



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

# **WAH NOBEL CHEMICALS LTD**

First Quarterly  
Financial Statements  
(Unaudited)  
September 30, 2015

## **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. Omar Mahmood Hayat, HI (M)	:	Chairman
Mr. Torbjorn Saxmo	:	Vice Chairman
Mr. Feroze Khan Malik	:	Director
Mr. Muhammad Nawaz Tishna	:	Director (N.I.T. Nominee)
Mr. Muhammad Asif Hussain	:	Director
Mr. Tabassum Rahman	:	Director
Mr. Asif Ali Siddiqui	:	Director

**CHIEF EXECUTIVE** : Brig. (R) Shiraz Ullah Choudhry

### **AUDIT COMMITTEE**

Mr. Tabassum Rahman	:	Chairman
Mr. Feroze Khan Malik	:	Member
Mr. Asif Ali Siddiqui	:	Member

### **HUMAN RESOURCE & REMUNERATION (HR&R) COMMITTEE**

Mr. Tabassum Rahman	:	Chairman
Mr. Asif Ali Siddiqui	:	Member
Brig. (R) Shiraz Ullah Choudhry	:	Member

### **COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER**

: Mr. Tanveer Elahi, FCA

**AUDITORS** : Grant Thornton Anjum Rahman  
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: 051-4938026-7, Fax: 051-4102628  
Email: [iilyas@hotmail.com](mailto:iilyas@hotmail.com)

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

**REGISTERED OFFICE** : G.T. Road, Wah Cantt.

**PHONES** : (051) 4545243-6 (4 Lines)  
(051) 9314101-21 (21 Lines) Ext. 22236

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

**E.MAIL** : [ce@wahnobel.com](mailto:ce@wahnobel.com)

**WEBSITE** : [www.wahnobel.com/wnc.htm](http://www.wahnobel.com/wnc.htm)

**FACTORY** : Wah Cantt.

## **WAH NOBEL CHEMICALS LTD**

### **DIRECTORS' REPORT TO THE SHAREHOLDERS**

The Directors are pleased to present their report and the unaudited accounts of your company for the first quarter ended September 30, 2015.

The company has been able to achieve gross sales revenues of Rs 263.845 millions during the period under review vis-à-vis Rs 342.118 million during corresponding period of previous year. The company has earned a pre-tax profit of Rs 14.181 millions during the first quarter of the year 2015-16 against pre-tax profit of Rs 5.287 million earned in the corresponding period of the previous year.

As regards Vend fee and permit fee case, Sindh High Court has already pronounced favourable judgment. Presently the case is pending with the learned Supreme Court of Pakistan. In view of the merits of the case and favourable decision of the Sindh High Court, the management is expecting a favourable decision from the apex court and is making efforts to continue as a going concern.

However, the management of the company looks forwards to the future with confidence to achieve the maximum share of its products in the market and enhance the profitability of the company in the remaining quarters of the financial year 2015-16.

The Directors wish to place on record their deep appreciation for the hard work, loyalty and devotion to duty by all the employees of the company at all levels and thanks all its customers for their continued patronage and support.

**On behalf of the Board**

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

**Wah Cantt.**

Dated: 03.11.2015

**WAH NOBEL CHEMICALS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT SEPTEMBER 30, 2015**

		September 30, 2015	Audited June 30, 2015
	Note	(Rupees in '000')	
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	155,875	159,030
Long term investment	5	30,715	30,715
<b>Total non-current assets</b>		<b>186,590</b>	<b>189,745</b>
<b>Current assets</b>			
Stores, spares and loose tools		49,934	46,845
Stock in trade		130,936	105,117
Trade debts	6	359,214	358,481
Advances		10,268	20,785
Trade deposits and prepayments		1,191	40
Accrued interest income		115	182
Other receivables		14,954	21,235
Short-term investment		2,583	2,583
Taxation - net		140,315	117,544
Cash and bank balances		3,019	4,463
<b>Total current assets</b>		<b>712,529</b>	<b>677,275</b>
<b>Total assets</b>		<b>899,119</b>	<b>867,020</b>
<b>Equity</b>			
<i>Authorized capital:</i>			
20,000,000 ordinary shares of Rs.10/- each			
Issued, subscribed and paid up capital:			
9,000,000 (June 30, 2015: 9,000,000) ordinary shares of			
Rs.10/- each, fully paid up in cash			
		90,000	90,000
Capital reserve		944	944
General reserve		360,000	360,000
Unappropriated profit		50,109	41,516
<b>Total equity</b>		<b>501,053</b>	<b>492,460</b>
<b>Non current liabilities</b>			
Deferred tax liability		4,314	3,942
Accumulated compensated absences		6,964	6,464
<b>Total non-current liabilities</b>		<b>11,278</b>	<b>10,406</b>
<b>Current liabilities</b>			
Trade and other payables		114,011	129,041
Due to associated companies		741	31
Accrued mark-up		4,421	4,981
Short term borrowings - secured		267,615	230,101
<b>Total current liabilities</b>		<b>386,788</b>	<b>364,154</b>
<b>Total liabilities</b>		<b>398,066</b>	<b>374,560</b>
<b>Total equity and liabilities</b>		<b>899,119</b>	<b>867,020</b>

