

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

WAH NOBEL CHEMICALS LTD

Half Yearly
Financial Statements
(Unaudited)
December 31, 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. Usman Ali Bhatti	:	Director

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

Mr. Tariq M. Rangoonwala	:	Chairman
Mr. Abdul Aziz	:	Member
Mr. Usman Ali Bhatti	:	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
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AUDITORS

:	KPMG Taseer Hadi & Co Chartered Accountants
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LEGAL ADVISORS

:	The Law Firm of Basit Musheer
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SHARES REGISTRAR

:	Ilyas Saeed Associates (Pvt.) Ltd., Management Consultants, Office # 26, 2 nd Floor, Rose Plaza, I-8 Markaz, Islamabad. Tel: 051-4938026-7, Fax: 051-4102628 Email: iilyas@hotmail.com
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BANKERS

:	MCB Bank Limited Allied Bank of Pakistan Limited Bank Al-Habib Limited Askari Bank Limited
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REGISTERED OFFICE

:	G.T. Road, Wah Cantt.
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PHONES

:	(051) 5568760, 4545243-6 (4 Lines) (051) 9314101-21 (21 Lines) Ext. 22236
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FAX

:	(051) 4545241, (051) 4535862
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E.MAIL

:	ce@wahnobel.com
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WEBSITE

:	www.wahnobel.com
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FACTORY

:	Wah Cantt.
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WAH NOBEL CHEMICAL LTD
DIRECTOR'S REVIEW

The Directors of the company are pleased to present Condensed Interim Financial Information (unaudited) for the half year ended December 31, 2019.

The performance of the Company during the period under review is good as it achieved Gross Sales Revenue of Rs 1324 million vis-à-vis Rs 1224 million as compared to previous year's corresponding period (increased by 8%).

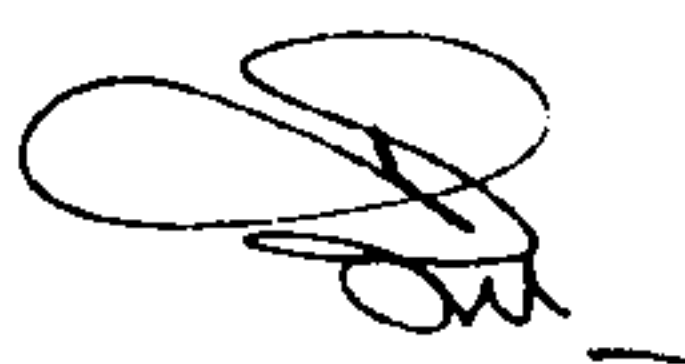
Despite volatile economic / financial situation and retarded business activity during the first half of FY 2019-20, the Company earned After Tax Profit of Rs 80 million vis-à-vis Rs 80 million as compared to previous year's corresponding period. The profit levels have been affected due to increase in 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 half of Financial Year 2019-20.

In vend fee and permit fee case , on December 10, 2019 Honorable Supreme Court of Pakistan on the request of Provincial Government of Sindh (appellant) has dismissed the appeals as not pressed against those respondents who have settled the matter with the appellant Under the settlement appellant has surrendered the amount secured by Indemnity Bonds from the respondents for the period 1990 up to October 30,2002 and in return respondents consented to waive the amount of vend fee and permit fee already deposited by them. Since company has not yet consented its case is still pending. Nexus to merits of the case and previous favourable decisions 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

Wah Cantt
Dated: 25.02.2020



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

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز بمسرت یہ رپورٹ غیر آڈٹ شدہ مالی نتائج بابت ششماہی 31 دسمبر 2019 پیش کرتے ہیں۔

زیر جائزہ مدت کے دوران کمپنی کی کارکردگی اچھی رہی ہے۔ اس دوران کمپنی کی خالص آمدنی 1324 ملین روپے ہے۔ جبکہ گزشتہ سال یہ 1224 ملین روپے تھی (اضافہ 8%)۔

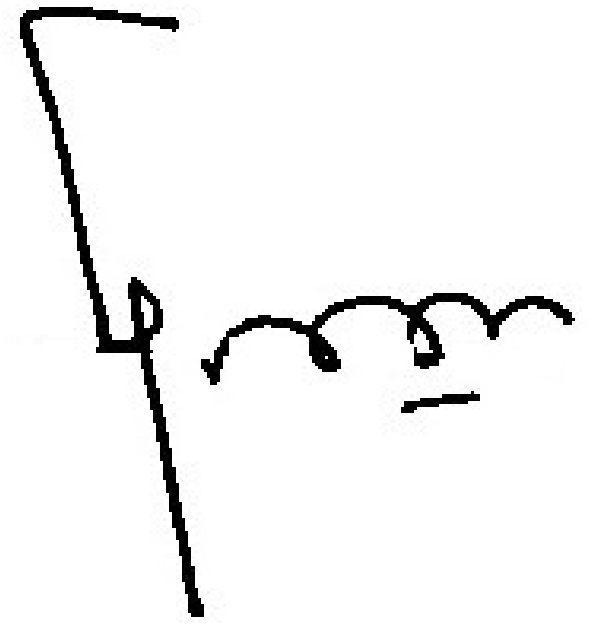
غیر مستحکم اقتصادی مالی صورتحال اور ست روکاروباری سرگرمی کے باوجود کمپنی نے پہلی ششماہی 2019-20 کے دوران بعد از ٹیکس منافع 80 ملین روپے کمایا۔ جبکہ گزشتہ سال بھی منافع 80 ملین روپے تھا منافع کی سطح پیداواری لاگت میں اضافے کی وجہ سے متاثر ہوئی ہے۔

کمپنی کے مستقبل کے امکانات مثبت ہیں اور وہ اپنی بہترین کوشش سے بقیہ مالیاتی سال 2019-20 میں کمپنی اور اسکے کرم فرماؤں کے لئے مسلسل بڑھوتی آپریشنل کارکردگی اور زیادہ سے زیادہ بہترین نتائج کے لیے سرگرم عمل ہے

