



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

**Half Yearly
Financial Statements
(Unaudited)
December 31, 2016**

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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lt. Gen. Omar Mahmood Hayat, HI (M)	:	Chairman
Mr. Torbjorn Saxmo	:	Vice Chairman
Mr. Muhammad Nawaz Tishna	:	Director (N.I.T. Nominee)
Mr. Tabassum Rahman	:	Director
Mr. Muhammad Afzal	:	Director
Mr. Hashmat Hussain	:	Director
Brig (R) Shiraz Ullah Choudhry, SI (M)	:	Director & Chief Executive

AUDIT COMMITTEE

Mr. Tabassum Rahman	:	Chairman
Mr. Muhammad Afzal	:	Member
Mr. Hashmat Hussain	:	Member

HUMAN RESOURCE & REMUNERATION (HR&R) COMMITTEE

Mr. Tabassum Rahman	:	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 CHEMICALS LTD

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of the company are pleased to present Condensed Interim Financial Information (unaudited) for the half year ended December 31, 2016.

The performance of the Company during the period under review has been par excellence. It achieved Net Sales Revenue of Rs 568.354 million vis-à-vis Rs 560.171 million as compared to previous corresponding period. The Company accrued Gross Profit of Rs 118.570 million as compared to Rs 91.922 million (increased by 28.99%). The company earned After Tax Profit of Rs 59.014 million during the period under review against After Tax Profit of Rs 30.678 million (increased by 92.37%).

The increase in profit is mainly attributed to reduction in Cost of Production and Financial Cost (Financial Cost reduced by 59%) vis-à-vis the corresponding period of last year, besides better Product Sales Mix and selling of products with reasonable profit.

The company has a positive outlook and will continue its best efforts to ensure continued growth, operational efficiency and optimum results for the company and its stakeholders in the remaining period of financial year 2016-17.

The Condensed Interim Financial Information, Company held 2.5 million (8.33%) shares of an associated company Wah Nobel Acetates Limited (WNAL). Since WNAL has been operating in losses in recent years, the Board of Directors of the Company has decided to dispose off the Company's interest in WNAL, to avoid any future loss to the Company.

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 also 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, dedication and devotion to the cause by all the employees of the company at all tiers and thanks all its customers for their continued patronage and support.

On behalf of the Board

**Brig (R)
Shiraz Ullah Choudhry, SI(M)
Chief Executive**

**Wah Cantt
Dated:27-02-2017**

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز بمسرت یہ رپورٹ غیر آڈٹ شدہ مالی نتائج بابت ششماہی 31 دسمبر 2016 پیش کرتے ہیں۔

زیر جائزہ مدت کے دوران کمپنی کی کارکردگی شاندار رہی ہے۔ اس دوران کمپنی کی خالص آمدنی 568.354 ملین روپے ہے۔ جبکہ گزشتہ سال یہ 560.171 ملین روپے تھی۔ کمپنی نے مجموعی منافع، گزشتہ سال کے منافع 91.922 ملین روپے سے 118.570 ملین حاصل کیا ہے (اضافہ 28.99%)۔ زیر جائزہ مدت میں منافع بعد از ٹیکس 59.014 ملین روپے ہے جو کہ گزشتہ سال 30.678 ملین روپے تھا۔ (اضافہ 28.35%)۔ گزشتہ سال کی نسبت منافع میں حد درجہ اضافے کی بنیادی وجہ پیداواری لاگت میں کمی اور مالی قیمت میں 59% کمی کا واقع ہونا اور اسکے علاوہ مختلف مصنوعات کی مناسب منافع پر فروخت ہے۔

