



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

WAH NOBEL CHEMICALS LTD

Third Quarterly
Financial Statements
(Unaudited)
March 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. Sadiq Ali, HI (M)	:	Chairman
Mr. Torbjorn Saxmo	:	Vice Chairman
Mr. Muhammad Nawaz Tishna	:	Director (N.I.T. Nominee)
Mr. Muhammad Afzal	:	Director
Mr. Abdul Aziz	:	Director
Mr. Hashmat Hussain	:	Director
Brig (R) Shiraz Ullah Choudhry, SI(M)	:	Director & Chief Executive

AUDIT COMMITTEE

Mr. Muhammad Afzal	:	Chairman
Mr. Abdul Aziz	:	Member
Mr. Hashmat Hussain	:	Member

HUMAN RESOURCE & REMUNERATION (HR&R) COMMITTEE

Mr. Abdul Aziz	:	Chairman
Mr. Hashmat Hussain	:	Member
Brig (R) Shiraz Ullah Choudhry, SI(M)	:	Member

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

: Mr. Tanveer Elahi, FCA

AUDITORS

: KPMG Taseer Hadi & Co
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: 051-4938026-27,
Fax: 051-4102628
Email: iilyas@hotmail.com

BANKERS

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

: ce@wahnobel.com

WEBSITE

: www.wahnobel.com

FACTORY

: Wah Cantt.

WAH NOBEL CHEMICAL LTD

DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Directors of the company are pleased to present Condensed Interim Financial Information (unaudited) for the 3rd Quarter ended March 31, 2019.

The performance of the Company during the period under review is good as it achieved Gross Sales Revenue of Rs 1981 million vis-à-vis Rs 1535 million as compared to previous year's corresponding period (increased by 29%).

Despite volatile economic / financial situation and retarded business activity during the nine months of FY 2018-19, the Company earned After Tax Profit of Rs 127 million. The profit levels have been effected due to increase in production cost and can be attributed to higher raw material prices, substantial devaluation of Pak Rupee vis-à-vis US\$ and financial costs.

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 last quarter of Financial Year 2018-19.

As regards Vend Fee and Permit Fee case, Sindh High Court has already pronounced favourable judgment. Presently the case is pending with the Honorable Supreme Court of Pakistan. Nexus to merits of the case and favourable decision 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.



**ABDUL AZIZ
DIRECTOR**

On behalf of the Board



**DRUG
SHIRAZ ULLAH CHOUDHRY (R)
CHIEF EXECUTIVE**

Wah Cantt

Dated: 25-04-2019

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز بمسرت یہ رپورٹ غیر آڈٹ شدہ مالی نتائج بابت تیسری سہ ماہی و نو ماہ ختمہ 31 مارچ 2019 پیش کرتے ہیں۔

زیر جائزہ مدت کے دوران کمپنی کی کارکردگی اچھی رہی ہے۔ اس دوران کمپنی کی خالص آمدنی 1981 ملین روپے ہے۔ جبکہ گزشتہ سال یہ 1535 ملین روپے تھی (اضافہ 29%)۔

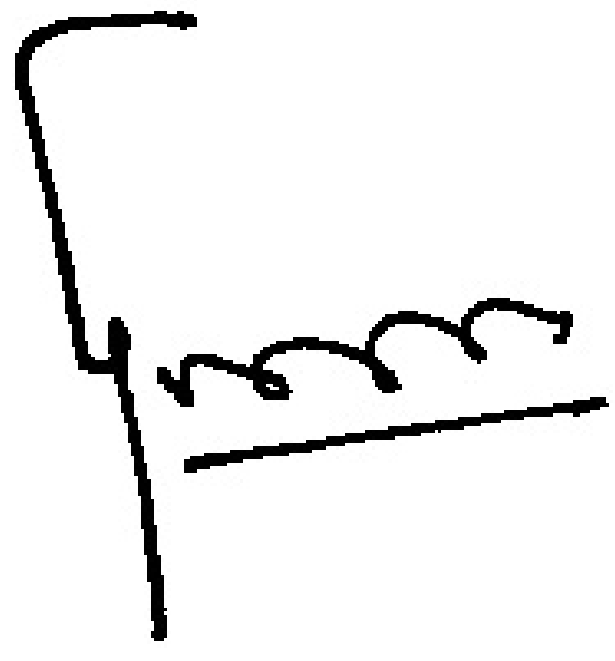
کاروبار کی غیر مستحکم اقتصادی ر مالی صورتحال کے باوجود کمپنی نے 127 ملین روپے بعد از ٹیکس منافع حاصل کیا۔ منافع کی سطح پیداواری لاگت میں اضافے کی وجہ سے متاثر ہوئی اور اسے خام مال کی قیمتوں میں اضافے، پاکستانی روپے کی قدر میں خاطر خواہ کمی اور اسی طرح امریکی ڈالر اور مالی اخراجات کے ساتھ بھی منسوب کیا جاسکتا ہے۔

