

FIRST QUARTERLY ACCOUNTS  
(Un-audited)



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

**WAH  
NOBEL  
CHEMICALS  
LTD**

REPORT AND UNAUDITED  
ACCOUNTS FOR THE FIRST QUARTER  
ENDED 30<sup>TH</sup> SEPTEMBER, 2007

## **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. Syed Sabahat Husain, HI (M)	:	Chairman
Mr. Rolf Ekberg	:	Vice Chairman
Mr. Syed Naseem Raza	:	Director
Mr. Feroze Khan Malik	:	Director
Mr. Shahid Ahmed	:	Director
Mr. Muhammad Nawaz Tishna	:	Director (N.I.T. Nominee)
Mr. Aftab Iqbal	:	Director

**CHIEF EXECUTIVE** : Mr. Shabbir Ahmed

### **AUDIT COMMITTEE**

Mr. Shahid Ahmed	:	Chairman
Mr. Feroze Khan Malik	:	Member
Mr. Aftab Iqbal	:	Member

**COMPANY SECRETARY** : Mr. Tauqir Sadiq

**ACTING GENERAL MANAGER  
FINANCE & ACCOUNTS** : Mr. Tanveer Elahi

**AUDITORS** : Anjum Asim Shahid Rahman,  
Chartered Accountants

**LEGAL ADVISORS** : The Law Firm of Basit Musheer

**BANKERS** : Muslim Commercial Bank Limited  
Askari Commercial Bank 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

**CABLE** : DYNAMITE WAH CANTT.

**FAX** : (051) 4545241, (051) 4535862

**E.MAIL** : wahnobel@comsats.net.pk  
wahnobel@micro.net.pk

**WEBSITE** : www.wahnobel.com

**FACTORY** : Wah Cantt.

**WAH NOBEL CHEMICALS LIMITED**

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

The Directors are pleased to present their report and the un-audited accounts of the company for the 1<sup>st</sup> quarter ended 30<sup>th</sup> September 2007.

The company achieved net sales revenue of Rs.147.003 million during the quarter as against Rs.115.900 million in the corresponding period of the previous year, and earned pre-tax profit of Rs.17.062 million as against Rs.1.693 million during the previous year.

The company has managed to come out of the extreme difficulties which it faced at the start of the last financial year. There has been constant and consistent improvement in operations of the company. A number of measures taken to improve the efficiency and enhance the profitability have paid off. Downslide has not only been arrested and operations of the company stabilized but a definite turn around has taken place.

The Management of the Company looks forward with confidence and envisages sustained performance in the remaining quarters of the current financial year.

On behalf of the Board

WAH CANTT.

DATED: 31.10.2007

**(SHABBIR AHMED)  
CHIEF EXECUTIVE**

**WAH NOBEL CHEMICALS LIMITED**  
**BALANCE SHEET AS AT 30TH SEPTEMBER 2007**

		(Un-audited) September,30 2007	(Audited) June 30, 2007
	Note	(Rupees '000')	
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	4	115,619	117,470
Long term financing - secured		26,827	25,703
		<u>142,446</u>	<u>143,173</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		19,690	21,872
Stock in trade		40,202	57,345
Trade debts		175,971	157,117
Advances, deposits and prepayments			
Other receivables		4,948	13,392
Advance income tax - net		-	2,859
Cash and bank balances		38,110	30,577
		278,921	283,162
		<u>421,367</u>	<u>426,335</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital:			
20,000,000 ordinary shares of Rs.10/- each		200,000	200,000
Issued, subscribed and paid up capital:		90,000	90,000
Capital reserve		944	944
General reserve		98,000	98,000
Unappropriated profit		37,667	26,183
		<u>226,611</u>	<u>215,127</u>
<b>NON CURRENT LIABILITIES</b>			
Long term financing - secured		-	-
Deferred liabilities		24,081	24,081
<b>CURRENT LIABILITIES</b>			
Trade and other payables		48,211	79,446
Interest and mark-up accrued		4,374	3,247
Short term borrowings - secured		96,764	85,103
Current portion of long term financing - secured		18,750	18,750
Current maturity of liability under finance lease		527	581
Taxation (net)		2,049	-
		170,675	187,127
<b>Contingencies and Commitments</b>	5		
		<u>421,367</u>	<u>426,335</u>

The annexed notes from 1 to 8 form an integral part of these financial statements.

**SHAHID AHMED**  
**DIRECTOR**

**SHABBIR AHMED**  
**CHIEF EXECUTIVE**

**WAH NOBEL CHEMICALS LIMITED**  
**PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2007**

Note	September,30 2007	September,30 2006
	(Rupees in '000')	
Gross sales	169,841	132,852
Sales tax	(22,838)	(16,952)
Net sales	147,003	115,900
Cost of sales	(117,209)	(102,797)
Gross profit	29,794	13,103
Trading income	-	1,163
	29,794	14,266
<b>Operating expenses</b>		
Administrative and general expenses	(2,242)	(2,267)
Distribution cost	(5,737)	(6,685)
	(7,979)	(8,952)
Operating profit	21,815	5,314
Other operating income	52	51
	21,867	5,365
<b>Financial and other charges:</b>		
Financial cost	(5,090)	(3,583)
Workers' profit participation fund	(839)	(89)
Share in Profit of associated company	1,124	-
	(4,805)	(3,672)
Profit before taxation	17,062	1,693
Provision for taxation	(5,578)	(592)
Profit after taxation	11,484	1,101
Earnings per share - basic and diluted: (Rs)	1.28	0.12

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

The annexed notes from 1 to 8 form an integral part of these financial statements.