**Contingencies and commitments**

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The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

DIRECTOR

CHIEF EXECUTIVE

WAH CANTT DATED 03.11.2015

**WAH NOBEL CHEMICALS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2015**

	July-Sep 2015	July-Sep 2014
(Rupees in '000')		
Gross sales	263,845	342,118
Sales tax	(39,945)	(50,755)
<b>Net sales</b>	<b>223,900</b>	<b>291,363</b>
<b>Cost of sales</b>	<b>(189,962)</b>	<b>(259,428)</b>
Gross profit	33,938	31,935
Administrative and general expenses	(3,273)	(4,081)
Selling and distribution expenses	(10,524)	(14,637)
<b>Operating profit</b>	<b>20,142</b>	<b>13,217</b>
<b>Financial and other charges:</b>		
Finance cost	(5,023)	(7,513)
Other expenses	(1,188)	(498)
Other income	250	81
<b>Profit before taxation</b>	<b>14,181</b>	<b>5,287</b>
Provision for taxation	(5,588)	(3,162)
<b>Profit for the period</b>	<b>8,593</b>	<b>2,125</b>
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<b>8,593</b>	<b>2,125</b>
<b>Earning per share - basic and diluted</b>	<b>Rs. 0.95</b>	<b>Rs. 0.24</b>

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

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DIRECTOR

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CHIEF EXECUTIVE

**WAH NOBEL CHEMICALS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2015**

	September 30, 2015	September 30, 2014
	(Rupees in '000')	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	14,181	5,287
Adjustment for non cash charges and other items:		
Depreciation	3,171	3,145
Interest on term deposit receipts	(207)	(45)
Bank interest		(27)
Financial and other charges	5,023	7,513
Workers' profit participation fund (WPPF)	762	284
Workers' welfare fund (WWF)	289	108
Provision for employees' gratuity fund	656	800
Provision for accumulated compensated absences	500	500
	<b>10,194</b>	<b>12,278</b>
Changes in working capital		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	(3,089)	(2,652)
Stock in trade	(25,820)	34,550
Trade debts	(733)	(60,430)
Advances	10,517	(2,965)
Trade deposits and prepayments	(1,151)	(1,510)
Other receivables	6,281	13,598
Increase/(decrease) in current liabilities:		
Trade and other payables	(16,025)	(49,915)
	<b>(30,020)</b>	<b>(69,324)</b>
Cash generated from operations	<b>(5,645)</b>	<b>(51,759)</b>
Payment for / receipt of:		
Taxation	(27,987)	(26,708)
Financial and other charges	(5,583)	(5,371)
WPPF	-	(5,651)
Interest on bank balance	207	27
	<b>(33,363)</b>	<b>(37,703)</b>
Net cash generated from/(used in) operating activities	<b>(39,008)</b>	<b>(89,462)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(16)	(10)
Interest on term deposit receipts	66	169
Net cash used in investing activities	<b>50</b>	<b>159</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash (used in)/generated from financing activities	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(38,958)</b>	<b>(89,303)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>7 (225,638)</b>	<b>(191,672)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>7 (264,596)</b>	<b>(280,975)</b>