کمپنی کے مستقبل کے امکانات مثبت ہیں اور وہ اپنی بہترین کوشش سے بقیہ مالیاتی سال 2018-19 میں کمپنی اور اسکے کرم فرمائوں کیلئے مسلسل بڑھتی آ رہی ہیں اور زیادہ سے زیادہ بہتر 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۔

ملک میں غیر مستحکم اقتصادی صورت حال کے باوجود کمپنی کے ملازمین کے بہتر نتائج کے حصول پر ڈائریکٹرز دل کی اتھاہ گہرائیوں سے ملازمین کی انتھک کوششوں اور مقصد کے حصول کیلئے کی گئی لگن کو سراہتے ہیں اور تمام گاہکوں جو کہ کمپنی کی مسلسل سرپرستی حمایت اور اعتماد رکھتے ہیں کے شکر گزار ہیں۔

ڈائریکٹرز بورڈ کی طرف سے



بریگیڈیر (ر) شیراز اللہ چودھری
ڈائریکٹر ا چیف ایگزیکٹو



عبدالعزیز
ڈائریکٹر

واہ کینٹ۔

مورخہ: 25 اپریل 2019ء

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

		March 31 2019	June 30 2018
	Note	(Rupees in '000')	
		(Un-audited)	(Audited)
Assets			
Property, plant and equipment	4	339,607	307,614
Non-current assets		339,607	307,614
Stores, spares and loose tools		50,318	49,875
Stock in trade		343,027	281,258
Trade debts	5	818,269	442,532
Advances, deposits, prepayments and other receivables		22,825	65,291
Short-term investment		2,762	2,680
Taxation - net		215,506	159,392
Cash and bank balances		9,952	19,064
Current assets		1,462,659	1,020,092
Total assets		1,802,266	1,327,706
Equity			
Share capital		90,000	90,000
Capital reserves		944	944
Revenue reserves		769,471	687,436
Total equity		860,415	778,380
Liabilities			
Long term financing	6	61,714	82,286
Deferred liabilities	7	19,904	6,503
Non-current liabilities		81,618	88,789
Trade and other payables		228,273	222,726
Due to holding company		1,200	1,289
Unclaimed dividends		6,230	4,707
Current portion of long term financing		27,429	13,714
Loan from holding company		307,110	-
Short term borrowings		289,991	218,101
Current liabilities		860,233	460,537
Total liabilities		941,851	549,326
Total equity and liabilities		1,802,266	1,327,706

Contingencies and commitments

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The annexed notes from 1 to 16 form an integral part of these 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 nine months period ended March 31, 2019

	Nine months ended		Three months ended	
	March 31 2019	March 31 2018	March 31 2019	March 31 2018
(Rupees in '000')				
Gross sales	1,980,969	1,534,906	756,566	543,716
Sales tax	(304,404)	(236,063)	(115,194)	(83,963)
Net sales	1,676,565	1,298,843	641,372	459,753
Cost of sales	(1,416,317)	(1,012,941)	(539,385)	(363,805)
Gross profit	260,248	285,902	101,987	95,948
Administrative expenses	(10,934)	(10,080)	(2,565)	(2,345)
Distribution expenses	(26,858)	(20,252)	(10,778)	(7,407)
Operating profit	222,456	255,570	88,644	86,196
Finance cost	(30,267)	(5,363)	(19,621)	(1,271)
Other expenses	(13,686)	(17,706)	(4,876)	(5,954)
Other income	1,139	1,381	477	195
Profit before taxation	179,642	233,882	64,624	79,166
Taxation	(52,607)	(73,854)	(17,551)	(24,912)
Profit for the period	127,035	160,028	47,073	54,254
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	127,035	160,028	47,073	54,254
Earnings per share - basic and diluted	14.12	17.78	5.23	6.03

The annexed notes from 1 to 16 form an integral part of these interim financial statements.



