

WAH NOBEL  
CHEMICALS  
LIMITED



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

# Half Yearly Financial Statements (Unaudited) December 31, 2010



## **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,<br>HI (M), S.Bt. | : | Chairman                  |
| Mr. Torbjorn Saxmo                           | : | Vice Chairman             |
| Mr. Mr. Feroze Khan Malik                    | : | Director                  |
| Mr. Muhammad Nawaz Tishna                    | : | Director (N.I.T. Nominee) |
| Mr. Khalid Pervaiz                           | : | Director                  |
| Mr. Riaz Ahmad                               | : | Director                  |
| Mr. Muhammad Asif                            | : | 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, 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

### 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](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 2010.

After having passed through a very very bad period in first quarter of the financial year 2010-11 due to devastating floods and other factors, the second quarter has been better than the first. In spite of adverse economic conditions and bad law & order situation in the country, the company has been able to achieve net sales revenue of Rs.300.841 Million during the half year under review as against Rs.341.868 in the corresponding period of the last year and earned pre-tax profit of Rs.42.550 million as compared to Rs.66.495 Million earned during the last corresponding period. The after-tax profit for the half year ended 31<sup>st</sup> December 2010 is Rs.29.246 Million as against Rs.43.914 Million during the corresponding period of the previous year.

As regards Vend and Permit fee, the case was heard in the Supreme Court of Pakistan in July-2010. In view of the merit of the case and previous decision of the Sindh High Court, the management expects a favorable decision from the apex court.

The management of the company looks forward for the future with confidence and envisages better performance in the 2<sup>nd</sup> half of the financial year 2010-11.

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

**On behalf of the Board**

**WAH CANTT.**  
**Dated: 28.02.2011.**

**( 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, 2010** 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, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2010.

### **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 7.1.1 to the interim financial information. The Company is defendant in a lawsuit alleging non-payment of vend and permit fee of Rs. 660 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  
Audit Engagement Partner  
Nadeem Tirmizi

Islamabad

Date: **February 28, 2011**

**WAH NOBEL CHEMICALS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT DECEMBER 31, 2010**

|  |      | December 31,<br>2010  | Audited<br>June 30,<br>2010 |
|--|------|-----------------------|-----------------------------|
|  | Note | (Rupees in '000')     |                             |
| <b>Assets</b>  |      |                       |                             |
| <b>NON CURRENT ASSETS</b>                              |      |                       |                             |
| Property, Plant and Equipment                          | 4    | 102,887               | 105,209                     |
| Long Term Investment                                   | 5    | 33,288                | 33,106                      |
|  |      | <u>136,175</u>        | <u>138,315</u>              |
| <b>CURRENT ASSETS</b>                                  |      |                       |                             |
| Stores, spares and loose tools                         |      | 37,480                | 30,525                      |
| Stock in trade   |      | 68,526                | 51,423                      |
| Trade debts  | 6    | 248,660               | 241,500                     |
| Advances   |      | 2,767                 | 6,272                       |
| Trade deposits and prepayments                         |      | 910                   | 40                          |
| Other receivables                                      |      | 1,208                 | 1,607                       |
| Short-term Investment                                  |      | 2,647                 | 2,671                       |
| Cash and bank balances                                 |      | 10,472                | 24,373                      |
|  |      | <u>372,670</u>        | <u>358,411</u>              |
| <b>Total assets</b>                                    |      | <u><u>508,845</u></u> | <u><u>496,726</u></u>       |
| <b>Equity</b>  |      |                       |                             |
| Authorized capital:                                    |      |                       |                             |
| 20,000,000 ordinary shares of Rs.10/- each             |      |                       |                             |
| Issued, subscribed and paid up capital:                |      |                       |                             |
| 9,000,000 (June30, 2010: 9,000,000) ordinary shares of |      |                       |                             |
| Rs.10/- each, fully paid up in cash                    |      | 90,000                | 90,000                      |
| Capital reserve  |      | 944                   | 944                         |
| General reserve  |      | 233,000               | 183,000                     |
| Unappropriated profit                                  |      | 42,419                | 108,173                     |
| <b>Total equity</b>                                    |      | <u>366,363</u>        | <u>382,117</u>              |
| <b>Liabilities</b>                                     |      |                       |                             |
| <b>Non current liabilities</b>                         |      |                       |                             |
| Deferred tax liability                                 |      | 7,685                 | 7,983                       |
| Accumulated compensated absences                       |      | 3,531                 | 3,042                       |
|  |      | <u>11,216</u>         | <u>11,025</u>               |
| <b>CURRENT LIABILITIES</b>                             |      |                       |                             |
| Trade and other payables                               |      | 62,567                | 78,783                      |
| Due to associated companies                            |      | 66                    | 57                          |
| Accrued mark-up  |      | 1,796                 | 616                         |
| Short term borrowings - secured                        |      | 43,308                | 662                         |
| Taxation (Net)   |      | 23,529                | 23,466                      |
|  |      | <u>131,266</u>        | <u>103,584</u>              |
| <b>Total liabilities</b>                               |      | <u>142,482</u>        | <u>114,609</u>              |
|  |      | <u><u>508,845</u></u> | <u><u>496,726</u></u>       |
| <b>Contingencies and Commitments</b>                   | 7    |                       |                             |

