



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

WAH NOBEL CHEMICALS LTD

Third Quarterly
Financial Statements
(Unaudited)
March 31, 2014

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. Muhammad Ahsan Mahmood, HI (M)	:	Chairman
Mr. Torbjorn Saxmo	:	Vice Chairman
Mr. Mr. Feroze Khan Malik	:	Director
Mr. Muhammad Nawaz Tishna	:	Director (N.I.T. Nominee)
Mr. Riaz Ahmad	:	Director
Mr. Muhammad Asif Hussain	:	Director
Mr. Asif Ali Siddiqui	:	Director

CHIEF EXECUTIVE : Syed Naseem Raza

AUDIT COMMITTEE

Mr. Riaz Ahmad	:	Chairman
Mr. Feroze Khan Malik	:	Member
Mr. Asif Ali Siddiqui	:	Member

HUMAN RESOURCE & REMUNERATION (HR&R) COMMITTEE

Mr. Riaz Ahmad	:	Chairman
Mr. Asif Ali Siddiqui	:	Member
Syed Naseem Raza	:	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, 2nd Floor, Rose Plaza,
I-8 Markaz, Islamabad.
Tel: 051-4102626-7,
Fax: 051-4102628
Email: 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

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 your company for the nine months ended March 31, 2014.

The hike in price of major raw materials inputs without a proportionate increase in the sale prices of our products also continues to erode the profit margins in 3rd quarter of financial year of the company under review. The company has been able to partly compensate the low margins by enhanced sales volume. Thus, the company has been able to achieve net sales revenue of Rs.999.262 million during the period under review vis-à-vis Rs.887.180 million and earned a pre-tax profit of Rs.86.981 million as against profit of Rs.125.506 million during the corresponding period of the previous year.

The company is finding difficulty to pass on surge in cost of the products fully to the customers because of tough competition in the market. Therefore, the management of the company is putting more emphasis on maximising the sales quantum in order to maintain the profitability. The management hopes to attain better results during 4th quarter of the financial year 2013-14.

As regards vend fee and permit fee case, Sindh High Court has already pronounced favourable judgement. 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.

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 valued customers for their continued patronage and support.

On behalf of the Board

Wah Cantt.
Dated: 28.04.2014

(SYED NASEEM RAZA)
CHIEF EXECUTIVE

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2014

		March 31, 2014	Restated Audited June 30, 2013
	Note	(Rupees in '000')	
Non-current assets			
Property, plant and equipment	5	171,570	109,571
Long term investment	6	36,522	36,295
Deferred taxation		-	1,145
Total non-current assets		208,092	147,011
Current assets			
Stores, spares and loose tools		54,141	40,786
Stock in trade		108,228	77,621
Trade debts	7	390,098	222,564
Advances		9,606	4,897
Trade deposits and prepayments		549	40
Accrued interest income		59	198
Other receivables		27,423	11,422
Short-term investment		2,583	2,583
Taxation - net		57,219	20,447
Cash and bank balances		7,385	164,175
Total current assets		657,291	544,733
Total assets		865,383	691,744
Equity			
<i>Authorized capital:</i>			
20,000,000 ordinary shares of Rs.10/- each			
Issued, subscribed and paid up capital:			
9,000,000 (June 30, 2013: 9,000,000) ordinary shares of Rs.10/- each, fully paid up in cash		90,000	90,000
Capital reserve		944	944
General reserve		325,000	290,000
Unappropriated profit		89,575	118,187
Total equity		505,519	499,131
Non current liabilities			
Deferred tax liability		6,828	-
Accumulated compensated absences		5,469	5,973
Total non-current liabilities		12,297	5,973
Current liabilities			
Trade and other payables		121,468	186,640
Due to associated companies		2,919	-
Accrued mark-up		3,069	-
Short term borrowings - secured		220,111	-
Total current liabilities		347,567	186,640
Total liabilities		359,864	192,613
Total equity and liabilities		865,383	691,744
Contingencies and commitments	8		

