



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

# **WAH NOBEL CHEMICALS LTD**

FIRST QUARTER  
FINANCIAL STATEMENTS  
(UNAUDITED)  
SEPTEMBER 30, 2016

## **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, 2<sup>nd</sup> Floor,  
Rose Plaza, I-8 Markaz, Islamabad.  
Tel: 051-4938026-7, 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](mailto:ce@wahnobel.com)

### **WEBSITE**

: [www.wahnobel.com](http://www.wahnobel.com)

### **FACTORY**

: Wah Cantt.

## **WAH NOBEL CHEMICALS LIMITED**

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

The Directors of the company are pleased to present Condensed Interim Financial Information (unaudited) for the first quarter ended September 30, 2016.

During the period under review Company has achieved net sales revenues of Rs. 235.007 million as compared to Rs. 223.900 million of previous corresponding period. Gross profit margin improved from 15.15% in the previous corresponding period to 17.45% during the period under review.

The increase is mainly attributed to reduction in cost of production. The financial cost during the period under review have also reduced by 54.49% in comparison to the corresponding period of last year, due to decrease in short term running finance and markup rates.

The Company earned after-tax profit of Rs 17.041 million during the period under review against after tax profit of Rs 8.593 million during the previous corresponding period.

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.

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

Wah Cantt  
Dated: November 03, 2016

BRIG (R) SHIRAZ ULLAH CHOUDHRY  
CHIEF EXECUTIVE

**WAH NOBEL CHEMICALS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT SEPTEMBER 30, 2016**

	Note	Un-Audited September 30, 2016 (Rupees in '000')	Audited June 30, 2016
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	145,551	148,722
Long term investment	5	22,642	22,642
Deferred taxation		-	-
<b>Total non-current assets</b>		<b>168,193</b>	<b>171,364</b>
<b>Current assets</b>			
Stores, spares and loose tools		34,981	39,734
Stock in trade		117,961	112,714
Trade debts	6	394,422	396,261
Advances		7,318	2,550
Trade deposits and prepayments		1,164	40
Accrued interest income		123	123
Other receivables		181	8,775
Short-term investment		2,583	2,583
Taxation - net		130,794	131,399
Cash and bank balances		2,562	7,795
<b>Total current assets</b>		<b>692,089</b>	<b>701,974</b>
<b>Total assets</b>		<b>860,282</b>	<b>873,338</b>
<b>Equity</b>			
<i>Authorized capital:</i>			
20,000,000 ordinary shares of Rs.10/- each			
<i>Issued, subscribed and paid up capital:</i>			
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		375,000	375,000
Unappropriated profit		112,860	95,819
<b>Total equity</b>		<b>578,804</b>	<b>561,763</b>
<b>Non current liabilities</b>			
Deferred tax liability		1,073	1,201
Accumulated compensated absences		4,894	4,294
<b>Total non-current liabilities</b>		<b>5,967</b>	<b>5,495</b>
<b>Current liabilities</b>			
Trade and other payables		155,903	150,422
Due to associated companies		1,020	1,772
Accrued mark-up		2,252	2,313
Short term borrowings - secured		116,336	151,573
<b>Total current liabilities</b>		<b>275,511</b>	<b>306,080</b>
<b>Total liabilities</b>		<b>281,478</b>	<b>311,575</b>
<b>Total equity and liabilities</b>		<b>860,282</b>	<b>873,338</b>

**Contingencies and commitments** 8

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

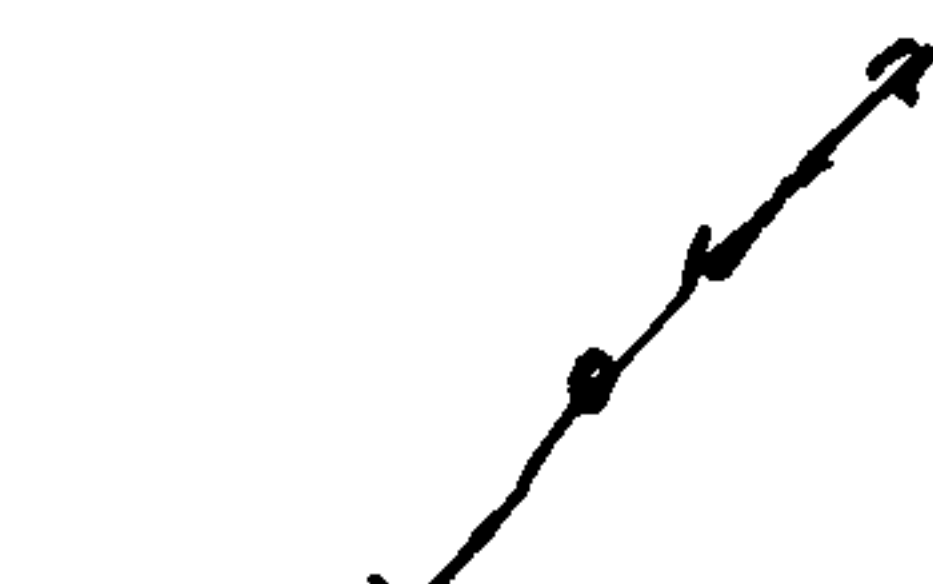
DIRECTOR

CHIEF EXECUTIVE OFFICER

**WAH NOBEL CHEMICALS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2016**

	July-Sep 2016	July-Sep 2015
	(Rupees in '000')	
Gross sales	277,393	263,845
Sales tax	(42,387)	(39,945)
<b>Net sales</b>	<b>235,007</b>	<b>223,900</b>
<b>Cost of sales</b>	<b>(194,001)</b>	<b>(189,962)</b>
Gross profit	41,006	33,938
Administrative and general expenses	(2,684)	(3,273)
Selling and distribution expenses	(8,195)	(10,524)
<b>Operating profit</b>	<b>30,128</b>	<b>20,142</b>
<b>Financial and other charges:</b>		
Finance cost	(2,286)	(5,023)
Other expenses	(2,065)	(1,188)
Other income	161	250
Share in profit of associated company - net of tax	-	-
<b>Profit before taxation</b>	<b>25,938</b>	<b>14,181</b>
Provision for taxation	(8,897)	(5,588)
<b>Profit for the period</b>	<b>17,041</b>	<b>8,593</b>
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<b>17,041</b>	<b>8,593</b>
<b>Earning per share - basic and diluted</b>	<b>Rs. 1.89</b>	<b>Rs. 0.95</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 OFFICER

**WAH NOBEL CHEMICALS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2016**

	September 30, 2016	September 30, 2015
	(Rupees in '000')	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	25,938	14,181
Adjustment for non cash charges and other items:		
Depreciation	3,171	3,171
Interest on term deposit receipts	(148)	-
Bank interest	-	(207)
Financial and other charges	2,286	5,023
Debts written off	(11,070)	-
Provision for doubtful debts	11,070	-
Workers' profit participation fund (WPPF)	1,393	762
Workers' welfare fund (WWF)	529	289
Provision for employees' gratuity fund	800	656
Provision for accumulated compensated absences	600	500
	<b>8,631</b>	<b>10,194</b>
Changes in working capital		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	4,754	(3,089)
Stock in trade	(5,247)	(25,820)
Trade debts	1,840	(733)
Advances	(4,768)	10,517
Trade deposits and prepayments	(1,124)	(1,151)
Other receivables	8,594	6,281
Increase/(decrease) in current liabilities:		
Trade and other payables	2,006	(16,025)
	<b>6,055</b>	<b>(30,020)</b>
Cash generated from operations	<b>40,624</b>	<b>(5,645)</b>
Payment for / receipt of:		
Taxation	(8,421)	(27,987)
Financial and other charges	(2,348)	(5,583)
WPPF	-	-
Interest on bank balance	-	207
	<b>(10,769)</b>	<b>(33,363)</b>
Net cash generated from/(used in) operating activities	<b>29,855</b>	<b>(39,008)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure		(16)
Interest on term deposit receipts	148	66
Net cash used in investing activities	<b>148</b>	<b>50</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>30,003</b>	<b>(38,958)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>7 (143,777)</b>	<b>(225,638)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>7 (113,774)</b>	<b>(264,596)</b>

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

**DIRECTOR**

**CHIEF EXECUTIVE OFFICER**

Wah Cantt. Dated 03-11-2016

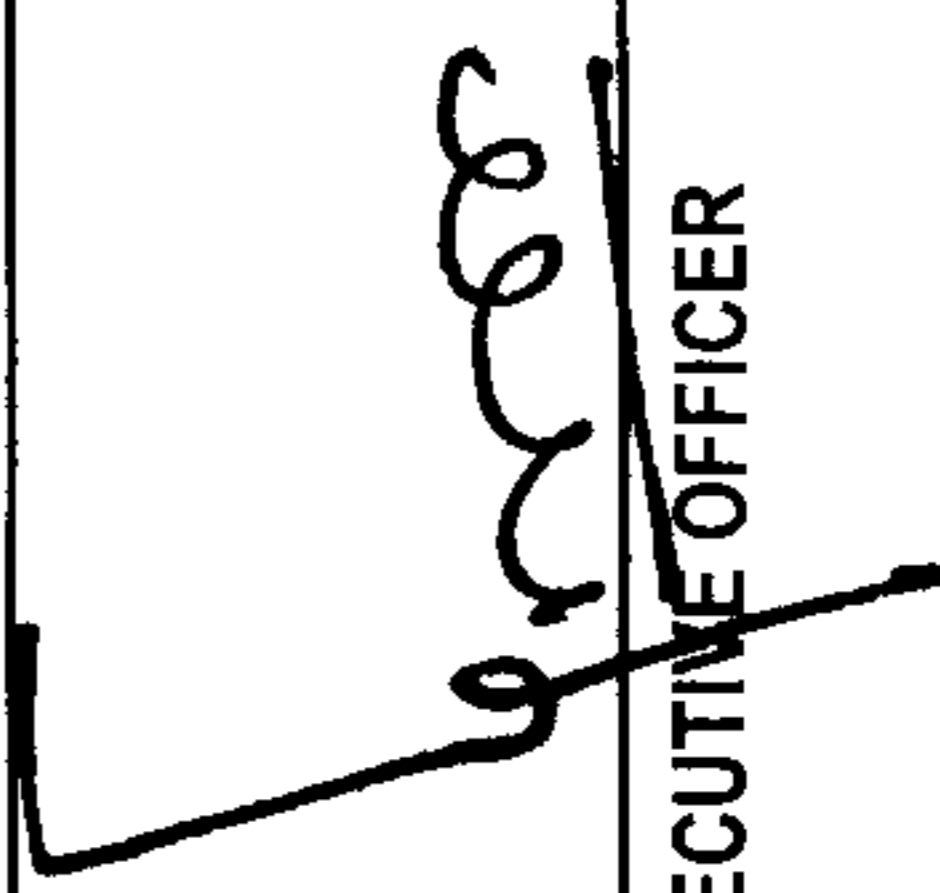
**WAH NOBEL CHEMICALS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2016**

	Revenue reserves				
	Issued, subscribed and paid-up share capital	Capital reserve - share premium	General reserve	Un- appropriated profit	Total
	(Rupees in '000')				
<b>Balance as at July 1, 2015</b>	90,000	944	360,000	41,516	492,460
Total comprehensive income for the period				8,593	8,593
<b>Balance as at September 30, 2015</b>	90,000	944	360,000	50,109	501,053
<b>Balance as at July 1, 2016</b>	90,000	944	375,000	95,819	561,763
Total comprehensive income for the period	-	-	-	17,041	17,041
<b>Balance as at September 30, 2016</b>	90,000	944	375,000	112,860	578,804

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



DIRECTOR



CHIEF EXECUTIVE OFFICER

Wah Cantt. Dated 03-11-2016

**WAH NOBEL CHEMICALS LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2016**

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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 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.

**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.

**WAH NOBEL CHEMICALS LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2016**

4	<b>PROPERTY, PLANT AND EQUIPMENT - AT BOOK VALUE</b>	<u>Un-Audited</u> September 30, 2016	<u>Audited</u> June 30, 2016
		<u>Rupees in '000'</u>	
	Opening book value	148,722	159,030
	Additions during the period / year		
	Plant and machinery	-	2,754
	Computer installations	-	32
		<u>148,722</u>	<u>161,816</u>
	Depreciation for the period / year	<u>3,171</u>	<u>13,095</u>
	Closing book value	<u><u>145,551</u></u>	<u><u>148,722</u></u>
5	<b>LONG TERM INVESTMENT</b> <b>Wah Nobel Acetate Limited</b>		
	2,500,000 shares of Rs. 10 each. (equity held: 8.33%)	25,000	25,000
	Share of profit of prior periods	<span style="border: 1px solid black;">(2,358)</span>	<span style="border: 1px solid black;">5,715</span>
	Share of profit / (loss) of current period / year	<span style="border: 1px solid black;">-</span>	<span style="border: 1px solid black;">(8,073)</span>
		<u>(2,358)</u>	<u>(2,358)</u>
		<u><u>22,642</u></u>	<u><u>22,642</u></u>
6	<b>TRADE DEBTS</b>		
	Considered good	394,422	396,261
	Considered doubtful	79,380	79,380
		<u>473,802</u>	<u>475,641</u>
	Provision for doubtful debts	<u>(79,380)</u>	<u>(79,380)</u>
		<u><u>394,422</u></u>	<u><u>396,261</u></u>
7	<b>CASH AND CASH EQUIVALENT</b>		
	Cash and bank balances	2,562	4,463
	Short term running finance - secured	<u>(116,336)</u>	<u>(230,101)</u>
		<u><u>(113,774)</u></u>	<u><u>(225,638)</u></u>

**WAH NOBEL CHEMICALS LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2016**

	<u>Un-Audited</u> September 30, 2016	<u>Audited</u> June 30, 2016
Rupees in '000'		
<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. 926 million to Rs.943 million on account of further import of Methanol from July 01, 2016 to September 30, 2016		
<b>8.2 Commitments in respect of:</b>		
<b>8.2.1</b> Letters of credit for purchase of stocks	89,960	82,030
<b>8.2.2</b> Post dated cheques issued in favour of Collector of Customs against custom duties and other levies on Methanol kept in bonded Ware house	27,522	20,401

**9 RELATED PARTY TRANSACTIONS**

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

Expenses incurred (on behalf of) / by the group	(977)	841,278
Management services by holding company	225	900
Purchase of Electricity from associated compar	5,410	8,933
Sales to associated company	-	3,834
Dividend paid to the holding company	-	4,970

**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, 2016 by the Board of Directors of the Company.

\_\_\_\_\_  
**DIRECTOR**

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**CHIEF EXECUTIVE OFFICER**