

WAH NOBEL
CHEMICALS
LIMITED



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

Half Yearly Financial Statements (Unaudited) December 31, 2009



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. Shujaat Zamir Dar, HI (M), S.Bt.	:	Chairman
Mr. Torbjorn Saxmo	:	Vice Chairman
Mr. Mr. Feroze Khan Malik	:	Director
Mr. Shahid Aziz	:	Director (N.I.T. Nominee)
Mr. Syed Naseem Raza	:	Director
Mr. Khalid Pervaiz	:	Director
Mr. Riaz Ahmad	:	Director

CHIEF EXECUTIVE : Mr. Shabbir Ahmed

AUDIT COMMITTEE

Mr. Riaz Ahmad	:	Chairman
Mr. Feroze Khan Malik	:	Member
Mr. Khalid Pervaiz	:	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, 2nd Floor, Rose Plaza,
I-8 Markaz, Islamabad.
Tel: 051-4102626-7, Fax: 051-4102628
Email: iilyas@hotmail.com

BANKERS

: MCB 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

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 2009.

The Company has been able to achieve net sales revenue of Rs.341.868 million during the half year under review as against Rs.351.405 million in the corresponding period of last year and earned pre-tax profit of Rs.66.495 million compared to Rs.63.207 million earned during the last year.

The Management has made strenuous efforts to maintain the profitability level during the 1st half of the current financial year and envisages to enhance it in the 2nd half of the financial year ending 30th June, 2010.

As regards Vend and Permit fee, the case has been again opened for hearing in the Supreme Court of Pakistan in February, 2010. In view of the merits of the case and previous decision of the Sindh High Court, the management is expecting a positive outcome.

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: 23.02.2010.**

**(SHABBIR AHMED)
CHIEF EXECUTIVE**

AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Wah Nobel Chemicals Limited** as at **December 31, 2009** and the related condensed profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the six-month 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 for interim financial reporting. 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, 2009 and 2008 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2009.

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 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

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. 613 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.

ANJUM ASIM SHAHID RAHMAN
Chartered Accountants

Islamabad
Date: 23.02.2010.

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2009

		December 31, 2009	Audited June 30, 2009
	Note	(Rupees in '000')	
Assets			
NON CURRENT ASSETS			
Property, Plant and Equipment	4	108,659	110,111
Long Term Investment	5	32,270	32,507
		140,929	142,618
CURRENT ASSETS			
Stores, spares and loose tools		28,715	32,043
Stock in trade		58,550	50,339
Trade debts		281,413	283,805
Advances, deposits and prepayments		11,512	5,706
Other receivables		3,440	4,653
Short-term Investment		2,648	2,647
Cash and bank balances		15,374	18,653
		401,652	397,846
Total assets		542,581	540,464
Equity			
Authorized capital:			
20,000,000 ordinary shares of Rs.10/- each			
Issued, subscribed and paid up capital:			
9,000,000 (June30, 2009: 9,000,000) ordinary shares of			
Rs.10/- each, fully paid up in cash		90,000	90,000
Capital reserve		944	944
General reserve		183,000	133,000
Unappropriated profit		76,096	127,182
Total equity		350,040	351,126
Liabilities			
Non current liabilities			
Deferred tax liability		10,700	11,770
Accumulated compensated absences		3,281	2,923
		13,981	14,693
CURRENT LIABILITIES			
Trade and other payables		71,467	69,420
Due to associated companies		4	23
Accrued mark-up		2,019	3,160
Short term borrowings - secured		75,930	60,537
Taxation (Net)		29,140	41,505
		178,560	174,645
Total liabilities		192,541	189,338
		542,581	540,464

Contingencies and Commitments 6

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

DIRECTOR

CHIEF EXECUTIVE

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2009

	Half year ended December 31, 2009	Half year ended December 31, 2008	Quarter ended December 31, 2009	Quarter ended December 31, 2008
(Rupees in '000')				
Manufactured goods				
Gross sales	399,871	410,897	208,773	211,857
Sales tax / SED	(58,003)	(59,492)	(30,261)	(30,652)
Net sales	341,868	351,405	178,512	181,205
Cost of sales	(238,795)	(248,319)	(122,957)	(124,056)
Gross profit	103,073	103,086	55,555	57,149
Profit from trading activity	-	75	-	75
	103,073	103,161	55,555	57,224
Operating expenses				
Administrative and general expenses	(7,861)	(9,728)	(5,074)	(7,095)
Selling and distribution expenses	(19,029)	(15,987)	(11,556)	(9,933)
Other Operating Income	212	77	39	39
Operating profit	76,395	77,523	38,964	40,235
Financial and other charges:				
Finance Cost	(4,495)	(11,149)	(2,108)	(6,611)
Other expenses	(5,168)	(3,359)	(2,697)	(1,721)
Share in profit/(loss) of associated company-net of tax	(237)	192	(237)	192
Profit before taxation	66,495	63,207	33,922	32,095
Provision for taxation	(22,581)	(20,911)	(12,181)	(10,336)
Profit after taxation - net	43,914	42,296	21,741	21,759
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	43,914	42,296	21,741	21,759
Earning Per Share - basic and diluted	Rs. 4.88	Rs. 4.70	Rs. 2.42	Rs. 2.42

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 23.02.2010.