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

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

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

WAH CANTT DATED 28.02.2011.

**WAH NOBEL CHEMICALS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

|   | Half year<br>ended<br>December 31,<br>2010 | Half year<br>ended<br>December 31,<br>2009 | Quarter ended<br>December 31,<br>2010 | Quarter ended<br>December 31,<br>2009 |
|---|--|--|---------------------------------------|---------------------------------------|
| <b>(Rupees in '000')</b>                                |  |  |                                       |                                       |
| <b>Manufactured goods</b>                               |  |  |                                       |                                       |
| Gross sales   | 354,365                                    | 399,871                                    | 184,162                               | 208,773                               |
| Sales tax   | (50,553)                                   | (54,590)                                   | (25,952)                              | (28,479)                              |
| Special excise duty                                     | (2,971)                                    | (3,413)                                    | (1,525)                               | (1,782)                               |
| Net sales   | 300,841                                    | 341,868                                    | 156,685                               | 178,512                               |
| Cost of sales   | (228,736)                                  | (238,795)                                  | (114,638)                             | (122,957)                             |
| Gross profit  | 72,105                                     | 103,073                                    | 42,047                                | 55,555                                |
| <b>Operating expenses</b>                               |  |  |                                       |                                       |
| Administrative and general expenses                     | (6,279)                                    | (7,861)                                    | (2,697)                               | (5,074)                               |
| Selling and distribution expenses                       | (16,829)                                   | (19,029)                                   | (8,641)                               | (11,556)                              |
| Other Operating Income                                  | 118  | 212  | 86                                    | 39                                    |
| Operating profit  | 49,115                                     | 76,395                                     | 30,795                                | 38,964                                |
| <b>Financial and other charges:</b>                     |  |  |                                       |                                       |
| Finance Cost  | (3,376)                                    | (4,495)                                    | (2,201)                               | (2,108)                               |
| Other expenses  | (3,370)                                    | (5,168)                                    | (2,080)                               | (2,697)                               |
| Share in profit/(loss) of associated company-net of tax | 182  | (237)                                      | 182                                   | (237)                                 |
| <b>Profit before taxation</b>                           | 42,550                                     | 66,495                                     | 26,695                                | 33,922                                |
| Provision for taxation                                  | (13,304)                                   | (22,581)                                   | (9,185)                               | (12,181)                              |
| <b>Profit after taxation</b>                            | 29,246                                     | 43,914                                     | 17,510                                | 21,741                                |
| Other comprehensive income for the period               | -  | -  | -                                     | -                                     |
| <b>Total comprehensive income for the period</b>        | 29,246                                     | 43,914                                     | 17,510                                | 21,741                                |
| Earning Per Share - basic and diluted                   | Rs. 3.25                                   | Rs. 4.88                                   | Rs. 1.95                              | Rs. 2.42                              |

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

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

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

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

WAH CANTT DATED 28.02.2011.