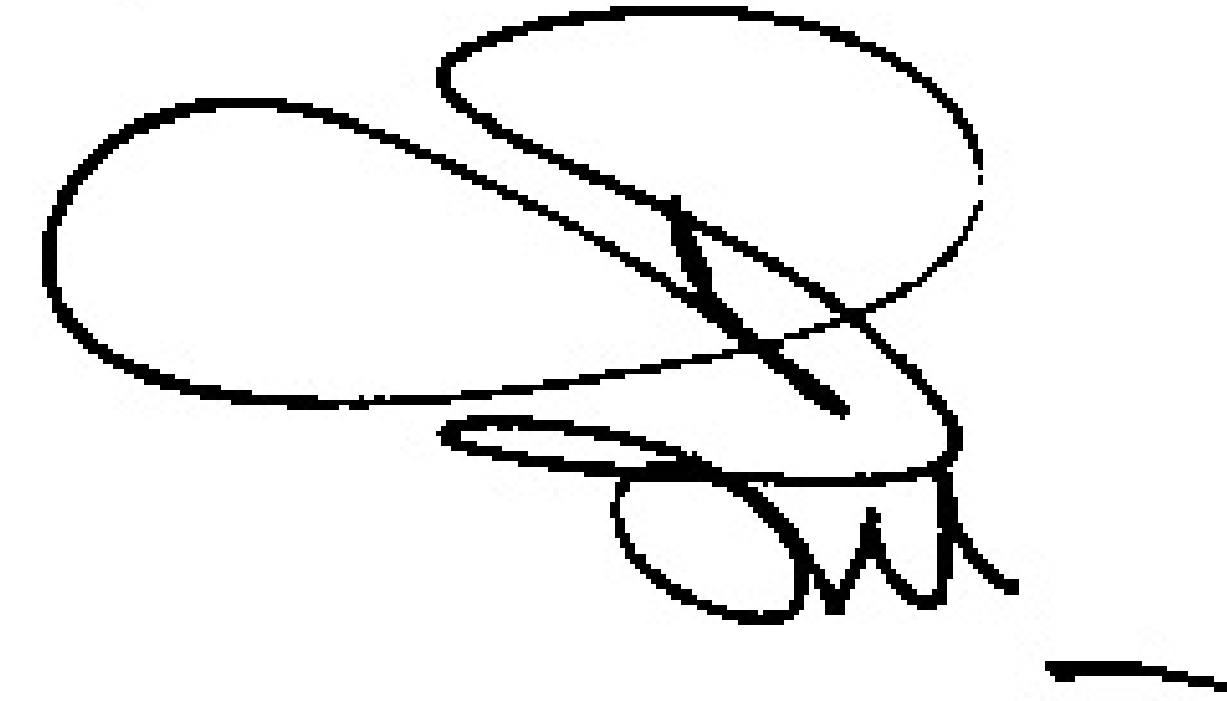
حوالے کے طور پر سندھ ہائی کورٹ کے وینڈ فیس اور پرمیٹ فیس کے موافق فیصلوں کے بعد اب کیس معزز سپریم کورٹ و آف پاکستان کے زیر سماعت ہے کیس کی قانونی مضبوطی اور سندھ ہائی کورٹ کے موافق فیصلوں کی بدولت انتظامیہ توقع رکھتی ہے کہ فیصلہ کمپنی کے حق میں ہوگا۔

ڈائریکٹرز دل کی اتھاہ گہرا ہوں سے اپنے ملازمین کی ہر شعبے میں محنت لگن اور انتھک کوششوں کو سراہتے ہیں۔ ہم کمپنی کے گاہکوں جو کہ ہماری مسلسل سرپرستی اور حمایت کرتے ہیں کے شکر گزار ہیں۔

ڈائریکٹرز بورڈ کی طرف سے



چودھری بریگیڈیر (ر) شیراز اللہ
چیف ایگزیکٹو



عبدالعزیز
ڈائریکٹر

واہ کینٹ۔

مورخہ: 25 فروری 2020ء



KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building, Blue Area
Islamabad, Pakistan
Telephone 92 (51) 282 3558, Fax 92 (51) 282 2671

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Wah Nobel Chemicals Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Wah Nobel Chemicals Limited ("the Company") as at 31 December 2019 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity". A review of interim financial statements 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.



KPMG Taseer Hadi & Co.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarter ended 31 December 2019 have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' review report is Atif Zamurrad Malik.

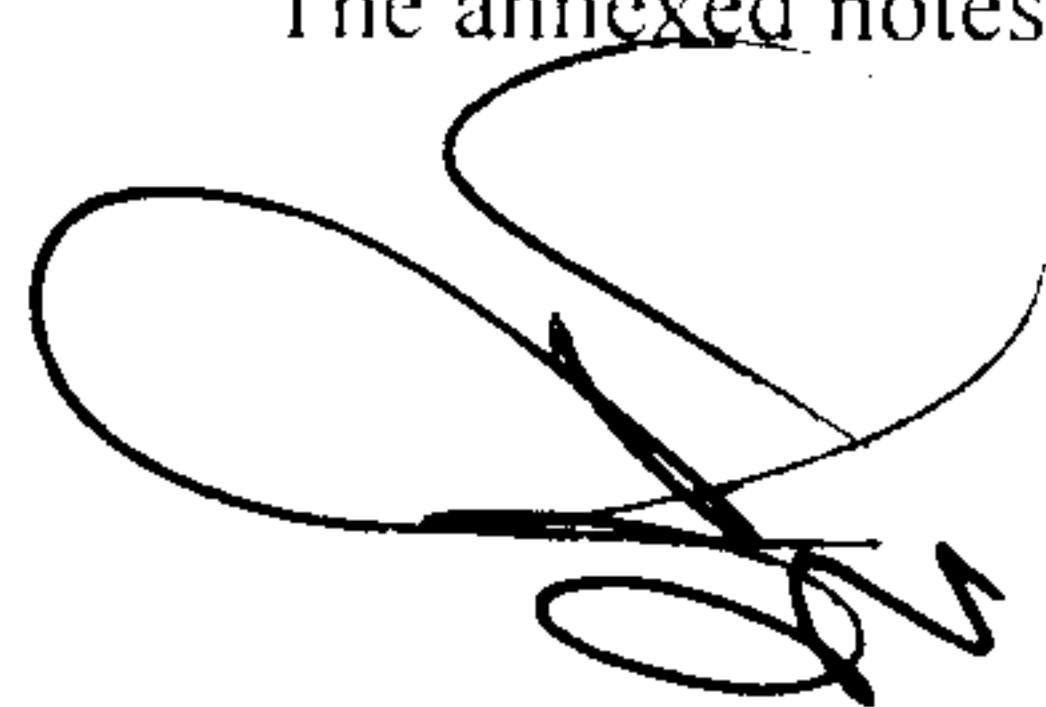
A handwritten signature in black ink, appearing to read 'Atif Zamurrad Malik'.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
26 February 2020

