



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

**Half Yearly
Financial Statements
(Unaudited)
December 31, 2013**

Wah Nobel Chemicals Ltd.



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.
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CORPORATE INFORMATION

BOARD OF DIRECTORS

Lt. Gen. Muhammad Ahsan Mahmood,	:	Chairman
HI (M)	:	
Mr. Torbjorn Saxmo	:	Vice Chairman
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/wnc.htm

FACTORY : Wah Cantt.

WAH NOBEL CHEMICALS LTD

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of the company are pleased to present their Report along with Condensed Interim Financial Information of the company, duly reviewed by the Auditors, for the first half year ended December 31, 2013.

During the period under review abnormal hike in the price of basic raw material Methanol, devaluation of Pak Rupee, high inflation, increase in power tariff, all these factors resulted in higher cost of production. However, due to tough competition in the market, it was not possible to proportionally increase the selling prices of the Company's products. Thus the profit margin get squeezed despite increase in sales volume, Net sales grew by 10.51% to Rs. 629.046 million as compared to net sales of Rs.569.215 million of previous corresponding period. Company earned after tax profit of Rs.32.279 million during the period under review against Rs.48.376 of previous corresponding period.

Newly installed Urea Formaldehyde Moulding Compound plant has successfully started commercial production w.e.f January 24, 2014. We are hopeful that in coming years, it will contribute appreciably to company's profitability.

The Company has a positive out look and will continue its best efforts to ensure continued growth, operational efficiency and optimum results for the Company and its stakeholders.

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: 26.02.2014

(SYED NASEEM RAZA)
CHIEF EXECUTIVE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Wah Nobel Chemicals Limited** (the Company) as at **December 31, 2013** and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as "condensed interim financial information"), for the six-month period then ended. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for condensed interim reporting.

Emphasis of matter

We draw attention to note 8.1 to the condensed interim financial information. The company is defendant in a law suit alleging non-payment of vend and permit fee of Rs. 824 million on methanol to the Excise and Taxation Department, Government of Sindh. High Court Sindh has decided the matter in favour of the Company, however Excise & Taxation Department has filed an appeal in Supreme Court of Pakistan which is awaiting adjudication. The ultimate outcome of matter cannot be determined presently and therefore no provision for any liability that may result has been made in the condensed interim financial information. In the event of an unfavorable outcome, there is a substantial doubt that the Company will be able to continue as a going concern.

Our conclusion is not qualified on this matter.

Other matters

The figures of the condensed interim profit and loss account for the quarter ended December 31, 2013 have not been reviewed and we do not express a conclusion on them as we are required to review the cumulative figures only for the six-month period ended December 31, 2013.

Anjum Asim Shahid Rahman
Chartered Accountants
Engagement Partner: **Nadeem Tirmizi**

Islamabad
Date: February 26, 2014

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2013

		December 31, 2013	Restated Audited June 30, 2013
	Note	(Rupees in '000')	
Assets			
Non-current assets			
Property, plant and equipment	5	169,258	109,571
Long term investment	6	36,522	36,295
Deferred taxation		1,228	1,145
Total non-current assets		207,008	147,011
Current assets			
Stores, spares and loose tools		55,770	40,786
Stock in trade		149,730	77,621
Trade debts	7	273,095	222,564
Advances		11,033	4,857
Trade deposits and prepayments		1,047	40
Accrued interest income		59	193
Other receivables		51,500	11,422
Short-term investment		2,583	2,503
Taxation - net		33,737	20,477
Cash and bank balances		4,633	164,173
Total current assets		583,187	544,733
Total assets		790,195	691,744
Equity			
Authorized capital:			
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		65,966	118,187
Total equity		481,910	499,131
Non current liabilities			
Accumulated compensated absences		6,811	5,973
Total non-current liabilities		6,811	5,973
Current liabilities			
Trade and other payables		229,168	186,640
Due to associated companies		2,683	-
Accrued mark-up		895	-
Short term borrowings - secured		68,728	-
Total current liabilities		301,474	186,640
Total liabilities		308,285	192,613
Total equity and liabilities		790,195	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

