286,729	247,918
Advances, deposits and prepayments		17,052	16,370
Other receivables		7,185	17,673
Cash and bank balances		17,373	9,405
		417,772	428,841
<b>Total assets</b>		<b>558,086</b>	<b>570,098</b>
<b>Equity</b>			
Authorized capital:			
20,000,000 ordinary shares of Rs.10/- each			
Issued, subscribed and paid up capital:			
9,000,000 (June 2008: 9,000,000) ordinary shares of			
Rs.10/- each, fully paid up in cash		90,000	90,000
Capital reserve		944	944
General reserve		133,000	103,000
Unappropriated profit		72,472	105,176
<b>Total equity</b>		<b>296,416</b>	<b>299,120</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Deferred tax liability		12,800	14,516
Accumulated compensated absences		2,831	3,219
		15,631	17,736
<b>CURRENT LIABILITIES</b>			
Trade and other payables		66,528	120,735
Due to associated companies		145	341
Accrued mark-up		5,653	1,622
Short term borrowings - secured		117,784	87,091
Taxation (Net)		55,928	43,452
		246,039	253,242
<b>Total liabilities</b>		<b>261,670</b>	<b>270,978</b>
		<b>558,086</b>	<b>570,098</b>
<b>Contingencies and Commitments</b>	<b>6</b>		

The annexed notes from 1 to 9 form an integral part of these financial statements.

\_\_\_\_\_  
DIRECTOR

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

WAH CANTT DATED 18.02.2009.

**WAH NOBEL CHEMICALS LIMITED**  
**PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

	Half year ended December 31, 2008	Half year ended December 31, 2007	Quarter ended December 31, 2008	Quarter ended December 31, 2007
<b>(Rupees in '000')</b>				
<b>Manufactured goods</b>				
Gross sales	410,897	333,738	211,857	163,897
Sales tax / SED	(59,492)	46,930	30,652	24,092
Net sales	351,405	286,808	181,205	139,805
Cost of sales	(248,319)	(208,882)	(124,056)	(91,673)
<b>Gross profit</b>	103,086	77,926	57,149	48,132
<b>Profit from trading activity</b>	75	-	75	-
	103,161	77,926	57,224	48,132
<b>Operating expenses</b>				
Administrative and general expenses	(9,728)	(12,715)	(7,095)	(10,473)
Selling and distribution expenses	(15,987)	(11,244)	(9,933)	(5,507)
Other Operating income	77	52	39	-
<b>Operating result</b>	77,523	54,019	40,235	32,152
Financial charges	(11,149)	(8,780)	(6,611)	(3,690)
Workers profit participation fund	(3,359)	(2,262)	(1,721)	(1,423)
Share in Profit of Associated Company	192	1,900	192	776
<b>Profit before taxation</b>	63,207	44,877	32,095	27,815
Provision for taxation	(20,911)	(15,965)	(10,336)	(10,387)
<b>Profit after taxation</b>	42,296	28,912	21,759	17,428
Earning Per Share - basic and diluted	Rs. 4.70	Rs. 3.21	Rs. 2.42	Rs. 1.94

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

The annexed notes from 1 to 9 form an integral part of these financial statements.

\_\_\_\_\_  
DIRECTOR

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

WAH CANTT DATED 18.02.2009.