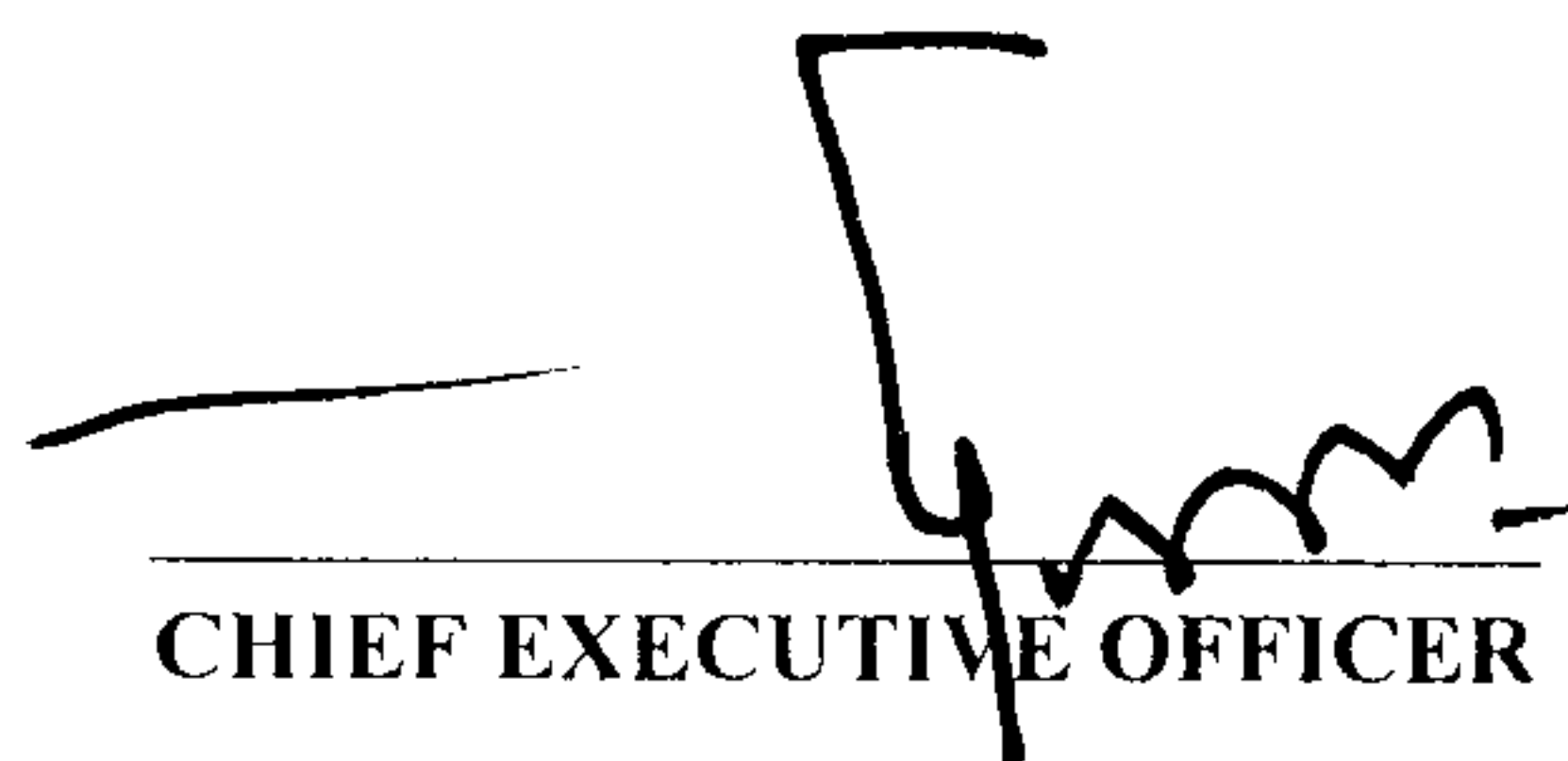
WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

		31 December 2019	30 June 2019
	Note	(Rupees in '000')	
		(Un-audited)	(Audited)
Assets			
Property, plant and equipment	4	316,109	332,755
Deferred tax		68	-
Non-current assets		316,177	332,755
Stores, spares and loose tools		51,461	50,771
Stock in trade		273,662	377,656
Trade debts	5	826,372	819,312
Advances, deposits, prepayments and other receivables		23,408	28,646
Short-term investment		2,665	2,678
Taxation - net		232,791	226,842
Cash and bank balances		13,257	20,661
Current assets		1,423,616	1,526,566
Total assets		1,739,793	1,859,321
Equity and Liabilities			
Share capital		90,000	90,000
Capital reserve		944	944
Revenue reserves		840,959	796,701
Total equity		931,903	887,645
Long term financing	6	41,143	54,857
Deferred liabilities	7	8,264	8,317
Non-current liabilities		49,407	63,174
Trade and other payables		255,592	263,446
Due to holding company		53	967
Unclaimed dividend		6,445	5,979
Current portion of long term financing		30,176	30,047
Loan from holding company - unsecured		310,480	308,325
Short term borrowings		155,737	299,738
Current liabilities		758,483	908,502
Total liabilities		807,890	971,676
Total equity and liabilities		1,739,793	1,859,321
Contingencies and commitments	8		