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

DIRECTOR

CHIEF EXECUTIVE OFFICER

WAH CANTT DATED 28.04.2014

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

	Nine months ended March 31, 2014	Nine months ended March 31, 2013	Quarter ended March 31, 2014	Quarter ended March 31, 2013
(Rupees in '000')				
Gross sales	1,172,004	1,028,357	435,981	367,966
Sales tax	(172,742)	(141,177)	(65,765)	(50,002)
Net sales	999,262	887,180	370,216	317,964
Cost of sales	(852,413)	(715,179)	(309,707)	(250,821)
Gross profit	146,849	172,001	60,509	67,143
Administrative and general expenses	(14,059)	(10,508)	(3,431)	(4,300)
Selling and distribution expenses	(39,946)	(33,899)	(14,324)	(11,703)
Other operating income	5,458	7,768	88	1,998
Operating profit	98,301	135,362	42,841	53,138
Financial and other charges:				
Finance cost	(4,774)	(387)	(3,328)	(30)
Other expenses	(6,773)	(9,633)	(2,802)	(3,740)
Share in profit of associated company - net of tax	227	164	-	-
Profit before taxation	86,981	125,505	36,711	49,368
Provision for taxation	(31,093)	(46,305)	(13,102)	(18,544)
Profit for the period	55,888	79,200	23,609	30,824
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	55,888	79,200	23,609	30,824
Earning per share - basic and diluted	Rs. 6.21	Rs. 8.8	Rs. 2.62	Rs. 3.42

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

DIRECTOR

CHIEF EXECUTIVE OFFICER

WAH CANTT DATED 28.04.2014

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

	March 31, 2014	March 31, 2013
	(Rupees in '000')	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	86,981	125,505
Adjustment for non cash charges and other items:		
Depreciation	6,538	5,022
Interest on term deposit receipts	(98)	-
Bank interest	(875)	(4,236)
Financial and other charges	4,565	247
Other accrued charges	209	140
Share in profit of associated company	(227)	(164)
Provision for doubtful debts	(488)	-
Workers' profit participation fund (WPPF)	4,659	6,732
Workers' welfare fund (WWF)	1,770	2,558
Provision for employees' gratuity fund	2,400	1,530
Provision for accumulated compensated absences	1,500	1,044
	19,953	12,873
Changes in working capital		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	(13,355)	(1,527)
Stock in trade	(30,607)	30,620
Trade debts	(167,046)	(30,324)
Advances	(4,709)	896
Trade deposits and prepayments	(509)	(487)
Other receivables	(16,000)	4,268
Increase/(decrease) in current liabilities:		
Trade and other payables	(69,217)	(24,388)
	(301,443)	(20,942)
Cash generated from operations	(194,509)	117,436
Payment for / receipt of:		
Taxation	(59,892)	(52,999)
Financial and other charges	(1,496)	(247)
WPPF	(2,077)	(1,418)
Interest on bank balance	875	4,236
Compensated absences	(2,004)	(810)
	(64,594)	(51,238)
Net cash generated from/(used in) operating activities	(259,103)	66,198
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(68,536)	(63)
Interest on term deposit receipts	238	299
Net cash used in investing activities	(68,298)	236
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings	220,111	-
Dividends paid	(49,500)	(45,000)
Net cash (used in)/generated from financing activities	170,611	(45,000)
Net increase/(decrease) in cash and cash equivalents	(156,790)	21,434
Cash and cash equivalents at beginning of the period	164,175	103,739
Cash and cash equivalents at end of the period	7,385	125,173

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

DIRECTOR

CHIEF EXECUTIVE OFFICER

WAH CANTT DATED 28.04.2014

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

	Issued, subscribed and paid-up share capital	Capital reserve - share premium	Revenue reserves		Total
			General reserve	Unappropriated profit	
	(Rupees in '000')				
Balance as at July 1, 2012 (Audited) as previously reported	90,000	944	260,000	79,200	430,145
Effect of change in accounting policy due to application of IAS - 19 (Revised)	-	-	-	(348)	(348)
Balance as at July 1, 2012 - restated	90,000	944	260,000	78,852	429,796
Total comprehensive income for the period				79,200	79,200
Transfer to general reserve	-	-	30,000	(30,000)	-
Final dividend (Rs. 5 per share)	-	-	-	(45,000)	(45,000)
Balance as at March 31, 2013 - restated	90,000	944	290,000	83,052	463,996
Balance as at July 1, 2013 (Audited) as previously reported	90,000	944	290,000	119,441	500,385
Effect of change in accounting policy due to application of IAS - 19 (Revised)	-	-	-	(1,254)	(1,254)
Balance as at July 1, 2013 - restated	90,000	944	290,000	118,187	499,131
Total comprehensive income for the period	-	-	-	55,888	55,888
Transfer to general reserve	-	-	35,000	(35,000)	-
Final dividend (Rs. 5.5 per share)	-	-	-	(49,500)	(49,500)
Balance as at March 31, 2014	90,000	944	325,000	89,575	505,519

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

DIRECTOR

WAH CAN'TT DATED 28.04.2014

CHIEF EXECUTIVE OFFICER

WAH NOBEL CHEMICALS LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

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 condensed interim financial statements of the Company for the nine months period ended March 31, 2014 have been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan for interim financial reporting which comprises of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance 1984 (The Ordinance). In case where requirements differ, the provisions of or directives issued under the ordinance have been followed. These interim financial statements should be read in conjunction with the financial statements for the year ended June 30, 2013 as they provide an updated of previously reported information. These un-audited condensed interim financial statements comprise of the condensed interim balance sheet as at March 31, 2014 and the condensed interim profit and loss account, the condensed interim statement of changes in equity, the condensed interim cash flow

These condensed interim financial information is unaudited and is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

The comparative balance sheet presented in these condensed interim financial statements, as at June 30, 2013 has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2013 whereas the condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement for the nine months period ended March 31, 2013 have been extracted from the unaudited condensed interim financial statements of the company for the nine months period then ended. The comparative condensed interim profit and loss account for the quarter ended March 31, 2013 included in these condensed interim financial statements is not audited.