**WAH NOBEL CHEMICALS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

|   | December 31,<br>2010 | December 31,<br>2009 |
|---|----------------------|----------------------|
|   | (Rupees in '000')    |                      |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                  |                      |                      |
| Profit before taxation                                      | 42,550               | 66,495               |
| Adjustment for non cash charges and other items:            |                      |                      |
| Depreciation  | 2,328                | 3,944                |
| Profit on sale of property, plant and equipment             | -                    | (173)                |
| Financial and other charges                                 | 3,171                | 4,308                |
| Interest on WPPF  | 206                  | 187                  |
| Share in profit of associated company                       | (182)                | 237                  |
| Provision against doubtful debts                            | -                    | 3,784                |
| Allocation of Workers' Profit Participation Fund (WPPF)     | 2,275                | 3,583                |
| Workers' Welfare Fund (WWF)                                 | 865                  | 1,354                |
| Provision for employee's gratuity fund                      | 653                  | 120                  |
| Provision for accumulated compensated absences              | 523                  | 360                  |
| Interest on Term Deposit Receipts                           | (65)                 | (39)                 |
|   | 9,774                | 17,665               |
| Changes in working capital                                  |                      |                      |
| (Increase)/decrease in current assets:                      |                      |                      |
| Stores, spares and loose tools                              | (6,956)              | 3,329                |
| Stock in trade  | (17,103)             | (8,211)              |
| Trade debts   | (7,159)              | (1,392)              |
| Advances  | 3,505                | (4,992)              |
| Trade deposits and prepayments                              | (871)                | (814)                |
| Other receivables   | (253)                | 1,093                |
| Increase/(decrease) in current liabilities:                 |                      |                      |
| Trade and other payables                                    | (13,082)             | 5,080                |
|   | (41,919)             | (5,907)              |
| Cash generated from operations                              | 10,405               | 78,253               |
| Payment for:  |                      |                      |
| Taxation  | (13,540)             | (36,016)             |
| Financial and other charges paid                            | (1,991)              | (5,450)              |
| WPPF paid   | (6,470)              | (8,177)              |
| Compensated absences paid                                   | (33)                 | (2)                  |
|   | (22,034)             | (49,645)             |
| Net cash generated from/(used in) operating activities      | (11,629)             | 28,608               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |                      |                      |
| Capital expenditure   | (6)                  | (2,512)              |
| Interest on Term Deposit Receipts                           | 88                   | 38                   |
| Proceed from sale of property, plant and equipment          | -                    | 193                  |
| Net cash used in investing activities                       | 82                   | (2,281)              |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |                      |                      |
| Short term borrowings                                       | 42,646               | 15,394               |
| Dividends paid  | (45,000)             | (45,000)             |
| Net cash (used in)/generated from financing activities      | (2,354)              | (29,606)             |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | (13,901)             | (3,279)              |
| <b>Cash and cash equivalents at beginning of the period</b> | 24,373               | 18,653               |
| <b>Cash and cash equivalents at end of the period</b>       | 10,472               | 15,374               |

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

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

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

WAH CANTT DATED 28.02.2011.



**WAH NOBEL CHEMICALS LIMITED**  
**CONDENSED INTRIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE 1ST QUARTER ENDED DECEMBER 31, 2010**

|  | Issued<br>Subscribed<br>and paid-up<br>share capital | Capital<br>reserve -<br>share<br>premium | Revenue reserves   |                          | Total          |
|--|--|--|--------------------|--------------------------|----------------|
|  |  |  | General<br>reserve | Unappropriated<br>profit |                |
| (Rupees in '000)   |  |  |                    |                          |                |
| Balance as at July 1, 2009   | 90,000   | 944                                      | 133,000            | 127,182                  | 351,126        |
| <b>Comprehensive income for the period</b>                               |  |  |                    |                          |                |
| Net profit for the period ended December 31, 2009                        | -  | -  | -                  | 43,914                   | 43,914         |
| <i>Other comprehensive income</i>  | -  | -  | -                  | -                        | -              |
| Transfer to General reserve  | -  | -  | 50,000             | (50,000)                 | -              |
| Total other comprehensive income   | -  | -  | 50,000             | (50,000)                 | -              |
| <b>Total comprehensive income for the period ended December 31, 2009</b> | -  | -  | 50,000             | (6,086)                  | 43,914         |
| <i>Transaction with owners</i>   | -  | -  | -                  | -                        | -              |
| Final dividend for the year ended June 30, 2009<br>(Rs. 5 per share)     | -  | -  | -                  | (45,000)                 | (45,000)       |
| <b>Total transactions with owner</b>                                     | -  | -  | -                  | (45,000)                 | (45,000)       |
| <b>Balance as at December 31, 2009</b>                                   | <b>90,000</b>  | <b>944</b>                               | <b>183,000</b>     | <b>76,096</b>            | <b>350,040</b> |
| Profit for the six months ended June 30, 2010                            | -  | -  | -                  | 32,077                   | 32,077         |
| <b>Balance as at July 1, 2010</b>  | <b>90,000</b>  | <b>944</b>                               | <b>183,000</b>     | <b>108,173</b>           | <b>382,117</b> |
| <b>Comprehensive income for the period</b>                               |  |  |                    |                          |                |
| Net profit for the period ended December 31, 2010                        | -  | -  | -                  | 29,246                   | 29,246         |
| <i>Other comprehensive income</i>  | -  | -  | -                  | -                        | -              |
| Transfer to General reserve  | -  | -  | 50,000             | (50,000)                 | -              |
| Total other comprehensive income   | -  | -  | 50,000             | (50,000)                 | -              |
| <b>Total comprehensive income for the period ended December 31, 2010</b> | -  | -  | 50,000             | (20,754)                 | 29,246         |
| <i>Transaction with owners</i>   | -  | -  | -                  | -                        | -              |
| Final dividend for the year ended June 30, 2010<br>(Rs. 5 per share)     | -  | -  | -                  | (45,000)                 | (45,000)       |
| <b>Total transactions with owner</b>                                     | -  | -  | -                  | (45,000)                 | (45,000)       |
| <b>Balance as at December 31, 2010</b>                                   | <b>90,000</b>  | <b>944</b>                               | <b>233,000</b>     | <b>42,419</b>            | <b>366,363</b> |

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
DIRECTOR

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

WAH CANTT DATED 28.02.2011.

**WAH NOBEL CHEMICALS LIMITED**  
**NOTES TO THE CONDENSED INTERIM**  
**FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

**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 condensed interim 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 condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". In case where requirements differ, the provision of or directives issued under the Companies Ordinance, 1984 have been followed.

**3 ACCOUNTING POLICIES**

The accounting policies and basis of preparation adopted in preparation of these half yearly condensed interim financial statements are same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30,2010.

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

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

|  | <b>Un-Audited</b>      | <b>Audited</b>  |
|--|------------------------|-----------------|
|  | <b>December 31,</b>    | <b>June 30,</b> |
|  | <b>2010</b>            | <b>2010</b>     |
|  | <b>Rupees in '000'</b> |                 |
| Opening book value   | 105,209                | 110,111         |
| Plant and machinery  | -                      | 2,512           |
| Furniture and Fixture                                      | 6                      | -               |
| Tools and workshop equipments                              | -                      | -               |
| Office equipment   | -                      | -               |
| Computer installations                                     | -                      | -               |
| Vehicles   | -                      | 675             |
|  | <b>105,215</b>         | <b>113,298</b>  |
| Book value of assets disposed off during the period / year | -                      | 20              |
| Adjustments during the period /year                        | -                      | -               |
| Depreciation for the period / year                         | 2,328                  | 8,069           |
| Closing book value   | <b>102,887</b>         | <b>105,209</b>  |

**5 LONG TERM INVESTMENT**

**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                        | 8,106         | 7,507         |
| Share of Profit / (Loss) of current period / year       | 182           | 599           |
|   | <b>8,288</b>  | <b>8,106</b>  |
|   | <b>33,288</b> | <b>33,106</b> |

**WAH NOBEL CHEMICALS LIMITED**  
**NOTES TO THE CONDENSED INTERIM**  
**FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

| 6 | TRADE DEBTS                  | December 31,    | June 30,       |
|---|------------------------------|-----------------|----------------|
|   |                              | 2010            | 2010           |
|   |                              | Rupees in '000' |                |
|   | Considered good              | 248,660         | 241,500        |
|   | Considered doubtful          | 43,615          | 43,615         |
|   |                              | 292,274         | 285,115        |
|   | Provision for doubtful debts | (43,615)        | (43,615)       |
|   |                              | <u>248,660</u>  | <u>241,500</u> |

**7 CONTINGENCIES AND COMMITMENTS**

**7.1 Contingencies**

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

- 7.1.1** The contingent liability of the Company on account of vend fee and permit fee has increased from Rs. 642 million to Rs. 660 million on account of further import of Methanol from July 01, 2010 to December 31, 2010.

| 7.2          | Commitments in respect of:   | December 31,    | June 30, |
|--------------|--|-----------------|----------|
|              |  | 2010            | 2010     |
|              |  | Rupees in '000' |          |
| <b>7.2.1</b> | Letters of credit for purchase of stocks   | 15,622          | 43,615   |
| <b>7.2.2</b> | Post dated cheques issued in favour of Collector of Customs against custom duties and other levies on Methanol kept in bonded Ware house | 6,213           | 7,644    |

**8 RELATED PARTY TRANSACTIONS**

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

|  |        |         |
|--|--------|---------|
| Expenses incurred (on behalf of)/ by the group companies | (441)  | (1,750) |
| Vehicles lease rentals paid by the holding company       | -      | 884     |
| Management services by holding company                   | 450    | 900     |
| Purchases from Associate Company                         | -      | 72      |
| Dividend paid to the holding company                     | 24,852 | 24,852  |

**9 General**

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

**10 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on February 28, 2011 by the Board of Directors of the Company.

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

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