**SHAHID AHMED**  
**DIRECTOR**

**SHABBIR AHMED**  
**CHIEF EXECUTIVE**

**WAH NOBEL CHEMICALS LIMITED**  
**CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2007**

	September 30, 2007	September 30, 2006
	(Rupees in '000')	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	17,062	1,693
Adjustment for non cash charges and other items:		
Depreciation	1,851	1,890
Financial charges on bank borrowings	3,759	3,536
Share in Profit of associated company	(1,124)	
Allocation of Workers' Profit Participation Fund (WPPF)	839	89
Interest on TDRs	(52)	(51)
	5,273	5,464
Changes in working capital		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	2,182	1,228
Stock in trade	17,143	23,002
Trade debts	(18,854)	(29,165)
Advances, deposits and prepayments & other receivables	8,496	(418)
Increase/(decrease) in current liabilities:		
Trade and other payables	(32,074)	(9,940)
	(23,107)	(15,293)
Cash generated from operations	(772)	(8,136)
Taxation	(670)	(1,251)
Financial and other charges paid	(2,632)	(2,103)
WPPF paid	-	-
	(3,302)	(3,354)
Net cash generated from/(used in) operating activities	(4,074)	(11,490)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	-	(28)
Net cash used in investing activities	-	(28)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing - repayment	-	-
Repayment against finance lease arrangement	(54)	-
Short term borrowings	11,661	9,921
Dividends paid	-	-
Net cash (used in)/generated from financing activities	11,607	9,921
<b>Net increase/(decrease) in cash and cash equivalents</b>	7,533	(1,597)
<b>Cash and cash equivalents at beginning of the period</b>	30,577	8,794
<b>Cash and cash equivalents at end of the period</b>	38,110	7,197

The annexed notes from 1 to 8 form an integral part of these financial statements.

**SHAHID AHMED**  
**DIRECTOR**

**SHABBIR AHMED**  
**CHIEF EXECUTIVE**

**WAH NOBEL CHEMICALS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2007**

	Share Capital	Capital Reserve	General Reserve	Un- appropri- ated Profit	Total
	<b>(Rupees in '000')</b>				
Balance as at June 30, 2007	90,000	944	98,000	26,183	215,127
After tax profit for the period ended September 30 ,2007	-	-	-	11,484	11,484
Balance as at September 30, 2007	<u>90,000</u>	<u>944</u>	<u>98,000</u>	<u>37,667</u>	<u>226,611</u>
Balance as at June 30, 2006(restated)	90,000	944	98,000	25,288	214,232
After tax profit for the period ended September 30 ,2006	-	-	-	1,101	1,101
Balance as at September 30, 2006	<u>90,000</u>	<u>944</u>	<u>98,000</u>	<u>26,389</u>	<u>215,333</u>

The annexed notes from 1 to 8 form an integral part of these financial statements.

**SHAHID AHMED**  
**DIRECTOR**

**SHABBIR AHMED**  
**CHIEF EXECUTIVE**



**WAH NOBEL CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2007**

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**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 June30,2007.

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

No additions and deletions were made to operating assets during the period:

**5. CONTINGENCIES AND COMMITMENTS**

**5.1 Contingencies**

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

5.1.1 The contingent liability of the Company on account of vend fee and permit fee has increased from Rs. 490 million to Rs. 506 million on account of further import of Methanol from July 01, 2007 to September 30, 2007.

	<b>(Un-audited)</b> <b>September,30</b> <b>2007</b>	<b>(Audited)</b> <b>June 30,</b> <b>2007</b>
	<b>Rupees in '000'</b>	
<b>5.2 Commitments in respect of:</b>		
5.2.1 Letters of credit for purchase of stocks	42,920	37,250

	<b>September,30 2007</b>	<b>June 30, 2007</b>
	<b>Rupees in '000'</b>	
<b>6. RELATED PARTY TRANSACTIONS</b>		
Significant transactions with related parties during the period were as follows:		
Receipts of funds from the holding company	-	31,430
Repayment of funds to the holding company	-	32,920
Expenses incurred (on behalf of)/ by the group companies	622	554
Dividend paid to the holding company	-	9,941

**7. CORRESPONDING FIGURES**

**7.1** Corresponding figures have been rearranged and reclassified wherever necessary for the purpose of comparison.

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

**8. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on October 31, 2007 by the Board of Directors of the Company.

**SHAHID AHMED  
DIRECTOR**

**SHABBIR AHMED  
CHIEF EXECUTIVE**