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2009

	December 31, 2009	December 31, 2008
	(Rupees in '000')	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	66,495	63,207
Adjustment for non cash charges and other items:		
Depreciation	3,944	2,879
Profit on sale of property, plant and equipment	(173)	-
Financial and other charges	4,308	11,149
Interest on WPPF	187	-
Share in profit of associated company	237	(192)
Provision against doubtful debts	3,784	5,100
Allocation of Workers' Profit Participation Fund (WPPF)	3,583	3,359
Workers' Welfare Fund (WWF)	1,354	-
Provision for employee's gratuity fund	120	-
Provision for accumulated compensated absences	360	500
Interest on Term Deposit Receipts	(39)	(77)
	17,665	22,718
Changes in working capital		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	3,329	(3,377)
Stock in trade	(8,211)	51,420
Trade debts	(1,392)	(43,911)
Advances, deposits and prepayments	(5,806)	(682)
Other receivables	1,093	10,487
Increase/(decrease) in current liabilities:		
Trade and other payables	5,080	(49,058)
	(5,907)	(35,121)
Cash generated from operations	78,253	50,804
Payment for:		
Taxation	(36,016)	(10,152)
Financial and other charges paid	(5,450)	(7,118)
WPPF paid	(8,177)	(8,704)
Compensated absences paid	(2)	(888)
	(49,645)	(26,862)
Net cash generated from/(used in) operating activities	28,608	23,942
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(2,512)	(1,744)
Interest on Term Deposit Receipts	38	77
Proceed from sale of property, plant and equipment	193	-
Net cash used in investing activities	(2,281)	(1,667)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings	15,394	30,693
Dividends paid	(45,000)	(45,000)
Net cash (used in)/generated from financing activities	(29,606)	(14,307)
Net increase/(decrease) in cash and cash equivalents	(3,279)	7,968
Cash and cash equivalents at beginning of the period	18,653	9,405
Cash and cash equivalents at end of the period	15,374	17,373

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

DIRECTOR

CHIEF EXECUTIVE

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2009

	Share Capital	Capital Reserve	General Reserve	Un- appropriated Profit	Total
	(Rupees in '000')				
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	<u>90,000</u>	<u>944</u>	<u>133,000</u>	<u>72,472</u>	<u>296,416</u>
Profit for the six months ended June 30, 2009	-	-	-	54,710	54,710
Balance as at June 30, 2009	<u>90,000</u>	<u>944</u>	<u>133,000</u>	<u>127,182</u>	<u>351,126</u>
Final dividend @ Rs. 5 per share				(45,000)	(45,000)
Transfer to General Reserve	-		50,000	(50,000)	-
Profit for the period ended December 31, 2009				43,914	43,914
Balance as at December 31, 2009	<u><u>90,000</u></u>	<u><u>944</u></u>	<u><u>183,000</u></u>	<u><u>76,096</u></u>	<u><u>350,040</u></u>

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

DIRECTOR

CHIEF EXECUTIVE

WAH CANTT DATED 23.02.2010.

WAH NOBEL CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2009

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

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 for the year ended June 30, 2009 except described below:

The Company applies revised IAS 1 "Presentation of Financial Statements", which became effective from January 01, 2009. The Company has accordingly presented all changes in owners equity in the statement of changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. This presentation is applied as of and for the six months period ended on December 31, 2009.

Comparative information has been presented in conformity with the revised standard. The change in accounting policy impacts presentation only without impact on earning per share.

4 PROPERTY, PLANT AND EQUIPMENT - AT BOOK VALUE

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

	December 31, 2009	June 30, 2009
	Rupees in '000'	
Opening book value	110,111	109,852
Plant and machinery	2,512	6,878
Furniture and Fixture	-	4
Tools and workshop equipments	-	-
Office equipment	-	-
Computer installations	-	-
	112,623	116,734
Book value of assets disposed off during the period / year	20	123
Adjustments during the period /year	-	-
Depreciation for the period / year	3,944	6,500
Closing book value	108,659	110,111

WAH NOBEL CHEMICALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2009

5 LONG TERM INVESTMENT

	December 31, 2009	June 30, 2009
	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	7,507	6,405
Share of Profit / (Loss) of current period / year	(237)	1,102
	7,270	7,507
	<u>32,270</u>	<u>32,507</u>

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. 589 million to Rs. 618 million on account of further import of Methanol from July 01, 2009 to December 31, 2009.

6.1.2 Sales tax department has filed petition in Supreme Court for grant of stay order on the decision of case for levy of sales tax on handling and packing cost charged to customer in sales value. Formerly the case has been decided in favor of The Company in Lahore High Court, Rawalpindi Bench (Dated 28-3-2008 passed in STA No 109/2002).

6.2 Commitments in respect of:

6.2.1 Letters of credit for purchase of stocks

	December 31, 2009	June 30, 2009
	Rupees in '000'	
	<u>47,115</u>	<u>20,450</u>

7 RELATED PARTY TRANSACTIONS

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

	December 31, 2009	June 30, 2009
	Rupees in '000'	
Expenses incurred (on behalf of)/ by the group companies	(652)	(2,461)
Vehicles lease rentals paid by the holding company	183	1,117
Management services by holding company	450	900
Purchases from Associate Company	70	40
Dividend paid to the holding company	<u>24,852</u>	<u>24,852</u>

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 23, 2010 by the Board of Directors of the Company.

DIRECTOR

CHIEF EXECUTIVE