3 ACCOUNTING POLICIES

Except as described in note 4 below, 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 statements of the Company for the year ended June 30, 2013.

4 CHANGE IN ACCOUNTING POLICIES

Consequent to the revision of IAS-19 "Employees Benefit" which is effective for annual periods beginning on or after January 1, 2013, the Company has changed its accounting policy wherein, the actuarial gains and losses (remeasurement/(losses) on defined benefit plans are recognized immediately in other comprehensive income. Previously, the actuarial gains and losses in excess of corridor limit were recognized in profit and loss over the remaining service life of the employees. The change in accounting policy has been accounted for retrospectively and comparative figures have thereby been restated.

	Trade and other payables	Deferred tax asset / (liability)	Other comprehensive income - Remeasurement of post employment benefits - Actuarial loss
	Amounts in '000		
Condensed interim balance sheet			
Balance as at June 30, 2012	169,874	(4,903)	-
Restatement - recognition of remeasurement gain/loss in OCI	536	188	348
Restated balance as at June 30, 2012 / July 1, 2012	170,410	(4,716)	348
Balance as at June 30, 2013 as previously reported	184,711	470	-
Restatement - recognition of			

WAH NOBEL CHEMICALS LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

remeasurement gain/loss in OCI			
For the year ended June, 30 2012	536	188	348
For the year ended June, 30 2013	1,394	488	906
Restated balance as at June 30, 2013	<u>186,641</u>	<u>1,145</u>	<u>1,254</u>

There is no consequential impact on the condensed interim profit and loss account and condensed interim statement of comprehensive income for the nine months ended March 31, 2014 as the provision in this behalf was incorporated on the basis of managements's estimate in the condensed interim financial information and impact of actuarial gain/loss was considered immaterial.

Third statement of financial position as at the beginning of the preceding period in addition to maximum comparative financial statement has not been presented due to immaterial effect.

5 PROPERTY, PLANT AND EQUIPMENT - AT BOOK VALUE

	Un-Audited	Audited
	March 31,	June 30,
	2014	2013
Note	Rupees in '000'	
Opening book value	86,924	92,989
Additions / Trf from CWIP during the period / year		
Plant and machinery	61,930	
Building	28,548	
Furniture and fixture	-	19
Tools and workshop equipments	60	995
Motor Vehicles	643	-
Computer installations	3	98
	<u>178,108</u>	<u>94,101</u>
Depreciation for the period / year	6,538	7,177
Closing book value	<u>171,570</u>	<u>86,924</u>

6 LONG TERM INVESTMENT

	Un-Audited	Audited
	March 31,	June 30,
	2014	2013
Wah Nobel Acetate Limited		
2,500,000 shares of Rs. 10 each. (equity held: 8.33%)	25,000	25,000
Share of profit of prior periods	11,295	11,165
Share of profit / (loss) of current period / year	227	130
	<u>11,522</u>	<u>11,295</u>
	<u>36,522</u>	<u>36,295</u>
	March 31,	June 30,
	2014	2013

7 TRADE DEBTS

	Rupees in '000'	
Considered good	390,098	222,564
Considered doubtful	66,009	66,497
	<u>456,107</u>	<u>289,061</u>
Provision for doubtful debts	(66,009)	(66,497)
	<u>390,098</u>	<u>222,564</u>

WAH NOBEL CHEMICALS LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

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. 798 million to Rs.833 million on account of further import of Methanol from July 01, 2013 to March 31, 2014.

	Un-Audited March 31, 2014	Audited June 30, 2013
	Rupees in '000'	
8.2 Commitments in respect of:		
8.2.1 Letters of credit for purchase of stocks	27,514	72,813
Capital expenditure contracted but not incurred	-	48,428
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	22,027	7,644

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	2,244	935
Management services by holding company	675	900
Sales to associated company	806	440
Dividend paid to the holding company	27,337	24,852

10 GENERAL

10.1 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 April 28, 2014 by the Board of Directors of the Company.

DIRECTOR

WAH CANTT DATED 28.04.2014

CHIEF EXECUTIVE OFFICER