**WAH NOBEL CHEMICALS LIMITED**  
**CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

	December 31, 2008	December 31, 2007
(Rupees in '000')		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	63,207	44,877
Adjustment for non cash charges and other items:		
Depreciation	2,879	3,238
Financial and other charges	11,149	8,780
Share in profit of associated company	(192)	(1,900)
Provision against doubtful debts	5,100	8,687
Allocation of Workers' Profit Participation Fund (WPPF)	3,359	2,262
Provision for accumulated compensated absences	500	250
Interest on TDRs	(77)	(52)
	22,718	21,265
Changes in working capital		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	(3,377)	1,240
Stock in trade	51,420	(17,949)
Trade debts	(43,911)	(43,586)
Advances, deposits and prepayments	(682)	5,520
Other receivables	10,487	(892)
Increase/(decrease) in current liabilities:		
Trade and other payables	(49,058)	(18,148)
	(35,121)	(73,815)
Cash generated from operations	50,804	(7,673)
Payment for:		
Taxation	(10,151)	(3,522)
Financial and other charges paid	(7,118)	(8,572)
WPPF paid	(8,704)	(1,579)
Compensated absences paid	(888)	(90)
Interest received	77	52
	(26,785)	(13,711)
Net cash generated from/(used in) operating activities	24,019	(21,384)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(1,744)	(2)
Net cash used in investing activities	(1,744)	(2)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing - repayment	-	(9,375)
Short term borrowings	30,693	9,217
Repayment against finance lease	-	(162)
Dividends paid	(45,000)	(98)
Net cash (used in)/generated from financing activities	(14,307)	(418)
<b>Net increase/(decrease) in cash and cash equivalents</b>	7,968	(21,804)
<b>Cash and cash equivalents at beginning of the period</b>	9,405	30,576
<b>Cash and cash equivalents at end of the period</b>	17,373	8,772

The annexed notes from 1 to 9 form an integral part of these financial statements.

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**DIRECTOR**

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**CHIEF EXECUTIVE**

WAH CANTT DATED 18.02.2009.



**WAH NOBEL CHEMICALS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

	Share Capital	Capital Reserve	General Reserve	Un- appropriated Profit	Total
	(Rupees in '000')				
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	90,000	944	103,000	32,095	226,039
Profit for the six months ended June 30, 2008	-	-	-	73,081	73,081
Balance as at June 30, 2008	90,000	944	103,000	105,176	299,120
Final dividend @ Rs. 5 per share				(45,000)	(45,000)
Transfer to General Reserve	-		30,000	(30,000)	-
Profit for the period ended December 31, 2008				42,296	42,296
Balance as at December 31, 2008	90,000	944	133,000	72,472	296,416

The annexed notes from 1 to 9 form an integral part of these financial statements.

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

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

WAH CANTT DATED 18.02.2009.

**WAH NOBEL CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

**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 .

**4 PROPERTY, PLANT AND EQUIPMENT - AT BOOK VALUE**

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

	<b>December 31, 2008</b>	<b>June 30, 2008</b>
	<b>Rupees in '000'</b>	
Opening book value	109,852	117,470
Plant and machinery	1,740	-
Furniture and Fixture	4	3
Tools and workshop equipments	-	-
Office equipment	-	-
Computer installations	-	2
	<b>111,596</b>	<b>117,475</b>
Book value of assets disposed off during the period / year	-	203
Adjustments during the period /year	-	387
Depreciation for the period / year	2,879	7,420
Closing book value	<b>108,717</b>	<b>109,852</b>

**5 LONG TERM INVESTMENT**

	<b>December 31, 2008</b>	<b>June 30, 2008</b>
	<b>Rupees in '000'</b>	
<b>Wah Nobel Acetate Limited</b>		
2,500,000 shares of Rs. 10/- each. (equity held: 8.33%)	25,000	25,000
Share of profit of prior periods	6,405	703
Share of Profit / (Loss) of current period	192	5,702
	<b>6,597</b>	<b>6,405</b>
	<b>31,597</b>	<b>31,405</b>

**WAH NOBEL CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

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**6 CONTINGENCIES AND COMMITMENTS**

**6.1 Contingencies**

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

- 6.1.1** The contingent liability of the Company on account of vend fee and permit fee has increased from Rs. 555 million to Rs. 568 million on account of further import of Methanol from July 01, 2008 to December 31, 2008.

**6.2 Commitments in respect of:**

- 6.2.1** Letters of credit for purchase of stocks

December 31, 2008	June 30, 2008
Rupees in '000'	

43,520	36,312
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**7 RELATED PARTY TRANSACTIONS**

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

Expenses incurred (on behalf of)/ by the group companies

December 31, 2008	June 30, 2008
Rupees in '000'	

1,255	1,010
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Sale to holding company

-	3,340
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Dividend paid to the holding company

24,852	9,941
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**8 General**

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

**9 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on February 18, 2009 by the Board of Directors of the Company.

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

WAH CANTT DATED 18.02.2009.

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**CHIEF EXECUTIVE**