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

DIRECTOR

CHIEF EXECUTIVE

**WAH NOBEL CHEMICALS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2015**

	Issued, subscribed and paid-up share capital	Capital reserve - share premium	Revenue reserves		Total
			General reserve	Unappropriated profit	
(Rupees in '000')					
<b>Balance as at July 1, 2014</b>	<b>90,000</b>	<b>944</b>	<b>325,000</b>	<b>99,214</b>	<b>515,158</b>
Total comprehensive income for the period				2,125	2,125
<b>Balance as at September 30, 2014</b>	<b>90,000</b>	<b>944</b>	<b>325,000</b>	<b>101,339</b>	<b>517,283</b>
<b>Balance as at July 1, 2015</b>	<b>90,000</b>	<b>944</b>	<b>360,000</b>	<b>41,516</b>	<b>492,460</b>
Total comprehensive income for the period	-	-	-	8,593	8,593
<b>Balance as at September 30, 2015</b>	<b>90,000</b>	<b>944</b>	<b>360,000</b>	<b>50,109</b>	<b>501,053</b>

The annexed notes from 1 to 11 form an integral part of this condensed interim financial information.

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DIRECTOR

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CHIEF EXECUTIVE



**WAH NOBEL CHEMICALS LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM**  
**FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2015**

**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 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.

**2. BASIS OF PREPARATION**

This condensed interim financial information of the Company for the nine months period ended March 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information is unaudited and is being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984 and the listing regulations of Islamabad, Karachi & Lahore Stock Exchanges.

This condensed interim financial information does not include all of the information required for annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2015.

**3. ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of financial information of the Company for the year ended June 30, 2015.

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

	<u>Un-Audited</u> <u>September 30,</u> <u>2015</u>	<u>Audited</u> <u>June 30,</u> <u>2015</u>
	<u>Rupees in '000'</u>	
Opening book value	159,030	167,015
Additions / Trf from CWIP during the period / year		
Plant and machinery	-	4,321
Furniture and fixture		272
Tools and workshop equipments		323
Computer installations	16	242
	<u>159,046</u>	<u>172,173</u>
Depreciation for the period / year	<u>3,171</u>	<u>13,143</u>
Closing book value	<u>155,875</u>	<u>159,030</u>

**WAH NOBEL CHEMICALS LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM**  
**FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2015**

	<b>Un-Audited September 30, 2015</b>	<b>Audited June 30, 2015</b>
	<b>Rupees in '000'</b>	
<b>5 LONG TERM INVESTMENT</b>		
<b>Wah Nobel Acetate Limited</b>		
2,500,000 shares of Rs. 10 each. (equity held: 8.33%)	<b>25,000</b>	25,000
Share of profit of prior periods	<b>5,715</b>	10,708
Share of profit / (loss) of current period / year	<b>-</b>	(4,993)
	<b>5,715</b>	5,715
	<b>30,715</b>	30,715
<b>6 TRADE DEBTS</b>		
Considered good	<b>359,214</b>	358,481
Considered doubtful	<b>71,341</b>	71,341
	<b>430,555</b>	429,822
Provision for doubtful debts	<b>(71,341)</b>	(71,341)
	<b>359,214</b>	358,480
<b>7 CASH AND CASH EQUIVALENT</b>		
Cash and bank balances	<b>3,019</b>	4,463
Short term running finance - secured	<b>(267,615)</b>	(230,101)
	<b>(264,596)</b>	(225,638)
<b>8 CONTINGENCIES AND COMMITMENTS</b>		
<b>8.1 Contingencies</b>		
The contingencies reported in the preceding annual financial statements have undergone the following change:		
The contingent liability of the Company on account of vend fee and permit fee has increased from Rs. 884 million to Rs.890 million on account of further import of Methanol from July 01, 2015 to September 30, 2015.		
<b>8.2 Commitments in respect of:</b>		
Letters of credit for purchase of stocks	<b>49,708</b>	54,717
Post dated cheques issued in favour of Collector of Customs against custom duties and other levies on Methanol kept in bonded Ware house	<b>11,141</b>	36,457

**WAH NOBEL CHEMICALS LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM**  
**FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2015**

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<u>Un-Audited</u> <u>September 30,</u> <u>2015</u>	<u>Audited</u> <u>June 30,</u> <u>2015</u>
<u>Rupees in '000'</u>	

**9 RELATED PARTY TRANSACTIONS**

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

Expenses incurred (on behalf of) / by the group companies net	<u>485</u>	<u>(2,563)</u>
Management services by holding company	<u>225</u>	<u>900</u>
Sales to associated company	<u>2,625</u>	<u>3,911</u>
Dividend paid to the holding company	<u>-</u>	<u>19,882</u>

**10 GENERAL**

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

**11 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue on November 03, 2015 by the Board of Directors of the Company.

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DIRECTOR

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CHIEF EXECUTIVE