WAH CANTT DATED 26.02.2014

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2013

	Half year ended Dec. 31, 2013	Half year ended Dec. 31, 2012	Quarter ended Dec. 31, 2013	Quarter ended Dec. 31, 2012
	(Rupees in '000')			
Gross sales	736,023	660,391	406,940	366,053
Sales tax	(106,977)	(91,175)	(59,500)	(50,611)
Net sales	629,046	569,215	347,440	315,441
Cost of sales	(542,706)	(464,358)	(297,949)	(257,663)
Gross profit	86,340	104,857	49,491	57,778
Administrative and general expenses	(10,628)	(6,208)	(6,029)	(3,492)
Selling and distribution expenses	(25,622)	(22,196)	(15,022)	(12,024)
Other operating income	5,370	5,770	2,451	3,426
Operating profit	55,460	82,223	30,891	45,698
Financial and other charges:				
Finance cost	(1,446)	(357)	(947)	(180)
Other expenses	(3,971)	(5,893)	(2,188)	(3,262)
Share in profit of associated company- net of tax	227	164	227	164
Profit before taxation	50,270	76,137	27,982	42,410
Provision for taxation	(17,991)	(27,761)	(10,019)	(15,208)
Profit for the period	32,279	48,376	17,963	27,202
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	32,279	48,376	17,963	27,202
Earning per share - basic and diluted	Rs. 3.59	Rs. 5.38	Rs. 2.00	Rs. 3.02

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

DIRECTOR

WAH CANTT DATED 26.02.2014

CHIEF EXECUTIVE

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2013

	December 31, 2013	December 31, 2012
	(Rupees in '000')	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	50,270	76,137
Adjustment for non cash charges and other items:		
Depreciation	3,372	3,348
Interest on term deposit receipts	(98)	-
Bank interest	(790)	(2,425)
Financial and other charges	1,446	217
Other accrued charges	-	140
Share in profit of associated company	(227)	(164)
Provision for doubtful debts	(488)	-
Workers' profit participation fund (WPPF)	2,688	4,080
Workers' welfare fund (WWF)	1,021	1,550
Provision for employees' gratuity fund	1,600	600
Provision for accumulated compensated absences	1,000	600
	9,524	7,946
Changes in working capital		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	(14,984)	160
Stock in trade	(72,109)	21,673
Trade debts	(50,044)	(8,090)
Advances	(6,136)	(3,891)
Trade deposits and prepayments	(1,007)	(961)
Other receivables	(40,078)	4,075
Increase/(decrease) in current liabilities:		
Trade and other payables	41,769	23,876
	(142,589)	36,842
Cash generated from operations	(82,795)	120,925
Payment for / receipt of:		
Taxation	(31,365)	(33,585)
Financial and other charges	(551)	(217)
WPPF	(1,868)	(1,418)
WWF	-	-
Interest on bank balance	790	2,425
Compensated absences	(162)	(3)
	(33,156)	(32,798)
Net cash generated from/(used in) operating activities	(115,951)	88,127
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(63,057)	(28)
Interest on term deposit receipts	238	299
Net cash used in investing activities	(62,819)	271
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings	68,728	-
Dividends paid	(49,500)	(45,000)
Net cash (used in)/generated from financing activities	19,228	(45,000)
Net increase/(decrease) in cash and cash equivalents	(159,542)	43,398
Cash and cash equivalents at beginning of the period	164,175	103,739
Cash and cash equivalents at end of the period	4,633	147,137

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

DIRECTOR

CHIEF EXECUTIVE

WAH CANTT DATED 26.02.2014

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2013

	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	-	-	-	48,376	48,376
Transfer to general reserve	-	-	30,000	(30,000)	-
Final dividend (Rs. 5 per share)	-	-	-	(45,000)	(45,000)
Balance as at December 31, 2012 - restated	90,000	944	290,000	52,228	433,172
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	-	-	-	32,279	32,279
Transfer to general reserve	-	-	35,000	(35,000)	-
Final dividend (Rs. 5.5 per share)	-	-	-	(49,500)	(49,500)
Balance as at December 31, 2013	90,000	944	325,000	65,966	481,910