کمپنی کے مستقبل کے امکانات مثبت ہیں اور وہ اپنی بہترین کوشش سے بقیہ مالیاتی سال 2016-17 میں کمپنی اور اسکے کرم فرمائوں کے لئے مسلسل بڑھوتی آپریشنل کارکردگی اور زیادہ سے زیادہ بہتر نتائج کے لیے سرگرم عمل ہے۔ کمپنی اپنے سے متصل کمپنی واہ نوبل ایسٹسٹس لمیٹیڈ کے 2.5 ملین جو کہ 8.33% حصص بنتے ہیں کی شراکت دار ہے جبکہ واہ نوبل ایسٹسٹس لمیٹیڈ گزشتہ چند سالوں سے خسارے میں چل رہی ہے جسکی وجہ سے بورڈ آف ڈائریکٹرز نے فیصلہ کیا ہے کہ واہ نوبل ایسٹسٹس لمیٹیڈ میں اپنے حصص کو فروخت کر دیا جاتے تاکہ مستقبل میں مزید نقصان نہ ہو۔ 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۔

ڈائریکٹرز دل کی اتھاہ گہرا ہوں سے اپنے ملازمین کی ہر شعبے میں محنت لگن اور انتھک کوششوں کو سراہتے ہیں۔ ہم کمپنی کے گاہکوں جو کہ ہماری مسلسل سرپرستی اور حمایت کرتے ہیں کے شکر گزار ہیں۔

واہ کینٹ۔

برگیڈیر (ر) شیراز اللہ چوہدری

مورخہ: 27 فروری 2017ء

چیف ایگزیکٹو

WAH NOBEL CHEMICALS LTD

**AUDITORS' REPORT TO MEMBERS ON REVIEW
OF INTERIM FINANCIAL INFORMATION**

Introduction

We have reviewed the accompanying condensed interim balance sheet of Wah Nobel Chemicals Limited ("the Company") as at 31 December 2016, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended ("interim financial information").

Management is responsible for the preparation and fair presentation of this 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 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 interim financial information does not give a true and fair view of the financial position of the entity as at 31 December, 2016, and of its financial performance and its cash flow for six month period then ended in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to note 9.1 to the condensed interim financial information where in it has been stated that the Company is defending a law suit alleging non-payment of vend and permit fee of Rs. 958 million on methanol to the Excise and Taxation Department, Government of Sindh. This condition indicates the existence of significant uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Other matter

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 31 December 2016 have not been reviewed and we do not express a conclusion on them.

Islamabad
Dated: 27 Feb. 2017

KPMG Taseer Hadi & Co.
Chartered Accountants
Atif Zamurrad Malik

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2016

		Unaudited December 31, 2016 (Rupees in '000')	Audited June 30, 2016
Assets	Note		
Non-current assets			
Property, plant and equipment	4	143,744	148,722
Long term investment	5	-	22,642
Total non-current assets		143,744	171,364
Current assets			
Stores, spares and loose tools		40,844	39,734
Stock in trade		98,336	112,714
Trade debts	6	391,061	396,261
Advances		2,048	2,550
Trade deposits and prepayments		896	40
Accrued interest income		116	123
Other receivables		181	8,775
Short-term investment		17,583	2,583
Taxation - net		122,883	131,399
Cash and bank balances	7	55,033	7,795
Non-current asset held for sale	8	21,397	-
Total current assets		750,378	701,974
Total assets		894,122	873,338
Equity			
Issued, subscribed and paid up capital: 9,000,000 (June 30, 2016: 9,000,000) ordinary shares of Rs.10/- each, fully paid up in cash		90,000	90,000
Capital reserve		944	944
General reserve		425,000	375,000
Unappropriated profit		68,834	95,819
Total equity		584,778	561,763
Non current liabilities			
Deferred tax liability		259	1,201
Accumulated compensated absences		5,394	4,294
Total non-current liabilities		5,653	5,495
Current liabilities			
Trade and other payables		204,120	150,422
Due to associated companies		2,634	1,772
Accrued mark-up		1,397	2,313
Short term borrowings		95,540	151,573
Total current liabilities		303,691	306,080
Total liabilities		309,344	311,575
Total equity and liabilities		894,122	873,338
Contingencies and commitments	9		

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

DIRECTOR

CHIEF EXECUTIVE

WAH CANTT DATED 27.02.2017

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016

	Half year ended December 31, 2016	Half year ended December 31, 2015	Quarter ended December 31, 2016	Quarter ended December 31, 2015
	(Rupees in '000')			
Gross sales	671,142	660,072	393,749	396,227
Sales tax	(102,788)	(99,901)	(60,401)	(59,956)
Net sales	568,354	560,171	333,348	336,271
Cost of sales	(449,784)	(468,249)	(255,783)	(278,287)
Gross profit	118,570	91,922	77,565	57,984
Administrative expenses	(5,447)	(6,049)	(2,763)	(2,776)
Distribution expenses	(15,386)	(22,325)	(7,191)	(11,801)
Operating profit	97,737	63,548	67,610	43,407
Financial and other charges:				
Finance cost	(3,785)	(9,237)	(1,499)	(4,214)
Other expenses	(6,858)	(4,089)	(4,793)	(2,901)
Other income	1,598	1,097	1,437	847
Share in loss of associated company- net of tax	(1,245)	(3,368)	(1,245)	(3,368)
Profit before taxation	87,447	47,951	61,509	33,771
Provision for taxation	(28,433)	(17,273)	(19,536)	(11,685)
Net profit after taxation	59,014	30,678	41,973	22,086
Other comprehensive income for the period	-	-	-	-
Other comprehensive income for the period	59,014	30,678	41,973	22,086
Earnings per share - basic and diluted (Rupees)	6.56	3.41	4.66	2.45

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

DIRECTOR

WAH CANTT DATED 27.02.2017

CHIEF EXECUTIVE

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016

	Note	December 31, 2016	December 31, 2015
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		87,447	47,951
Adjustment for non cash charges and other items:			
Depreciation		6,194	6,342
Interest income		(212)	(136)
Financial and other charges		3,785	9,237
Share in loss of associated company		1,245	3,368
Workers' profit participation fund (WPPF)		4,763	2,756
Workers' welfare fund (WWF)		1,810	1,047
Provision for employees' gratuity fund		1,600	1,600
Provision for accumulated compensated absences		1,100	1,000
		20,285	25,214
Changes in working capital			
(Increase)/ decrease in current assets:			
Stores, spares and loose tools		(1,110)	2,289
Stock in trade		14,379	(28,396)
Trade debts		5,200	(16,305)
Advances		503	752
Trade deposits and prepayments		(856)	(766)
Short term investment		(15,000)	-
Other receivables		8,594	20,867
Trade and other payables		52,269	10,863
		63,979	(10,696)
Cash generated from operations		171,711	62,469
(Payment for) / receipt of:			
Taxation		(20,859)	(28,572)
Financial and other charges		(4,701)	(10,040)
WPPF		(1,883)	(1,329)
Gratuity		(4,000)	-
Compensated absences		-	(821)
		(31,443)	(40,762)
Net cash generated from/(used in) operating activities		140,268	21,707
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(1,217)	(857)
Interest on term deposit receipts		68	207
Interest on bank balance		151	66
Net cash used in investing activities		(998)	(584)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(36,000)	(9,000)
Net cash used in financing activities		(36,000)	(9,000)
Net increase in cash and cash equivalents		103,270	12,123
Cash and cash equivalents at beginning of the period		(143,777)	(225,638)
Cash and cash equivalents at end of the period	7	(40,507)	(213,515)

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

DIRECTOR

CHIEF EXECUTIVE

WAH CANTT DATED 27.02.2017

WAH NOBEL CHEMICALS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016

	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, 2015	90,000	944	360,000	41,516	492,460
Total comprehensive income for the period - net of tax Others	-	-	-	30,678	30,678
Transfer to general reserve	-	-	15,000	(15,000)	-
Transaction with owners recorded directly in equity					
Final dividend - 30 June 2015 @ Rs. 1.00 per share	-	-	-	(9,000)	(9,000)
Balance as at December 31, 2015	90,000	944	375,000	48,194	514,138
Balance as at July 1, 2016	90,000	944	375,000	95,820	561,764
Total comprehensive income for the period - net of tax Others	-	-	-	59,014	59,014
Transfer to general reserve	-	-	50,000	(50,000)	-
Transaction with owners recorded directly in equity					
Final dividend - 30 June 2016 @ Rs. 4.00 per	-	-	-	(36,000)	(36,000)
Balance as at December 31, 2016	90,000	944	425,000	68,834	584,778

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

DIRECTOR

WAH CANTT DATED 27.02.2017

CHIEF EXECUTIVE

WAH NOBEL CHEMICALS LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016

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 Pakistan Stock Exchange. 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 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 as required by Section 245 of the Companies Ordinance, 1984.

This condensed interim financial information do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2016. Comparative condensed interim balance sheet is extracted from annual financial statements as of June 30, 2016 whereas comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from unaudited condensed interim financial information of the Company for the period ended December 31, 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 statements of the Company for the year ended June 30, 2016.

4. PROPERTY, PLANT AND EQUIPMENT

	<u>Un-Audited</u>	<u>Audited</u>
	<u>December 31,</u>	<u>June 30,</u>
	<u>2016</u>	<u>2016</u>
	<u>Rupees in '000'</u>	
Opening book value	148,722	159,030
Additions during the period / year		
Plant and machinery	1,197	2,755
Computer installations	19	32
	149,938	161,817
Depreciation for the period / year	(6,194)	(13,095)
Closing book value	143,744	148,722

WAH NOBEL CHEMICALS LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016

	<u>Un-Audited</u> December 31, 2016	<u>Audited</u> June 30, 2016
5 LONG TERM INVESTMENT	Rupees in '000'	
Wah Nobel Acetate Limited - associate	25,000	25,000
2,500,000 shares of Rs. 10 each. (equity held: 8.33%)		
Share of profit of prior periods	<u>(2,358)</u>	5,715
Share of profit / (loss) of current period / year	<u>(1,245)</u>	(8,073)
	<u>(3,603)</u>	(2,358)
	<u>21,397</u>	22,642
Transfer to non current assets held for sale	<u>(21,397)</u>	-
	<u>-</u>	<u>22,642</u>
6 TRADE DEBTS		
Considered good	391,061	396,261
Considered doubtful	<u>79,380</u>	79,380
	<u>470,441</u>	475,641
Provision for doubtful debts	<u>(79,380)</u>	(79,380)
	<u>391,061</u>	396,261
7 CASH AND CASH EQUIVALENTS	<u>Un-Audited</u> December 31, 2016	<u>Un-Audited</u> December 31, 2015
	Rupees in '000'	
Cash and bank balances	55,033	3,948
Short term running finance - secured	<u>(95,540)</u>	(217,463)
	<u>(40,507)</u>	(213,515)
8 ASSETS HELD FOR SALE	<u>Un-Audited</u> December 31, 2016	<u>Audited</u> June 30, 2016
	Rupees in '000'	
Balance at 01 July	-	-
Reclassified from long term investment	21,397	-
Balance at 31 December 2016	<u>21,397</u>	-

- 8.1** The Company held 2.5 million (8.33%) shares of Wah Nobel Acetates Limited (WNAL). However WNAL has been operating in losses in recent years. Accordingly to avoid any future loss to the Company, the Board of Directors of the Company have decided to dispose off the Company's interest in WNAL. The parent Company has agreed to acquire these 2.5 million shares at a price of Rs. 9 per share. Currently the Company is in the process of completing necessary legal formalities relating to the transaction and accordingly the investment has been reclassified as non current assets held for sale. Since the approved price per share is in excess of the carrying amount no impairment has been recognized against this.

WAH NOBEL CHEMICALS LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016

9. CONTINGENCIES AND COMMITMENTS

9.1 CONTINGENCIES

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

In 1996, the Government of Sindh raised a demand of Rs. 67,294,724 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 High Court of Sindh 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 High Court of Sindh 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, however Sindh Government moved an appeal in the Supreme Court against the decision of the High Court.