DIRECTOR



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

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

		March 31 2019	March 31 2018
	Note	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	9	(190,293)	317,473
<i>(Payment for) / Receipt of:</i>			
Taxation		(95,599)	(65,968)
Workers' profit participation fund		(2,397)	(244)
Compensated absences		(1,522)	(2,176)
		(99,518)	(68,388)
Net cash (used in) / from operating activities		(289,811)	249,085
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for capital expenditure		(48,107)	(6,250)
Interest on term deposit receipts		140	511
Sales proceeds from disposal of fixed assets		-	480
Bank interest		-	94
Net cash used in investing activities		(47,967)	(5,165)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans paid during the year		(6,857)	-
Dividends paid		(43,477)	(54,000)
Net cash used in financing activities		(50,334)	(54,000)
Net (decrease) / increase in cash and cash equivalents		(388,112)	189,920
Cash and cash equivalents at beginning of the period		(199,037)	(214,536)
Cash and cash equivalents at end of the period	10	(587,149)	(24,617)

The annexed notes from 1 to 16 form an integral part of these interim financial statements.



DIRECTOR



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

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

	Share capital	Capital reserves	Revenue reserves		Sub-total	Total
			General reserve	Unappropriated profit		
(Rupees in '000')						
Balance as at July 01, 2017	90,000	944	425,000	142,666	567,666	658,610
<i>Total comprehensive income</i>	-	-	-	160,028	160,028	160,028
Transactions with owners recorded directly in equity						
<i>Final dividend @ Rs. 6.00 per share</i>	-	-	-	(54,000)	(54,000)	(54,000)
Others						
<i>Transfer to general reserves</i>	-	-	80,000	(80,000)	-	-
Balance as at March 31, 2018	90,000	944	505,000	168,694	673,694	764,638
Balance as at July 01, 2018	90,000	944	505,000	182,436	687,436	778,380
<i>Total comprehensive income</i>	-	-	-	127,035	127,035	127,035
Transactions with owners recorded directly in equity						
<i>Final dividend @ Rs. 5.00 per share</i>	-	-	-	(45,000)	(45,000)	(45,000)
Others						
<i>Transfer to general reserves</i>	-	-	130,000	(130,000)	-	-
Balance as at March 31, 2019	90,000	944	635,000	134,471	769,471	860,415

The annexed notes from 1 to 16 form an integral part of these interim financial statements.



DIRECTOR



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

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

1 STATUS AND NATURE OF BUSINESS

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 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 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 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 June 30, 2018. Comparative condensed interim statement of financial position is extracted from the annual audited financial statements as of June 30, 2018, 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 interim financial statements for nine months period ended March 31, 2018.

These 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 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 June 30, 2018 except for the changes as indicated below:

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

3.1.1 IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15") in May 2014. This IFRS replaces IAS 18 Revenue, IAS 11 Construction Contracts and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework which requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. IFRS 15 became applicable to the Company on July 01, 2018 and the Company used the modified retrospective approach to adopt the standard. Under this transitional provision, the cumulative effect of initially applying IFRS 15 is recognized on the date of initial application as an adjustment to retained earnings. No adjustment to retained earnings was required upon adoption of IFRS 15. The Company has reviewed its revenue stream i.e. sale of chemicals and underlying contracts with customers and, as result of this review, the adoption of IFRS 15 did not have a material impact on the Company's condensed interim statement of profit or loss and other comprehensive income and condensed interim statement of financial position.

Revenue associated with the sale of chemicals is measured based on the consideration specified in customer order forms. Revenue from contracts with customers is recognized when or as the Company satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The transfer of control of chemicals coincides with title passing to the customer and the customer taking physical possession. The Company principally satisfies its performance obligations at a point in time and the amounts of revenue are recognized relating to performance. For sale of chemicals, the transfer of control usually occurs on delivery of goods to the customer.

Generally for such sales, the customer has no right of return. The Company does not have any obligations for return of chemicals.

For credit sales, collection of revenue associated with the sale of chemicals is due on average of 60 days following sale while for other sales, advance receipts from customers are obtained prior to satisfaction of performance obligation i.e. transfer of promised good or service.

3.1.2 IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments ("IFRS 9") that replaces IAS 39 Financial Instruments: recognition and measurement ("IAS 39") and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments: classification & measurement, impairment and hedge accounting. IFRS 9 introduces a single approach to determining whether a financial asset is measured at amortized cost or fair value and replaces the multiple rules in IAS 39. The three principal classification categories under the new standard for financial instruments are: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). The classification of financial instruments under IFRS 9 is generally based on the business model in which a financial instrument is managed and its contractual cash flow characteristics. The previous categories under IAS 39 of held to maturity, loans and receivables and available for sale have been removed. For financial liabilities, IFRS 9 retains most of the requirements of IAS 39; however, where the fair value option is applied to financial liabilities, any change in fair value resulting from an entity's own credit risk is recorded in other comprehensive income.