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

DIRECTOR

WAH CANTT DATED 26.02.2014

CHIEF EXECUTIVE

WAH NOBEL CHEMICALS LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2013

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 AND SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements of the Company for the six months period ended December 31, 2013 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 condensed interim financial statements comprise of the condensed interim balance sheet as at December 31, 2013 and the condensed interim profit and loss account, the condensed interim statement of changes in equity, the condensed interim cash flow statement and notes thereto for the six months period then ended which has been subjected to a review in accordance with the listing regulations but not audited. These condensed interim financial statements also include the condensed interim profit and loss account for the quarter ended December 31, 2013 which have neither been reviewed nor audited.

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 six months period ended December 31, 2012 have been extracted from the condensed interim financial statements of the company for the six months period then ended, which were subjected to a review but not audited. The comparative condensed interim profit and loss account for the quarter ended December 31, 2012 included in these condensed interim financial statements was neither subjected to a review nor 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.

WAH NOBEL CHEMICALS LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2013

	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	<u>170,410</u>	<u>(4,716)</u>	<u>348</u>
Balance as at June 30, 2013 as previously reported	184,711	470	-
Restatement - recognition of remeasurement gain/loss in OCI			
For the year ended June, 30 2012	536	188	348
For the year ended June, 30 2013	<u>1,394</u>	<u>488</u>	<u>906</u>
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 half year ended December 31, 2013 as the provision in this behalf was incorporated on the basis of management'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

	Note	Un-Audited December 31, 2013	Audited June 30, 2013
		Rupees in '000'	
Operating fixed assets	5.1	84,198	86,924
Capital work in progress	5.2	85,060	22,647
		<u>169,258</u>	<u>109,571</u>
5.1 OPERATING FIXED ASSETS			
Opening book value		86,924	92,989
Additions during the period / year		-	19
Furniture and fixture		-	995
Tools and workshop equipments		643	-
Motor Vehicles		3	98
Computer installations		87,570	94,101
Depreciation for the period / year		3,372	7,177
Closing book value		<u>84,198</u>	<u>86,924</u>
5.2 Capital work in progress			
Opening cost		22,647	-
Addition during the period/ year		62,413	22,647
Transferred to operating fixed assets		-	-
Closing capital work in progress		<u>85,060</u>	<u>22,647</u>
5.3	Commercial production of the UPMC plant started subsequent to period end i.e. on January 24, 2014.		

WAH NOBEL CHEMICALS LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2013

6	LONG TERM INVESTMENT	Un-Audited	Audited
		December 31, 2013	June 30, 2013
		Rupees in '000'	
	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
		11,522	11,295
		36,522	36,295
7	TRADE DEBTS		
	Considered good	273,095	222,564
	Considered doubtful	66,009	66,497
		339,104	289,061
	Provision for doubtful debts	(66,009)	(66,497)
		273,095	222,564
8	CONTINGENCIES AND COMMITMENTS		
8.1	Contingencies		
	The contingencies reported in the preceding annual financial statements have undergone the		
	The contingent liability of the Company on account of vend fee and permit fee has increased from		
	Rs. 798 million to Rs.824 million on account of further import of Methanol from July 01, 2013 to		
		Un-Audited	Audited
		December 31, 2013	June 30, 2013
		Rupees in '000'	
8.2	Commitments in respect of:		
8.2.1	Letters of credit for purchase of stocks	92,131	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	21,413	7,167
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	2,233	(935)
	Corporate service fee charged by holding company	450	900
	Sales to associated company	730	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 February 26, 2014 by the Board of Directors of the Company.		

DIRECTOR

CHIEF EXECUTIVE

WAH CANTT DATED 26.02.2014