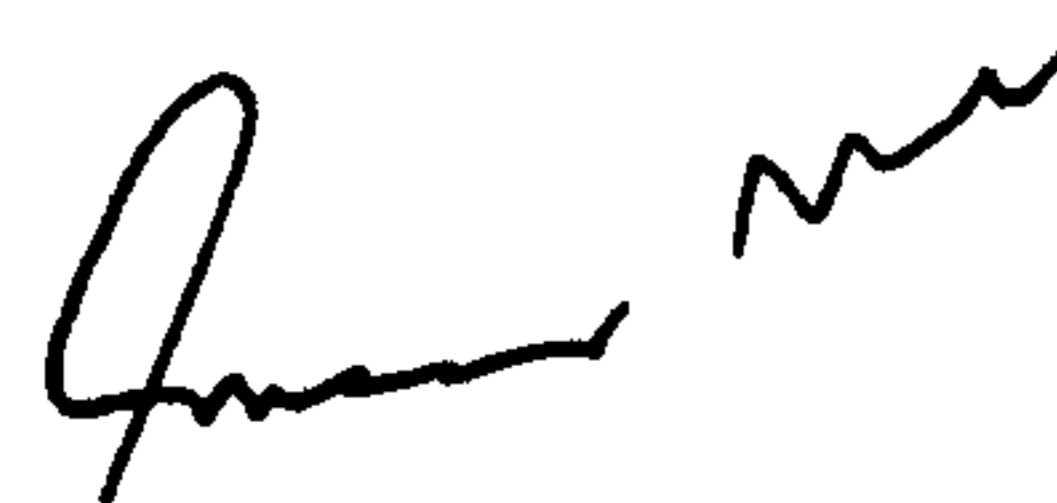
The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



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 six months period ended 31 December 2019

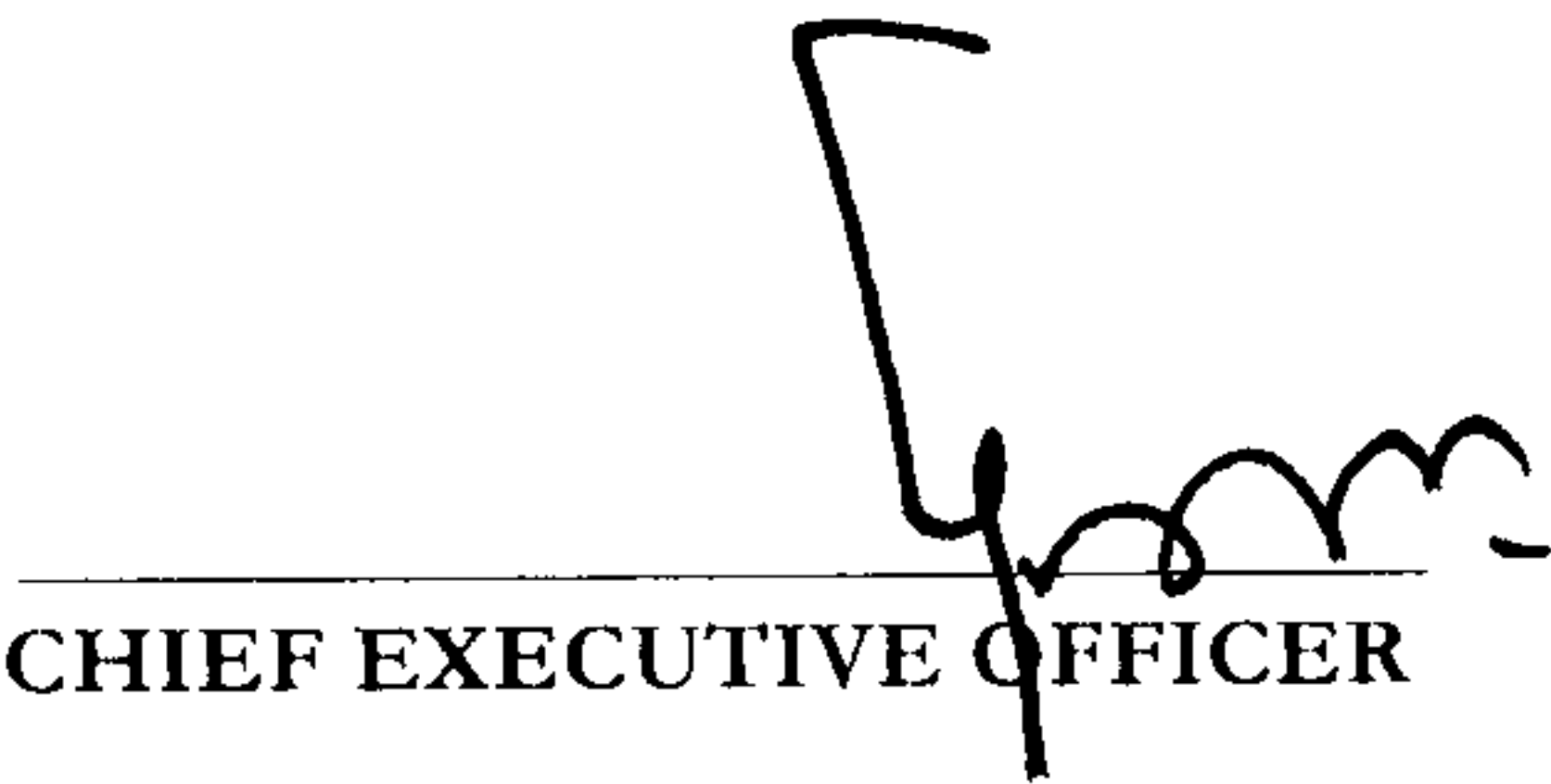
	Six months ended		Three months ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	(Rupees in '000')			
Gross sales	1,324,063	1,224,403	761,760	676,636
Sales tax	(204,972)	(189,210)	(117,469)	(104,505)
Net sales	1,119,091	1,035,193	644,291	572,131
Cost of sales	(943,671)	(888,504)	(549,066)	(483,174)
Gross profit	175,420	146,689	95,225	88,957
Administrative expenses	(7,406)	(8,369)	(3,624)	(4,195)
Distribution expenses	(4,713)	(4,508)	(2,535)	(2,088)
Operating profit	163,301	133,812	89,066	82,674
Finance cost	(41,899)	(10,646)	(20,210)	(5,769)
Other expenses	(8,760)	(8,809)	(4,930)	(5,470)
Other income	1,511	662	710	448
Profit before taxation	114,153	115,019	64,636	71,883
Taxation	(33,895)	(35,056)	(18,764)	(22,365)
Profit for the period	80,258	79,963	45,872	49,518
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	80,258	79,963	45,872	49,518
Earnings per share - basic and diluted	8.92	8.88	5.10	5.50