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

Trade debts, other receivables, investment in debt securities, cash and bank balances, long term borrowings (including current portion), trade creditors, accrued liabilities, bonus payable, other liabilities, due to holding company, unclaimed dividend, loan from holding company and short term borrowings continue to be measured at amortized cost and are now classified as “amortized cost”.

Following presentation change has been made upon adoption of IFRS 9, the balance is now classified as "amortized cost":

Markup accrued has been represented as "loan from holding company" and "short term running borrowings".

None of the Company’s financial instruments have been classified as FVOCI and FVTPL.

Further, IFRS 9 replaces the “incurred loss” model in IAS 39 with an “expected loss” model. The new impairment model applies to financial instruments measured at amortized cost, and contract assets and debt investments measured at FVOCI. Under IFRS 9, credit losses will be recognized earlier than under IAS 39. The standard also provides a simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The adoption of IFRS 9 did not result in a material impact to the Company's interim financial statements.

3.2 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 2019:

- IFRS 16: Leases (effective January 01, 2019)
- IFRIC 23: Uncertainty over Income Tax Treatments (effective January 01, 2019)
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (effective January 01, 2019)
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (effective January 01, 2019)
- Amendments to IAS 28: Investments in Associates and Joint Ventures - Long Term Interests in Associates and Joint Ventures (effective January 01, 2019)
- Amendments to IFRS 3: Business Combinations (effective January 01, 2019)
- Amendments to IAS 1: Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective January 01, 2019)

Annual improvements to IFRS Standards 2015 - 2017 cycle:

- IFRS 3: Business Combinations and IFRS 11 Joint Arrangement (effective January 01, 2019)
- Amendments to IAS 12: Income Taxes (effective January 01, 2019)
- Amendments to IAS 23: Borrowing Costs (effective January 01, 2019)

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

The amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Company's interim financial statements except for IFRS 16 'Leases', for which the Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard, and IFRIC 23 'Uncertainty over Income Tax Treatments'.

4 PROPERTY, PLANT AND EQUIPMENT

During the nine months period ended March 31, 2019, the Company made additions to property, plant and equipment aggregating to Rs. 48,107 thousand (March 31, 2018: Rs. 6,250 thousand). Depreciation charge for the period amounts to Rs. 16,114 thousand (March 2018: Rs. 10,954 thousand).

	March 31	June 30
	2019	2018
	(Rupees in '000')	
	(Un-Audited)	(Audited)
5 TRADE DEBTS		
Considered good	818,269	442,532
Considered doubtful	80,200	80,200
	898,469	522,732
Provision for doubtful debts	(80,200)	(80,200)
	818,269	442,532
6 LONG TERM FINANCING		
Term finance facility-secured	89,143	96,000
Less: Current portion shown under current liabilities	(27,429)	(13,714)
	61,714	82,286
7 DEFERRED LIABILITIES		
Provision for accumulated compensated absences	6,359	6,080
Deferred tax liability	13,544	423
	19,904	6,503

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

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 In 1996, the Government of Sindh raised a demand of Rs. 67,294,72 thousand 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 August 20, 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 June 12, 2001 by the Sindh High Court, but the Government of Sindh moved an appeal in the Supreme Court against the decision of the Sindh High Court.

After hearing the appeal of the Government of 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 March 26, 2003, the Sindh High Court again decided the matter in favour of the Company and other manufacturers. The Government of Sindh filed a leave to appeal in the Supreme Court on June 12, 2003. The Court has admitted the appeal for regular hearing. The case is now awaiting adjudication by the Supreme Court.

Currently, all imports of Methanol are being released on payment of Rs. 3 per bulk gallon in cash and submission of guarantee at Rs. 14 per bulk gallon in the form of indemnity bonds. Accordingly, in case of an unfavorable decision by the Supreme Court, the Company would be exposed to an aggregate obligation of Rs. 1,108 Million (June 30, 2018: Rs. 1,053 Million) on account of vend fee and permit fee based on the guarantees issued against methanol imported and released up to the reporting date. However, keeping in view the fact that previous decisions which have been made in the favour of the Company and on the advice of the legal advisor of the Company, the management is confident that no such exposure will arise to the Company, therefore, no relevant provision has been made in these interim financial statements.

8.1.2 Other than the litigation as disclosed in note 8.1.1 above, there are no significant changes in the status of litigations as disclosed in the last annual audited financial statements.

