



ISO 9001-2000, 14001, 17025
& OHSAS 18001 CERTIFIED

THIRD QUARTERLY ACCOUNTS
(Un-audited)

WAH NOBEL CHEMICALS LIMITED

REPORT AND UNAUDITED
ACCOUNTS FOR THE THIRD QUARTER
ENDED MARCH 31, 2005



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. Feroze Khan Malik	:	Director
Mr. Shabbir Ahmad	:	Director
Mr. Azhar Nawaz Khan	:	Director
Mr. Muhammad Nawaz Tishna	:	Director (N.I.T. Nominee)

AUDIT COMMITTEE

Mr. Azhar Nawaz Khan	:	Chairman
Mr. Feroze Khan Malik	:	Member
Mr. S.K. Mohyuddin	:	Member

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Mr. Amanullah Khan, FCA

AUDITORS	:	Ford Rhodes Sidat Hyder & Co., Chartered Accountants
LEGAL ADVISORS	:	The Law Firm of Basit Musheer
BANKERS	:	Muslim Commercial Bank Limited Askari Commercial Bank Limited
REGISTERED OFFICE	:	G.T. ROAD, WAH CANTT.
PHONES	:	(051) 5568760, (0596) 545243-6 (4 Lines) (051) 49314101-21 (21 Lines) Ext. 22236
CABLE	:	DYNAMITE WAH CANTT.
FAX	:	(051) 4545241 (051) 4535862
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 31st March, 2005.

The unabated rise in the prices of Methanol and Urea, the two major raw materials, without a proportionate increase in the sale prices of our products continues to erode the profit margins. The Company has been able to partly compensate the low margins by enhanced sales volume. Thus, the Company has been able to achieve gross sales revenue of Rs.348.689 million during the period under review vis-à-vis Rs.204.550 million and earned a pre-tax profit of Rs.30.555 million as against profit of Rs.33.637 million during the corresponding period of the previous year.

The Company is making exerted efforts to pass on a high proportion of the cost escalation to the customers and maximising the sales quantum to increase profitability. The management hopes to attain better results during the last quarter of the year 2004-05.

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 thank all its valued customers for their continued patronage and support.

On behalf of the Board

WAH CANTT.
Dated : 27.04.2005.

SYED KAUKAB MOHYUDDIN
CHIEF EXECUTIVE

WAH NOBEL CHEMICALS LIMITED
BALANCE SHEET AS AT 31ST MARCH 2005 (UN-AUDITED)

	<u>Rupees in Million</u>	
	<u>31 March</u>	<u>30 June</u>
	<u>2005</u>	<u>2004</u>
ASSETS		
Fixed assets - tangible		
Operating assets - net book value	130.395	25.286
Capital work in progress - at cost	-	109.527
Long term investment	25.000	25.000
Current assets		
Stores, spares and loose tools	17.342	15.217
Stock in trade	45.286	38.899
Trade debtors - unsecured, considered good	164.297	127.233
Advances, deposits, prepayments and other receivables	38.101	38.909
Advance tax - net of provision	18.428	8.369
Cash and bank balances	8.267	22.335
	<u>291.721</u>	<u>250.962</u>
	<u>447.116</u>	<u>410.775</u>
CAPITAL AND LIABILITIES		
Share capital and reserves		
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:		
7,500,000 [June 2004, 7,500,000] ordinary shares of		
Rs.10/- each, fully paid up in cash	75.000	75.000
Capital reserve	0.944	0.944
General reserve	100.000	100.000
Unappropriated profit	21.385	1.011
	197.329	176.955
Long term loan - secured	46.875	56.250
Deferred liability - taxation	15.470	5.289
Current liabilities		
Short term borrowing - secured	99.044	57.586
Current maturity of long term loan	18.750	18.750
Creditors, accrued and other liabilities	69.648	69.695
Dividend payable	-	26.250
	<u>187.442</u>	<u>172.281</u>
	<u>447.116</u>	<u>410.775</u>

AZHAR NAWAZ KHAN
DIRECTOR

SYED KAUKAB MOHYUDDIN
CHIEF EXECUTIVE

WAH CANTT DATED 27.04.2005.