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

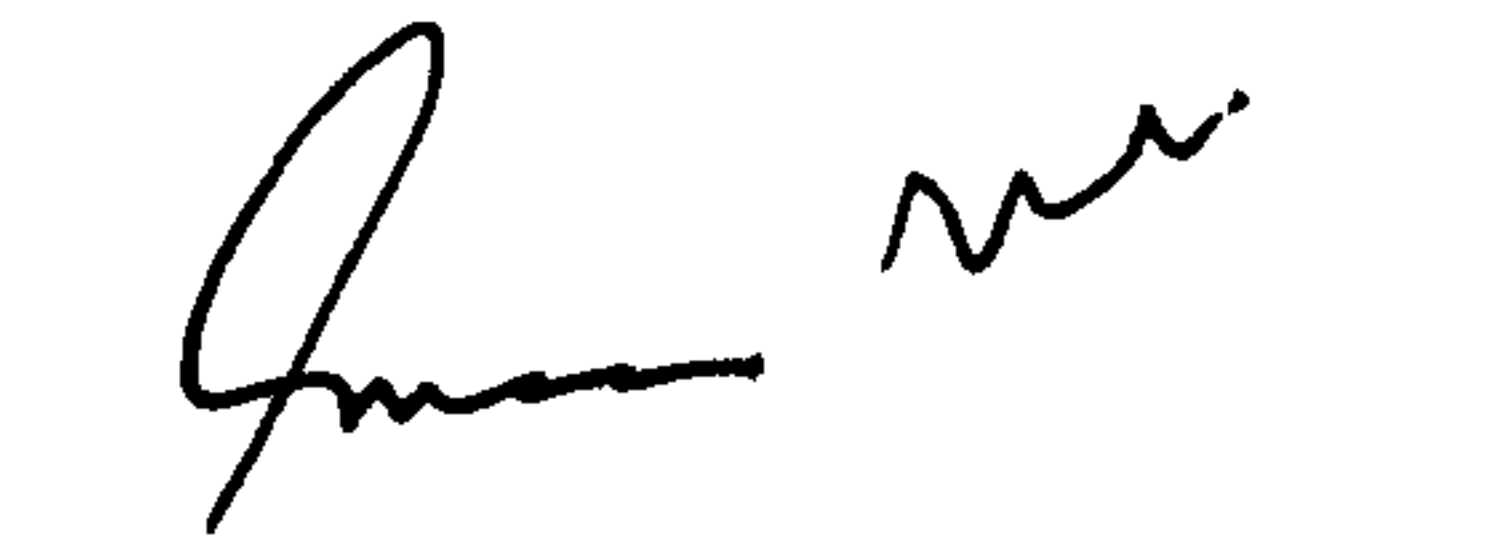
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DIRECTOR



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
For six months period ended 31 December 2019

	31 December 2019	31 December 2018
	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	114,153	115,019
Adjustment for non cash items:		
Depreciation	16,646	7,543
Interest on term deposit receipts	-	(34)
Provision for gratuity fund	1,600	1,600
Workers' profit participation fund (WPPF)	6,131	6,177
Workers' welfare fund (WWF)	2,330	2,347
Provision for accumulated compensated absences	1,200	1,200
Provision in respect provident fund	3,115	-
	31,022	18,833
Changes in:		
Stores, spares and loose tools	(690)	1,705
Stock in trade	103,995	6,512
Trade debts	(7,059)	(209,995)
Advances, deposits, prepayments and other receivables	5,239	6,839
Due to holding company	(914)	(588)
Trade and other payables	(9,308)	(20,797)
	91,263	(216,324)
Cash generated from / (used in) operating activities	236,438	(82,472)
Payment for:		
Workers' profit participation fund	(3,405)	(2,397)
Gratuity fund	(4,000)	-
Accumulated Compensated absences	-	(238)
Provident fund	(3,086)	-
Pension fund	(1,234)	-
Taxation	(41,165)	(57,257)
	(52,890)	(59,892)
Net cash generated from / (used in) operating activities	183,548	(142,364)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for capital expenditure	-	(47,824)
Interest on term deposit receipts	13	131
Net cash generated from / (used in) investing activities	13	(47,693)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans repaid	(13,585)	-
Short term loan from holding company	2,156	202,579
Dividends paid	(35,534)	(43,474)
Net cash generated from / (used in) financing activities	(46,963)	159,105
Net increase/(decrease) in cash and cash equivalents	136,598	(30,952)
Cash and cash equivalents at beginning of the period	(279,078)	(199,037)
Cash and cash equivalents at end of the period	(142,480)	(229,989)

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The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