	March 31 2019	June 30 2018
	(Rupees in '000')	
8.2 Commitments	(Un-audited)	(Audited)
8.2.1 Letters of credit for purchase of stocks	171,472	240,136
8.2.2 Post dated cheques issued in favour of Collector of Customs against custom duties and other levies on Methanol kept in bonded ware house / sales tax on import of plant & machinery	7,093	8,473
8.2.3 Letter of guarantee issued by bank on behalf of the Company	15,000	15,000

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

	March 31 2019	March 31 2018
	(Rupees in '000')	
9 CASH (USED IN) / GENERATED FROM OPERATIONS	(Un-audited)	(Un-audited)
Profit before taxation	179,642	233,882
<i>Adjustments for non cash items:</i>		
Depreciation	16,115	10,954
Interest on term deposit receipts	(224)	(445)
Bank interest	-	(94)
Provision for doubtful debts	-	(38)
Interest on worker's profit participation fund	-	15
Workers' profit participation fund	9,648	12,560
Workers' welfare fund	3,666	4,773
Gain on disposal of fixed asset	-	(465)
Provision for employees' gratuity fund	2,400	1,600
Provision for accumulated compensated absences	1,800	1,800
	33,405	30,660
<i>Changes in:</i>		
Stores, spares and loose tools	(443)	(7,566)
Stock in trade	(61,769)	36,314
Trade debts	(375,737)	(21,265)
Advances, deposits, prepayments and other receivables	42,465	2,350
Due to holding company	(89)	-
Trade and other payables	(7,768)	43,098
	(403,340)	52,931
Cash (used in) / generated from operations	(190,293)	317,473
10 CASH AND CASH EQUIVALENTS		
Cash and bank balances	9,952	29,989
Loan from holding company	(307,110)	-
Short term running finance - secured	(289,991)	(54,606)
	(587,149)	(24,617)

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	March 31	March 31
	2019	2018
	(Rupees in '000')	
11 RELATED PARTY TRANSACTIONS	(Un-audited)	(Un-audited)

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

Expenses incurred (on behalf of) / by the group companies - net	(703)	(4,312)
Corporate service fee charged by holding company	675	675
Purchase of electricity from associated company	12,517	11,992
Purchase of raw material from associated company	9,075	18,880
Dividend paid to the holding company	24,852	29,822
Contribution to:		
- Employee provident fund trust	1,542	1,484
- Workers' profit participation fund	2,397	244

Balances with related parties were as follows:

Payable to associated companies	2,262	1,595
Due to holding company	1,200	990

12 DISCLOSURE REQUIREMENTS FOR SHARIAH COMPLIANT COMPANIES

12.1 Following information has been disclosed as required under Para 10 of Part-I of the Fourth Schedule to the Companies Act, 2017:

	March 31	March 31
	2019	2018
	(Rupees in '000')	
	(Un-audited)	(Un-audited)
Profits earned on any conventional investment	873	747
Interest paid on any conventional loan or advance	15,451	4,943

12.2 All revenue is earned from shariah compliant business segment.

12.3 Disclosures other than above are not applicable to the Company.

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13 FINANCIAL INSTRUMENTS

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

	31 March 2019			30 June 2018				
	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)			(Audited)				
	(Rupees '000')							
Financial assets measured at fair value	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Trade debts	898,469	-	-	898,469	522,732	-	-	522,732
Trade deposits	73	-	-	73	42	-	-	42
Other receivables	15,181	-	-	15,181	15,181	-	-	15,181
Short-term investment	2,762	-	-	2,762	2,680	-	-	2,680
Cash and bank balances	9,952	-	-	9,952	19,064	-	-	19,064
	<u>926,437</u>	<u>-</u>	<u>-</u>	<u>926,437</u>	<u>559,699</u>	<u>-</u>	<u>-</u>	<u>559,699</u>
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term financing (including current portion)	89,143	-	-	89,143	96,000	-	-	96,000
Trade and other payables	153,779	-	-	153,779	176,139	-	-	176,139
Due to holding company	1,200	-	-	1,200	1,289	-	-	1,289
Unclaimed dividends	6,230	-	-	6,230	4,707	-	-	4,707
Loan from holding company	307,110	-	-	307,110	-	-	-	-
Short term borrowings	289,991	-	-	289,991	216,372	-	-	216,372
	<u>847,453</u>	<u>-</u>	<u>-</u>	<u>847,453</u>	<u>494,507</u>	<u>-</u>	<u>-</u>	<u>494,507</u>

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14 FAIR VALUES

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

14.2 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.

15 DATE OF AUTHORIZATION FOR ISSUE

These interim financial statements were authorized for issue on April 25, 2019 by the Board of Directors of the Company.

16 GENERAL

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



DIRECTOR



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER