



ISO 9001-2000, 14001 &  
OHSAS 18001 CERTIFIED

THIRD QUARTERLY ACCOUNTS  
(Un-audited)

# WAH NOBEL CHEMICALS LIMITED

REPORT AND UNAUDITED  
ACCOUNTS FOR THE THIRD QUARTER  
ENDED MARCH 31, 2004



## **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.

## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

MAJ. GEN. MUHAMMAD JAVED, HI (M)  
Chairman  
MR. ROLF EKBERG  
Vice Chairman  
MR. SYED KAUKAB MOHYUDDIN  
Chief Executive  
MR. FEROUZE KHAN MALIK  
Director  
MR. SHABBIR AHMAD  
Director  
MR. AZHAR MASOOD  
Director  
MR. MUHAMMAD NAWAZ TISHNA  
Director

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

MR. AMANULLAH KHAN, FCA

### **AUDITORS**

Messrs Tariq Ayub, Anwar & Co.,  
Chartered Accountants

### **LEGAL ADVISORS**

Messrs Khan & Piracha

### **BANKERS**

Muslim Commercial Bank Limited  
United Bank Limited  
Askari Commercial Bank Limited

### **REGISTERED OFFICE**

G.T. ROAD, WAH CANTT.

PHONES : (051) 5568760, (0596) 545243-6 (4 Lines)  
(0596) 9314101-21 (21 Lines) Ext. 22236

CABLE : DYNAMITE WAH CANTT.

FAX : (0596) 545241  
(0596) 535862

E.MAIL : wahnobel@comsats.net.pk  
wahnobel@micro.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 third quarter ended 31<sup>st</sup> March, 2004.

The economy of the country has yet to improve to its full potential due to warlike situation and political instability in Middle East and Afghanistan. However, the Company has been able to achieve Gross Sales Revenue of Rs.204.550 million during the period under review vis-à-vis Rs.162.314 million (an increase of Rs.42.236 million i.e. 26%) and earned a pre-tax profit of Rs.33.637 million as against Rs.24.007 million during the corresponding period of the preceding year. This is due to the tenacious efforts of the Company to generate large revenue and improve its performance.

The Formaldehyde expansion plant which was successfully commissioned with the grace of Almighty Allah and the trial production started from the last week of September 2003, is performing satisfactorily.

The Company continued concerted efforts to maximise its sales and optimise its profits and looks to the future with confidence and hopes to attain promising results during the last quarter of the year 2003-04.

The Directors wish to express their appreciation of the team of dedicated officers and staff/workers for their unceasing efforts for further growth of the Company.

WAH CANTT.  
Dated : 28.04.2004.

**SYED KAUKAB MOHYUDDIN**  
**CHIEF EXECUTIVE**

**WAH NOBEL CHEMICALS LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2004 (UN-AUDITED)**

	<u>Rupees in Million</u>	
	<u>31 March,</u> <u>2004</u>	<u>30 June,</u> <u>2003</u>
<b><u>CAPITAL AND LIABILITIES</u></b>		
<b>Share capital and reserves</b>		
Authorised capital: 20,000,000 Ordinary shares of Rs.10/- each	<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid up capital	75.000	75.000
Capital reserve	0.944	0.944
General reserve	92.000	92.000
Unappropriated profit	22.323	0.456
	190.267	168.400
Long term loans	65.625	35.000
<b>Deferred liabilities - taxation</b>	5.557	5.557
<b>Current liabilities and provisions:</b>		
Short term borrowings	36.032	30.905
Current portion of long term loans	9.375	5.000
Creditors, provisions, accrued charges and other payables	32.810	48.145
Provision for taxation - net of advance	-	0.895
Dividend payable/proposed	-	22.500
	78.217	107.445
	<u>339.666</u>	<u>316.402</u>
<b><u>PROPERTY AND ASSETS</u></b>		
<b>Fixed capital expenditure - at cost less depreciation</b>	25.744	27.617
<b>Capital work in progress</b>	103.092	79.030
<b>Long term investment</b>	25.000	25.000
<b>Current assets:</b>		
Stores, spares and loose tools	14.364	15.290
Stock in trade	38.101	25.879
Trade debtors	97.500	87.933
Advances, deposits, prepayments and other receivables	7.831	26.404
Advance Tax - Net of Provision	0.465	-
Short term deposits	-	15.000
Cash and bank balances	27.569	14.249
	185.830	184.755
	<u>339.666</u>	<u>316.402</u>

**AZHAR MASOOD**  
**DIRECTOR**

**SYED KAUKAB MOHYUDDIN**  
**CHIEF EXECUTIVE**

WAH CANTT DATED 28.04.2004.

**WAH NOBEL CHEMICALS LIMITED**  
**PROFIT AND LOSS STATEMENT FOR THE 3RD QUARTER**  
**ENDED 31ST MARCH 2004 (UN-AUDITED)**

Rupees in Million

	Jan. 2004 to Mar. 2004	July 2003 to Mar. 2004	Jan. 2003 to Mar. 2003	July 2002 to Mar. 2003
Gross sales	75.469	204.550	49.050	162.314
Less: Sales tax	10.101	29.610	7.030	22.468
Net sales	65.368	174.940	42.020	139.846
Less: Cost of sales	47.841	127.237	31.586	104.760
Gross profit	17.527	47.703	10.434	35.086
<u>Operating expenses</u>				
Administrative and general expenses	1.687	3.781	1.311	3.683
Selling and distribution expenses	3.166	9.022	2.099	6.797
	4.853	12.803	3.410	10.480
Operating profit	12.674	34.900	7.024	24.606
Add: Other income	0.258	2.033	0.949	1.715
	12.932	36.933	7.973	26.321
<u>Financial and other charges:</u>				
Financial and other charges	0.289	0.810	0.157	0.535
Workers' profit participation fund	0.626	1.800	0.391	1.289
Workers welfare fund	0.240	0.686	0.148	0.490
	1.155	3.296	0.696	2.314
Net profit for the period before taxation	11.777	33.637	7.277	24.007
Provision for taxation	4.120	11.770	2.545	8.400
Net profit after taxation	7.657	21.867	4.732	15.607
Unappropriated profit brought forward	14.666	0.456	11.435	0.560
Unappropriated profit carried to balance sheet	22.323	22.323	16.167	16.167
Earning per share - Rs.	1.02	2.92	0.63	2.08

**AZHAR MASOOD**  
**DIRECTOR**

**SYED KAUKAB MOHYUDDIN**  
**CHIEF EXECUTIVE**

WAH CANTT DATED 28.04.2004.

**WAH NOBEL CHEMICALS LIMITED**  
**CASH FLOW STATEMENT FOR THE 3RD QUARTER**  
**ENDED 31 MARCH 2004 (UN-AUDITED)**

	Rupees in Million	
	31 March 2004	31 March 2003
<b><u>CASH FLOW FROM OPERATING ACTIVITIES:</u></b>		
Net profit before taxation	33.637	24.007
Adjustment of items not involving movement of cash	2.233	2.258
<b>CASH GENERATED FROM OPERATIONS</b>	<b>35.870</b>	<b>26.265</b>
 (INCREASE)/DECREASE IN CURRENT ASSETS:		
Stores, spares and loose tools	0.926	(0.594)
Stock in trade	(12.222)	(5.412)
Trade debtors	(9.567)	(12.594)
Advances, deposits, prepayments and other receivables	18.573	(1.405)
	(2.290)	(20.005)
 INCREASE/(DECREASE) IN CURRENT LIABILITIES		
Creditors, provisions, accrued charges & other payable	(15.335)	9.115
 INCREASE/(DECREASE) IN WORKING CAPITAL		
	(17.625)	(10.890)
	18.245	15.375
Income tax (paid)	(13.130)	(9.928)
	<b>5.115</b>	<b>5.447</b>
 <b><u>CASH OUTFLOW/INFLOW FROM INVESTING ACTIVITIES:</u></b>		
Capital work in progress	(24.062)	(54.106)
Purchase of fixed assets	(0.360)	(0.253)
	<b>(24.422)</b>	<b>(54.359)</b>
 <b><u>CASH OUTFLOW FROM FINANCING ACTIVITIES:</u></b>		
Short-term finance	5.127	22.016
Dividend paid	(22.500)	(20.625)
Short term deposit	15.000	(15.000)
Subscription against issue of right shares	-	1.101
Long term loans	35.000	-
	32.627	(12.508)
 Net (decrease)/increase in cash and cash equivalents	 <b>13.320</b>	 <b>(61.420)</b>
 CASH AND CASH EQUIVALANT AS AT 30 JUNE 2003	 <u>14.249</u>	 <u>70.002</u>
 CASH AND CASH EQUIVALANT AS AT 31 MARCH 2004	 <u><u>27.569</u></u>	 <u><u>8.582</u></u>