DIRECTOR


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER

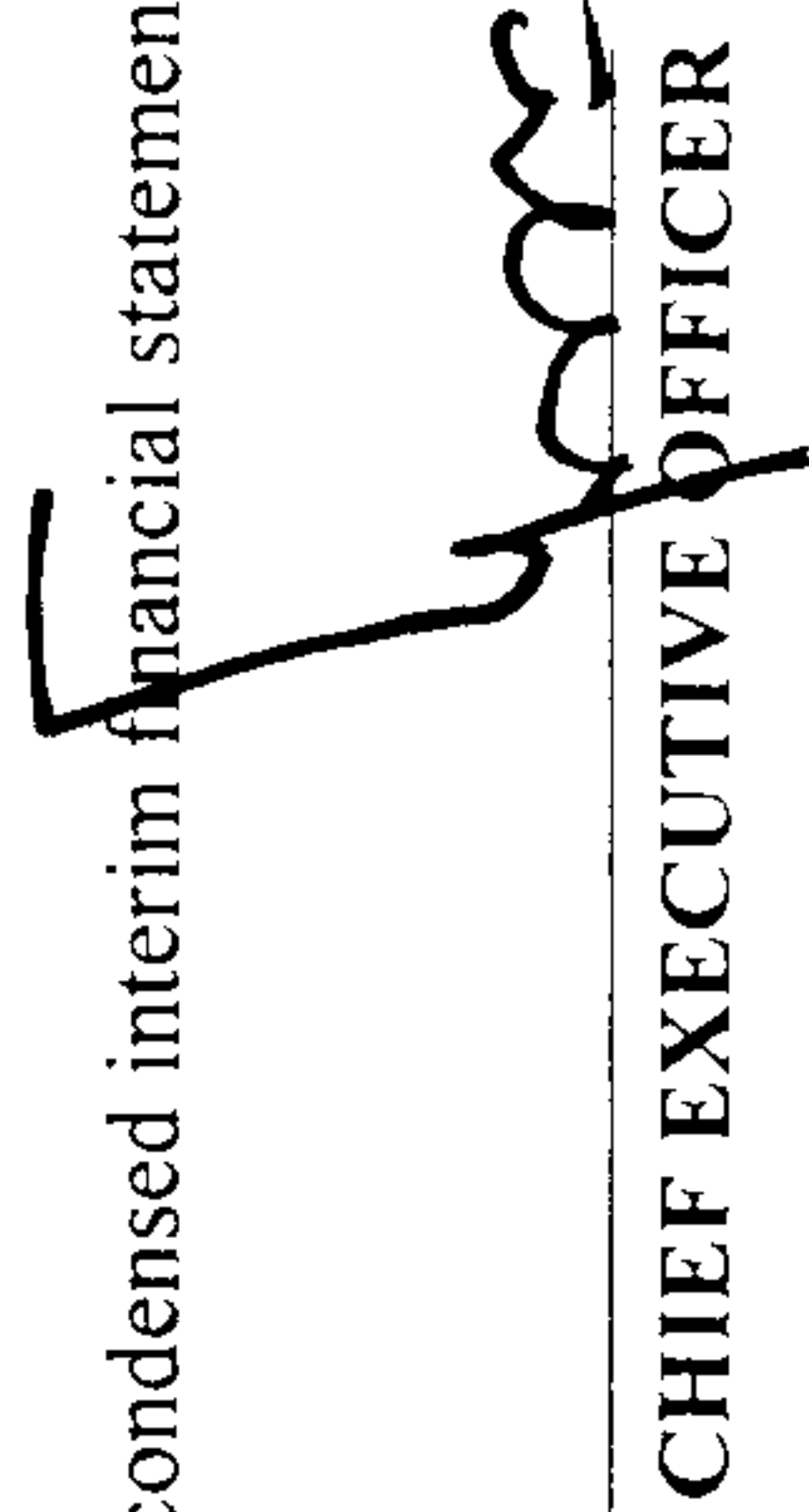
WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
For six months period ended 31 December 2019

	Revenue reserves					
	Share Capital	Capital reserves	General reserve	Unappropriated profit	Sub-total	Total
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The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



DIRECTOR



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

WAH NOBEL CHEMICALS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For six months period ended 31 December 2019

1 STATUS AND NATURE OF BUSINESS

Wah Nobel Chemicals Limited ("the Company") was incorporated in Pakistan on 31 May 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 30 June 2019. Comparative condensed interim statement of financial position is extracted from the annual audited financial statements as of 30 June 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 condensed interim financial statements for six months period ended 31 December 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

- 3.1** 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 30 June 2019 except for the change as indicated in 3.2 below:



WAH NOBEL CHEMICALS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For six months period ended 31 December 2019

3.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

(a) IFRS 16 'LEASES'

IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right of use of underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is to be recognised in unappropriated profit at 01 July 2019 and therefore the comparative information has not been restated and continue to be reported under IAS - 17.

The Company's leased assets have low value, therefore the adoption of IFRS 16 does not have any impact on these condensed interim financial statements.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applied a single recognition and measurement approach for all leases, unless the lease term is 1 year or less or the lease contains a low-value asset. For lease term less than 1 year and lease containing low value assets the Company has applied the exemption not to recognize right of use assets and liabilities for leases with less than 12 months of lease term. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(b) IFRIC 23 'UNCERTAINTY OVER INCOME TAX TREATMENTS'

The Company has adopted IFRIC 23 'Uncertainty over income tax treatments' with a date of initial application of 01 July 2019. IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency. However, it has no significant impact on the Company's condensed interim financial statements.

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WAH NOBEL CHEMICALS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For six months period ended 31 December 2019

- 3.3 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Amendments to IAS 1 - Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the condensed interim financial statements of the Company.

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WAH NOBEL CHEMICALS LIMITED**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)****For six months period ended 31 December 2019**

IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term ‘regulatory deferral account balance’ has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on the Company’s condensed interim financial statements.

The amendments are effective from annual period beginning on or after 1 January 2020 and are not likely to have an impact on the Company’s condensed interim financial statements.

4 PROPERTY, PLANT AND EQUIPMENT

During the six months period ended December 31, 2019, the Company made additions to property, plant and equipment aggregating to Rs. Nil (December 31, 2018: Rs. 47,824 thousand). Depreciation charge for the period amounts to Rs.16,646 thousand (December 31, 2018: Rs. 7,543 thousand).

	31 December 2019	30 June 2019
	(Rupees in '000")	
5 TRADE DEBTS	(Un-Audited)	(Audited)
Considered good	826,372	819,312
Considered doubtful	127,664	127,664
	954,036	946,976
Less: Allowance for expected credit losses	(127,664)	(127,664)
	826,372	819,312
6 LONG TERM FINANCING		
Term finance facility-secured	71,319	84,904
Less: Current portion shown under current liabilities	(30,176)	(30,047)
	41,143	54,857
7 DEFERRED LIABILITIES		
Provision for accumulated compensated absences	8,264	7,064
Deferred tax liability	-	1,253
	8,264	8,317

WAH NOBEL CHEMICALS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For six months period ended 31 December 2019

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 In 1990, the Government of Sindh levied excise duty at Rs. 4 per bulk gallon on transport of imported Methanol outside the province of Sindh under the Sindh Abkari Act, 1878. The Company filed a Constitutional Petition No. D - 123/91 in the Sindh High Court that the duty was ultra vires of article 151 of the Constitution. The Court granted interim relief by permitting the Company to remove Methanol by submitting bank guarantees in lieu of payment of excise duty. Accordingly, the Company has submitted bank guarantees of Rs. 8,707,220 (2018: Rs. 8,707,220) for transport of 7,200 tons of Methanol outside Sindh.