After hearing the appeal of Excise Department Sindh against the Company and other Formaldehyde manufacturers, the Supreme Court remanded the case of levy of vend fee and permit fee to the High Court Sindh for adjudication on all points of law and fact. Vide its judgment dated March 26, 2003, High Court Sindh again decided the matter in favour of the Company and other manufacturers. Excise Department 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 pending 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 @ Rs. 14/- per bulk gallon in the form of indemnity bonds. Accordingly, in case of an unfavorable decision of the Supreme Court, the Company is exposed to an aggregate obligation of Rs. 958 million (June 30, 2016 : Rs. 926 million) on account of vend fee and permit fee based on the guarantees issued against methanol imported and released up to the balance sheet date. This material uncertainty exist which may cast significant doubt in the entity's ability to continue as going concern therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. However keeping in view the facts and previous decisions, the management is confident that no such exposure will arise to the Company, therefore, no provision for this has been made in these financial statements. Furthermore, management is making necessary efforts to resolve this matter amicably and is confident that Company will be able to continue as a going concern.

There were no changes in other contingencies from the reported figures of June 30, 2016

	<u>Un-Audited</u> <u>December 31,</u> <u>2016</u>	<u>Audited</u> <u>June 30,</u> <u>2016</u>
	<u>Rupees in '000'</u>	
9.2 Commitments in respect of:		
9.2.1 Letters of credit for purchase of stocks	<u>105,148</u>	<u>82,030</u>
9.2.2 Post dated cheques issued in favour of Collector of Customs against custom duties and other levies on Methanol kept in bonded Ware house	<u>15,510</u>	<u>20,401</u>

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10 RELATED PARTY TRANSACTIONS

Un-Audited	Un-Audited
December 31,	December 31,
2016	2015
Rupees in '000'	

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

Expenses incurred (on behalf of) / by the group companies net	(3,355)	7,231
Corporate service fee charged by holding company	450	450
Purchase of Electricity from associated company	3,875	-
Sales to associate company	-	3,392
Dividend paid to the holding company	19,882	4,970
Payable to associated companies	2,634	7,712

Other related parties

Payment to:

Employees' provident fund trust	1,154	2,026
Workers' profit participation fund	1,882	1,329
Remuneration including perquisites of Key Management Personnel	3,463	7,457

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market 'prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or Liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Note	Carrying amount			Total
	Held - for-maturity	Loans and receivables	Other financial liabilities	
<u>31 December 2016</u>				
Financial assets not measured at fair value				
Bank balances	-	55,033	-	55,033
Trade debts	6	391,061	-	391,061
Trade deposits, prepayments and others	-	337	-	337
	17,583	-	-	17,583
	17,583	446,431	-	464,014

Financial liabilities not measured at fair value				
Trade and other payables	-	-	(204,120)	(204,120)
Markup accrued	-	-	1,397	1,397
Short term borrowings	-	-	(95,540)	(95,540)
Due to associated company	-	-	(2,634)	(2,634)
	-	-	(300,897)	(300,897)

		Carrying amount			
	Note	Held - for-maturity	Loans and receivables	Other financial liabilities	Total
<u>30 June 2016</u>					
Financial assets not measured at fair value					
Bank balances		-	7,795	-	7,795
Trade debts	6	-	396,261	-	396,261
Trade deposits, prepayments and others		-	344	-	344
Corporate debt securities		2,583	-	-	2,583
		2,583	404,400	-	406,983

Financial liabilities not measured at fair value				
Trade and other payables	-	-	(150,422)	(150,422)
Markup accrued	-	-	(2,313)	(2,313)
Short term borrowings	-	-	(151,573)	(151,573)
Due to associated company	-	-	(1,772)	(1,772)
	-	-	(306,080)	(306,080)

11.1 The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

12. GENERAL

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

13. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on February 27, 2017 by the Board of Directors of the Company.

DIRECTOR

CHIEF EXECUTIVE

WAH CANTT DATED 27.02.2017