**AZHAR MASOOD**  
**DIRECTOR**

**SYED KAUKAB MOHYUDDIN**  
**CHIEF EXECUTIVE**

WAH CANTT DATED 28.04.2004.

**WAH NOBEL CHEMICALS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE 3RD QUARTER ENDED 31ST MARCH 2004**

Rupees in Million

	Right Shares Money	Share Capital	Capital Reserve	General Reserve	Unappropriated Profit	Total
Balance as at 30th June 2003	-	75.000	0.944	92.000	0.456	168.400
After tax profit for the period ended 31st March 2004	-	-	-	-	21.867	21.867
Balance as at 31st March 2004	-	75.000	0.944	92.000	22.323	190.267
Balance as at 30th June 2002	36.399	37.500	0.944	87.500	0.560	162.903
Amount received during the period	1.101	-	-	-	-	1.101
After tax profit for the year ended 31st March 2003	-	-	-	-	15.607	15.607
Right shares issued against right subscription	(37.500)	37.500	-	-	-	-
Balance as at 31st March 2003	-	75.000	0.944	87.500	16.167	179.611

**AZHAR MASOOD**  
**DIRECTOR**

**SYED KAUKAB MOHYUDDIN**  
**CHIEF EXECUTIVE**

WAH CANTT DATED 28.04.2004.

**WAH NOBEL CHEMICALS LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE THIRD QUARTER ENDED 31<sup>ST</sup> MARCH 2004**

1. **THE COMPANY AND ITS OPERATIONS**

1.1 The Company was incorporated in Pakistan on 31<sup>st</sup> May 1983 as a public limited company. Its shares are listed on the Karachi, Lahore and Islamabad Stock Exchanges.

1.2 The Company is principally engaged in the manufacture of formaldehyde and formaldehyde based liquid resins for use as bonding agent in the chipboard, plywood and flush door manufacturing industries. The manufacturing facilities of the Company are situated in Wah Cantt. The Company is also engaged in erection of plants and trading activities.

2. **BASIS OF PREPARATION**

These unaudited accounts are being submitted to the shareholders, in accordance with section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting".

3. **ACCOUNTING POLICIES**

The accounting policies and methods of computation followed in the preparation of these financial statements are the same as those of the published annual financial statements for the year ended 30<sup>th</sup> June, 2003.

4. **CHANGES IN CONTINGENCIES AND COMMITMENTS**

The contingencies reported in the last annual report have undergone the following changes

4.1 The Company's contingent liability on account of vend fee and permit fee has increased from Rs.268 million to Rs.282 million on

account of further import of Methanol from 1<sup>st</sup> January, 2004 to 31<sup>st</sup> March, 2004.

- 4.2 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 judgement 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 awaiting adjudication by the Supreme Court.
- 4.3 Under the Punjab Excise Act, 1940, Excise Commissioner/Director General, Excise and Taxation Department, Punjab has issued a notification dated June 30, 2003 by which the Department has levied fees on the import, possession, industrial use and sale of Methanol. The Company and other manufacturers, importers and vendors of Methanol have filed writ petitions in the High Court, Lahore and obtained stay order against these levies.
5. **CAPITAL COMMITMENTS**
- Capital commitments in respect of plant expansion amounted to Rs.7.000 million as at 31<sup>st</sup> March, 2004.
6. Corresponding figures for the prior period have been rearranged, wherever necessary for the purposes of comparison.

**AZHAR MASOOD  
DIRECTOR**

**SYED KAUKAB MOHYUDDIN  
CHIEF EXECUTIVE**

WAH CANTT DATED 28.04.2004.