On 12 August 2004 the Sindh High Court decided the case in favour of the Company. Excise Department Sindh has filed a leave to appeal in the Supreme Court on 07 September 2004 against the said judgment which is pending adjudication by the Supreme Court.

8.1.2 In 1996, the Government of Sindh raised a demand of Rs. 67,294,724 in respect of vend fee and permit fee for the years 1990-91 to 1995-96, under the Sindh Abkari Act, 1878. The Company filed Constitutional Petition No. D-1412 of 1996 dated 20 August 1996 in the Sindh High Court challenging the legality of the levy on the grounds that provincial taxation, under the Sindh Abkari Act, 1878 on imported Methanol temporarily stored in Karachi but meant for consumption outside the province of Sindh, was unlawful and ultravires of the Constitution, relying on the judgment of the Sindh High Court in the case of Crescent Board Limited. The case was decided in the favour of the Company on 12 June 2001 by the Sindh High Court, but Sindh Government moved an appeal in the Supreme Court against the decision of the Sindh High Court.

After hearing the appeal of Excise Department Sindh against the Company and other Formaldehyde manufacturers, the Supreme Court remanded the case of levy of vend fee and permit fee to the Sindh High Court for adjudication on all points of law and fact. Vide its judgment dated 26 March 2003, Sindh High Court again decided the matter in favour of the Company and other manufacturers. Excise Department filed a leave to appeal in the Supreme Court on 12 June 2003.

During the period, the Supreme Court vide its order dated 10 December 2019, observed that the Government of Sindh does not press the instant and connected appeals and that a fresh demand shall be raised for the amount payable by the respondents following the Notification dated 14 February 2002 and Sindh (Aendment) Abkari Ordinance, 2002 notified on 30 October 2002. Insofar as demand secured by indemnity bonds for the period 1990 upto 30 October 2002 is concerned, the same is surrendered by the Provincial Governmnet.



WAH NOBEL CHEMICALS LIMITED**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)****For six months period ended 31 December 2019**

Currently, all imports of Methanol are being released on payment of Rs. 3/- per bulk gallon in cash which is being expensed out and submission of guarantee @ Rs. 14/- per bulk gallon in the form of indemnity bonds. Accordingly, in case of an unfavorable decision of the Supreme Court, the Company is exposed to an aggregate obligation of Rs. 1,164,000,000 (June 2019 : Rs. 1,132,000,000) on account of vend fee and permit fee based on the guarantees issued against methanol imported and released up to the reporting date. The respondents have settled the matter with the Government of Sindh. Under the settlement Government of Sindh has decided to surrender the indemnity bonds but not to return the amount of vend fee and permit fee already deposited by the respondents with it as a condition for not pressing the present appeal. The Order passed by Supreme Court does not mentions appeals filed by the Company. The Company is in process of seeking further clarification on this decision. However, keeping in view the facts, previous decisions which had been in the favour of the Company, developments during the period and the advice of the legal advisor of the Company, the management believes that there is almost 'nil' chance of decision against the Company. Therefore, no provision for this has been made in these financial statements.

- 8.1.3 Other than the litigation as disclosed in note 8.1.2 above, there are no significant changes in the status of litigations as disclosed in the last annual audited financial statements.

		31 December 2019	30 June 2019
		(Rupees in '000")	
		(Un-Audited)	(Audited)
8.2	Commitments		
8.2.1	Letters of credit for purchase of stocks	162,312	281,918
8.2.2	Post dated cheques issued in favour of Collector of Customs against custom duties and other levies on Methanol kept in bonded warehouse.	7,310	17,250
8.2.3	Letter of guarantee issued by bank on behalf of the Company	15,000	15,000

		31 December 2019	31 December 2018
		(Rupees in '000")	
		(Un-Audited)	(Un-Audited)
9	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	13,257	14,517
	Short term running finance - secured	(155,737)	(244,506)
		(142,480)	(229,989)

Report

WAH NOBEL CHEMICALS LIMITED**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)****For six months period ended 31 December 2019**

		31 December	31 December
		2019	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	(1,364)	(813)
	Corporate service fee charged by holding company	450	450
	Purchase of electricity from associated company	8,719	8,349
	Purchase of raw material from associated company	-	7,857
	Dividend paid to the holding company	19,882	24,852
	Interest paid to the holding company	18,132	-
	Contribution to:		
	- Employee provident fund trust	1,099	1,025
	- Workers' profit participation fund	3,405	2,397
Balances with related parties were as follows:			
	Loan from holding company - unsecured	310,480	202,579
	Payable to associated companies	3,655	-
	Due to holding company	53	701

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:

		31 December	31 December
		2019	2018
		(Rupees in '000')	
		(Un-audited)	(Un-audited)
	Profits earned on any conventional investment	1,000	404
	Interest paid on any conventional loan or advance	39,605	4,658

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 six months period ended 31 December 2019

12 FINANCIAL INSTRUMENTS

The following table shows the classification of financial assets and financial liabilities by categories.

	31 December 2019			30 June 2019				
	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
	(Un-audited)			(Rupees '000')	(Audited)			
Financial assets measured at fair value	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Trade debts	826,372	-	-	826,372	819,312	-	-	819,312
Trade deposits	73	-	-	73	73	-	-	73
Other receivables	15,560	-	-	15,560	15,555	-	-	15,555
Short-term investment	2,665	-	-	2,665	2,678	-	-	2,678
Cash and bank balances	13,257	-	-	13,257	20,661	-	-	20,661
	857,927	-	-	857,927	858,279	-	-	858,279
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term financing (including current portion)	71,319	-	-	71,319	84,904	-	-	84,904
Trade and other payables	226,020	-	-	226,020	244,293	-	-	244,293
Due to holding company	53	-	-	53	967	-	-	967
Unclaimed dividends	6,445	-	-	6,445	5,979	-	-	5,979
Loan from holding company	310,480	-	-	310,480	308,325	-	-	308,325
Short term borrowings	155,737	-	-	155,737	299,738	-	-	299,738
	770,054	-	-	770,054	944,206	-	-	944,206

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WAH NOBEL CHEMICALS LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
For six months period ended 31 December 2019

13 FAIR VALUES

13.1 The Company has not disclosed the fair values of financial assets and financial liabilities as these are for short-term or repriced over short-term. Therefore, the carrying amounts are reasonable approximation of their values.