WAH NOBEL CHEMICALS LIMITED
PROFIT AND LOSS STATEMENT FOR THE 3RD QUARTER
ENDED 31ST MARCH 2005 (UN-AUDITED)

Rupees in Million

	Jan. 2005 to Mar. 2005	July 2004 to Mar. 2005	Jan. 2004 to Mar. 2004	July 2003 to Mar. 2004
Gross sales	130.568	348.689	75.469	204.550
Less: Sales tax	16.697	45.004	10.101	29.610
Net sales	113.871	303.685	65.368	174.940
Less: Cost of sales	103.343	257.603	49.657	132.609
Gross profit	10.528	46.082	15.711	42.331
Trading Income	1.115	5.478	-	0.437
	11.643	51.560	15.711	42.768
<u>Operating expenses</u>				
Administrative and general expenses	1.596	7.435	1.687	3.781
Selling and distribution expenses	1.546	4.475	1.350	3.650
	3.142	11.910	3.037	7.431
Operating profit	8.501	39.650	12.674	35.337
Add: Other income	-	0.099	0.258	1.596
	8.501	39.749	12.932	36.933
<u>Financial and other charges:</u>				
Financial and other charges	3.443	7.586	0.289	0.810
Workers' profit participation fund	0.124	1.608	0.626	1.800
Workers welfare fund	-	-	0.240	0.686
	3.567	9.194	1.155	3.296
Net profit for the period before taxation	4.934	30.555	11.777	33.637
Provision for deferred taxation	0.581	10.181	4.120	11.770
Net profit after taxation	4.353	20.374	7.657	21.867
Unappropriated profit brought forward	17.032	1.011	14.666	0.456
Unappropriated profit carried to balance sheet	21.385	21.385	22.323	22.323
Earning per share - Rs.	0.58	2.72	1.02	2.92

AZHAR NAWAZ KHAN
DIRECTOR

SYED KAUKAB MOHYUDDIN
CHIEF EXECUTIVE

WAH CANTT DATED 27.04.2005.

WAH NOBEL CHEMICALS LIMITED
CASH FLOW STATEMENT FOR THE 3RD QUARTER
ENDED 31 MARCH 2005 (UN-AUDITED)

	Rupees in Million	
	31 March 2005	31 March 2004
<u>CASH FLOW FROM OPERATING ACTIVITIES:</u>		
Net profit before taxation	30.555	33.637
Adjustment of items not involving movement of cash	4.843	2.233
CASH GENERATED FROM OPERATIONS	<u>35.398</u>	<u>35.870</u>
(INCREASE)/DECREASE IN CURRENT ASSETS:		
Stores, spares and loose tools	(2.125)	0.926
Stock in trade	(6.387)	(12.222)
Trade debtors	(37.064)	(9.567)
Advances, deposits, prepayments and other receivables	0.808	18.573
	<u>(44.768)</u>	<u>(2.290)</u>
INCREASE/(DECREASE) IN CURRENT LIABILITIES		
Creditors, provisions, accrued charges & other payable	(0.047)	(15.335)
INCREASE/(DECREASE) IN WORKING CAPITAL	<u>(44.815)</u>	<u>(17.625)</u>
	(9.417)	18.245
Income tax	(10.059)	(13.130)
	<u>(19.476)</u>	<u>5.115</u>
<u>CASH OUTFLOW/INFLOW FROM INVESTING ACTIVITIES:</u>		
Capital work in progress	-	(24.062)
Purchase of fixed assets	(0.425)	(0.360)
	<u>(0.425)</u>	<u>(24.422)</u>
<u>CASH OUTFLOW FROM FINANCING ACTIVITIES:</u>		
Short-term finance	41.458	5.127
Dividend paid	(26.250)	(22.500)
Short term deposit	-	15.000
Long term loans	(9.375)	35.000
	<u>5.833</u>	<u>32.627</u>
Net (decrease)/increase in cash and cash equivalents	(14.068)	13.320
CASH AND CASH EQUIVALANT AS AT 30 JUNE 2004	<u>22.335</u>	<u>14.249</u>
CASH AND CASH EQUIVALANT AS AT 31 MARCH 2005	<u><u>8.267</u></u>	<u><u>27.569</u></u>

AZHAR NAWAZ KHAN
DIRECTOR

SYED KAUKAB MOHYUDDIN
CHIEF EXECUTIVE

WAH CANTT DATED 27.04.2005.

WAH NOBEL CHEMICALS LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE 3RD QUARTER ENDED 31ST MARCH 2005

	Share Capital	Capital Reserve	General Reserve	Unappro- priated Profit	Total
Balance as at 30th June 2004	75.000	0.944	100.000	1.011	176.955
After tax profit for the period ended 31st March 2005	-	-	-	20.374	20.374
Balance as at 31st March 2005	<u>75.000</u>	<u>0.944</u>	<u>100.000</u>	<u>21.385</u>	<u>197.329</u>
Balance as at 30th June 2003	75.000	0.944	92.000	0.456	168.400
After tax profit for the year ended 31st March 2004	-	-	-	21.867	21.867
Balance as at 31st March 2004	<u>75.000</u>	<u>0.944</u>	<u>92.000</u>	<u>22.323</u>	<u>190.267</u>

AZHAR NAWAZ KHAN
DIRECTOR

SYED KAUKAB MOHYUDDIN
CHIEF EXECUTIVE

WAH CANTT DATED 27.04.2005.

WAH NOBEL CHEMICALS LIMITED
NOTES TO THE ACCOUNTS
FOR THE THIRD QUARTER ENDED 31ST MARCH 2005

1. **THE COMPANY AND ITS OPERATIONS**

1.1 The Company was incorporated in Pakistan on 31st 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**

2.1 These financial statements are unaudited and are being circularised in compliance with section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting", as applicable in Pakistan.

2.2 The accompanying financial statements have been prepared under the historical cost convention.

3. **ACCOUNTING POLICIES**

The accounting policies adopted in preparation of these financial statements are same as those applied in the preparation of preceding annual financial statements of the Company.

4. **CHANGES IN CONTINGENCIES AND COMMITMENTS**

Following is the statement of additions to and deletions from fixed assets during the period:

		March 31, 2005 Rupees '000'	
		Additions / transfers	Deletions
Factory building - lease hold land	4.1	9,795	-
Plant and Machinery	4.1	99,732	-
Furniture, fixture and office equipment		425	-
		<u>109,952</u>	<u>-</u>

4.1 Represents transfer/capitalisation from Capital Work in Progress.

The expansion in plant and machinery resulted in increase in installed production capacity from 15,000 Metric Tons to 30,000 Metric Tons of Formaldehyde and Formaline Solvent and from 9,500 Metric Tons to 19,000 Metric Tons of Urea/Phenol Formaldehyde.

The Company has a policy to depreciate the expansion in plant and machinery on written down value in proportion to utilised capacity till such time the expanded production capacity is fully utilised. During the period the newly expanded plant and machinery operated at 29% of its installed production capacity.

5. **CONTINGENCIES AND COMMITMENTS**

5.1 **Contingencies**

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

5.1.1 The contingent liability of the Company on account of vend fee and permit fee has increased from Rs.295 million to Rs.342 million on

account of further import of Methanol from July 01, 2004 to March 31, 2005.

5.1.2 In 1990, the Government of Sindh levied Excise Duty @ Rs.4 per bulk gallon on transport of imported Methanol outside the Province of Sindh under the Sindh Abkari Act, 1878. The Company filed a Constitutional Petition No. D-123/91 in the High Court of Sindh that the Duty was ultra vires of Article 151 of the Constitution. The Court granted interim relief by permitting the Company removal of Methanol by submitting Bank Guarantees in lieu of payment of Excise Duty. Accordingly the Company submitted Bank Guarantees of Rs.8,845,220 (June 30, 2004: Rs.8,845,220) for transport of 7,200 tons of Methanol outside Sindh.

On August 12, 2004 the High Court, Sindh decided the case in favour of the Company. Excise Department, Sindh has filed a Leave to Appeal in the Supreme Court on September 7, 2004 against the said judgement.

5.2 **Commitments for Capital Expenditure**

Commitments for Capital Expenditure as at March 31, 2005 are nil [June 30, 2004: Nil].

6. **CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard No.34 "Interim Financial Reporting", balance sheet has been compared with the balances of last annual financial statements, whereas profit and loss account and cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

7. **DATE OF AUTHORIZATION OF ISSUE**

These financial statements were authorized for issue on April 27, 2005 by the Board of Directors of the Company.

**AZHAR NAWAZ KHAN
DIRECTOR**

**SYED KAUKAB MOHYUDDIN
CHIEF EXECUTIVE**

WAH CANTT DATED 27.04.2005.