



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

# **WAH NOBEL CHEMICALS LTD**

Third Quarterly  
Financial Statements  
(Unaudited)  
March 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, 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, 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 their report and the un-audited accounts of your company for the three quarters ended 31<sup>st</sup> March, 2010.

The Company has been able to achieve net sales revenue of Rs.538.295 million during the first three quarters of the current financial year as against Rs.539.942 million during the corresponding period of the last year, and earned pre-tax profit of Rs.99.890 million as compared to Rs.106.418 million. The after-tax profit for the period ended 31<sup>st</sup> March is Rs.65.888 million as against Rs.69.418 million during the previous year.

The net profit declined due to increase in cost of input and other incidental charges such as fuel, power & transportation etc during the period under review and fierce competition in sale price of our products. However, the management of the company made strenuous efforts to achieve the profitability through increase in sales volume.

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 Management of the company looks forward to the future with confidence and envisages better performance in the last quarter of the current financial year.

The Directors wish to express their appreciation of the good performance of the management, officers, staff and workers and are confident that they will continue to make concerted efforts for the growth of the company.

**On behalf of the Board**

**WAH CANTI.**  
**Dated: 27.04.2010.**

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

**WAH NOBEL CHEMICALS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
**AS AT MARCH 31, 2010**

		March 31, 2010	Audited June 30, 2009
	Note	(Rupees in '000')	
<b>Assets</b>			
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	4	106,625	110,111
Long Term Investment	5	31,607	32,507
		138,232	142,618
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		33,970	32,043
Stock in trade		58,928	50,339
Trade debts	6	254,113	283,805
Advances, deposits and prepayments		17,324	5,706
Other receivables		3,030	4,653
Short-term Investment		2,583	2,647
Cash and bank balances		10,679	18,653
		380,627	397,846
<b>Total assets</b>		<b>518,859</b>	<b>540,464</b>
<b>Equity</b>			
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		98,070	127,182
<b>Total equity</b>		<b>372,014</b>	<b>351,126</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Deferred tax liability		7,959	11,770
Accumulated compensated absences		2,880	2,923
		10,839	14,693
<b>CURRENT LIABILITIES</b>			
Trade and other payables		88,942	69,420
Due to associated companies		203	23
Accrued mark-up		1,832	3,160
Short term borrowings - secured		10,010	60,537
Taxation (Net)		35,019	41,505
		136,006	174,645
<b>Total liabilities</b>		<b>146,845</b>	<b>189,338</b>
		<b>518,859</b>	<b>540,464</b>
<b>Contingencies and Commitments</b>	7	-	

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

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**DIRECTOR**

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**CHIEF EXECUTIVE**

**WAH NOBEL CHEMICALS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2010**

	Nine months ended March 31, 2010	Nine months ended March 31, 2009	Quarter ended March 31, 2010	Quarter ended March 31, 2009
<b>(Rupees in '000')</b>				
<b>Manufactured goods</b>				
Gross sales	629,685	631,576	229,814	220,679
Sales tax / SED	(91,390)	(91,634)	(33,387)	(32,142)
Net sales	538,295	539,942	196,427	188,537
Cost of sales	(378,283)	(372,632)	(139,488)	(124,313)
Gross profit	160,012	167,310	56,939	64,224
<b>Profit from trading activity</b>	-	1,569	-	1,494
	160,012	168,879	56,939	65,718
<b>Operating expenses</b>				
Administrative and general expenses	(16,907)	(12,280)	(9,046)	(2,552)
Selling and distribution expenses	(28,393)	(25,465)	(9,364)	(9,478)
Other Operating Income	223	116	11	39
Operating profit	114,935	131,250	38,540	53,727
<b>Financial and other charges:</b>				
Finance Cost	(6,375)	(16,442)	(1,880)	(5,293)
Other expenses	(7,770)	(7,890)	(2,602)	(4,531)
Share in profit/(loss) of associated company-net	(900)	(500)	(663)	(692)
<b>Profit before taxation</b>	99,890	106,418	33,395	43,211
Provision for taxation	(34,002)	(37,000)	(11,421)	(16,089)
<b>Profit after taxation - net</b>	65,888	69,418	21,974	27,122
<b>Other comprehensive income for the period</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	65,888	69,418	21,974	27,122
Earning Per Share - basic and diluted	Rs. 7.32	Rs. 7.71	Rs. 2.44	Rs. 3.01

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

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

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**DIRECTOR**

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**CHIEF EXECUTIVE**

**WAH NOBEL CHEMICALS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2010**

	March 31, 2010	March 31, 2009
	(Rupees in '000')	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	99,890	106,418
Adjustment for non cash charges and other items:		
Depreciation	5,978	4,318
Profit on sale of property, plant and equipment	(173)	-
Financial and other charges	6,188	16,442
Interest on WPPF	187	-
Share in profit/ loss of associated company	900	500
Provision against doubtful debts	10,234	5,100
Allocation of Workers' Profit Participation Fund (WPPF)	5,413	5,752
Workers' Welfare Fund (WWF)	2,057	2,138
Provision for employee's gratuity fund	120	-
Provision for accumulated compensated absences	500	500
Interest on Term Deposit Receipts	(39)	(116)
	31,365	34,634
Changes in working capital		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	(1,927)	(6,341)
Stock in trade	(8,589)	72,776
Trade debts	19,458	(29,122)
Advances, deposits and prepayments	(11,618)	10,900
Other receivables	1,503	10,008
Increase/(decrease) in current liabilities:		
Trade and other payables	20,222	(59,579)
	19,049	(1,358)
Cash generated from operations	150,304	139,694
Payment for:		
Taxation	(44,299)	(40,550)
Financial and other charges paid	(7,516)	(10,920)
WPPF paid	(8,177)	(8,705)
Compensated absences paid	(544)	(1,341)
	(60,536)	(61,516)
Net cash generated from/(used in) operating activities	89,768	78,178
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(2,512)	(6,882)
Interest on Term Deposit Receipts	104	116
Proceed from sale of property, plant and equipment	193	-
Net cash used in investing activities	(2,215)	(6,766)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings	(50,527)	5,011
Dividends paid	(45,000)	(45,000)
Net cash (used in)/generated from financing activities	(95,527)	(39,989)
<b>Net increase/(decrease) in cash and cash equivalents</b>	(7,974)	31,423
<b>Cash and cash equivalents at beginning of the period</b>	18,653	9,405
<b>Cash and cash equivalents at end of the period</b>	10,679	40,828

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

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**DIRECTOR**

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**CHIEF EXECUTIVE**

**WAH NOBEL CHEMICALS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2010**

	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 March 31, 2009				69,418	69,418
Balance as at March 31, 2009	90,000	944	133,000	99,594	323,538
Profit for the three months ended June 30, 2009	-	-	-	27,588	27,588
Balance as at June 30, 2009	90,000	944	133,000	127,182	351,126
Final dividend @ Rs. 5 per share				(45,000)	(45,000)
Transfer to General Reserve	-		50,000	(50,000)	-
Profit for the period ended March 31, 2010				65,888	65,888
Balance as at March 31, 2010	90,000	944	183,000	98,070	372,014

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

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**DIRECTOR**

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**CHIEF EXECUTIVE**

WAH CAN'T DATED 27.04.2010.



**WAH NOBEL CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE PERIOD ENDED MARCH 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 financial statements are unaudited 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 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 nine months period ended on March 31, 2010.

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:

	<b>March 31, 2010</b>	<b>June 30, 2009</b>
	<b>Rupees in '000'</b>	
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	-	-
	<b>112,623</b>	<b>116,734</b>
Book value of assets disposed off during the period / year	20	123
Adjustments during the period /year	-	-
Depreciation for the period / year	5,978	6,500
Closing book value	<b>106,625</b>	<b>110,111</b>

**WAH NOBEL CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2010**

**5 LONG TERM INVESTMENT**

	March 31, 2010	June 30, 2009
	Rupees in '000'	
<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	7,507	6,405
Share of Profit / (Loss) of current period / year	(900)	1,102
	6,607	7,507
	<u>31,607</u>	<u>32,507</u>

**6 TRADE DEBTS-SECURED**

Considered good	254,113	283,805
Considered doubtful	45,372	35,138
	299,485	318,943
Provision for doubtful debts	(45,372)	(35,138)
	<u>254,113</u>	<u>283,805</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. 589 million to Rs. 625 million on account of further import of Methanol from July 01, 2009 to March 31, 2010.

**7.2 Commitments in respect of:**

	March 31, 2010	June 30, 2009
	Rupees in '000'	
<b>7.2.1</b> Letters of credit for purchase of stocks	<u>39,002</u>	<u>20,450</u>

**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	(744)	(2,461)
Vehicles lease rentals paid by the holding company	248	1,117
Management services by holding company	675	900
Purchases from Associate Company	70	40
Dividend paid to the holding company	<u>24,852</u>	<u>24,852</u>

**WAH NOBEL CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2010**

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**9 General**

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

**10 DATE OF AUTHORIZATION FOR ISSUE**

10.1 These financial statements were authorized for issue on April 27, 2010 by the Board of Directors of the Company.

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

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**CHIEF EXECUTIVE**

WAH CANTT DATED 27.04.2010.