13.2 Determination of fair values

A number of the Company's accounting policies and disclosures require determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods:

Financial assets

Fair values of non-derivative financial assets are estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. These fair values are determined for disclosure purposes.

Financial liabilities

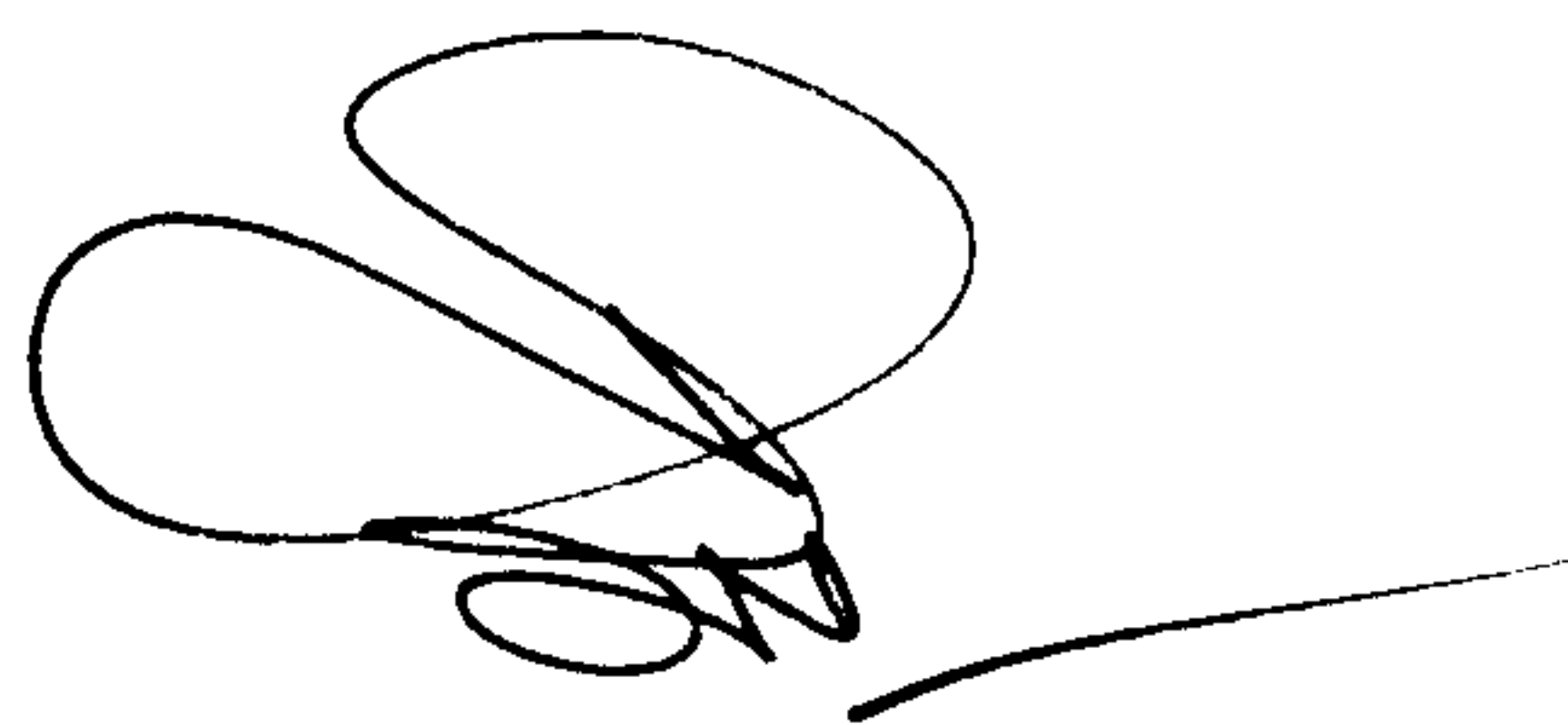
Fair values which are determined for disclosure purposes are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

14 DATE OF AUTHORIZATION FOR ISSUE

These interim financial statements were authorized for issue on February 25, 2020 by the Board of Directors of the Company.

15 GENERAL

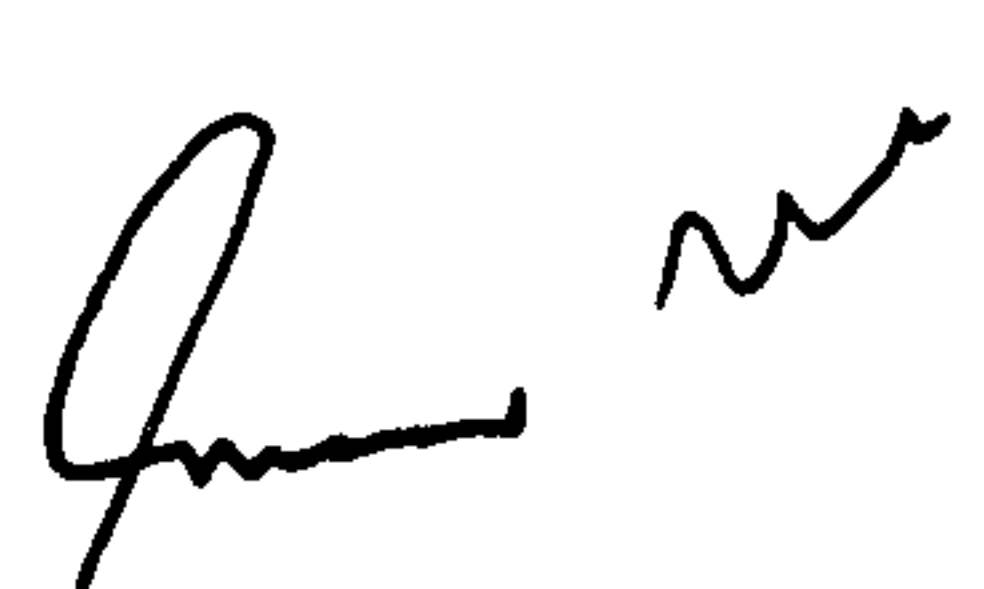
Figures have been rounded off to the nearest thousand of rupees.



DIRECTOR



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER