

THIRD QUARTERLY ACCOUNTS  
(Un-audited)



ISO 9001:2000, 14001, IEC 17025  
& OHSAS 18000 CERTIFIED

**WAH  
NOBEL  
CHEMICALS  
LTD**

REPORT AND UNAUDITED  
ACCOUNTS FOR THE THIRD QUARTER  
ENDED 31<sup>ST</sup> MARCH, 2006

## **VISION STATEMENT**

The Company's vision is to be the market leader and serve the needs of customers with total dedication, cater for their current requirement and anticipate their future needs, create value for customers, stakeholders, employees and the community at large.

## **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. Syed Sabahat Husain, : HI (M)	Chairman
Mr. Rolf Ekberg :	Vice Chairman
Mr. Syed Kaukab Mohyuddin :	Chief Executive
Mr. Feroze Khan Malik :	Director
Mr. Shabbir Ahmad :	Director
Mr. Shahid Ahmed :	Director
Mr. Muhammad Nawaz Tishna :	Director (N.I.T. Nominee)

### **AUDIT COMMITTEE**

Mr. Shahid Ahmed :	Chairman
Mr. Feroze Khan Malik :	Member
Mr. S.K. Mohyuddin :	Member

### **COMPANY SECRETARY**

Mr. Tauqir Sadiq

<b>AUDITORS</b> :	Ford Rhodes Sidat Hyder & Co., Chartered Accountants
<b>LEGAL ADVISORS</b> :	The Law Firm of Basit Musheer
<b>BANKERS</b> :	Muslim Commercial Bank Limited Askari Commercial Bank Limited
<b>REGISTERED OFFICE</b> :	G.T. Road, Wah Cantt.
<b>PHONES</b> :	(051) 5568760, 4545243-6 (4 Lines) (051) 9314101-21 (21 Lines) Ext. 22236
<b>CABLE</b> :	DYNAMITE WAH CANTT.
<b>FAX</b> :	(051) 4545241 (051) 4535862
<b>E.MAIL</b> :	wahnobel@comsats.net.pk wahnobel@micro.net.pk
<b>WEBSITE</b> :	www.wahnobel.com
<b>FACTORY</b> :	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, 2006.

The Company has been able to achieve net sales revenue of Rs.434.915 million during the period under review vis-à-vis Rs.303.685 million (an increase of Rs.131.23 million i.e. 43.22%) and earned a pre-tax profit of Rs.36.144 million compared to Rs.30.555 million earned in the previous corresponding period. The after tax profit for the period ended 31<sup>st</sup> March, 2006 is Rs.28.841 million against Rs.20.374 million for the previous corresponding period.

The Management of the Company made tenacious efforts to maintain the profitability level through increase in sales volume as the market conditions did not allow increase in selling prices of the products to fully absorb the impact of increased cost of inputs.

The Management of the Company looks forward to the future with confidence and envisages sustained performance in the last quarter of the current financial year.

On behalf of the Board

WAH CANTT.

**SYED KAUKAB MOHYUDDIN  
CHIEF EXECUTIVE**

Dated: 28.04.2006.

**WAH NOBEL CHEMICALS LIMITED**  
**BALANCE SHEET (UN-AUDITED)**  
**AS AT MARCH 31, 2006**

	Note	March 31, 2006	June 30, 2005
		(Rupees '000')	
		(Audited)	
<b>FIXED ASSETS</b>			
Property, plant and equipment	4	123,284	128,062
<b>LONG TERM INVESTMENT</b>			
		25,000	25,000
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		21,066	19,959
Stock in trade		63,772	49,237
Trade debts		171,641	137,814
Advances, deposits and prepayments		7,124	5,184
Other receivables		3,665	6,212
Advance income tax - net		16,872	18,211
Cash and bank balances		12,669	13,418
		296,809	250,035
		<u>445,093</u>	<u>403,097</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital:			
20,000,000 ordinary shares of Rs.10/- each		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid up capital:			
9,000,000 [June 2005: 7,500,000] ordinary shares of Rs.10/- each, fully paid up in cash		90,000	75,000
Capital reserve		944	944
General reserve		98,000	100,000
Unappropriated profit		29,444	24,853
		<u>218,388</u>	<u>200,797</u>
<b>NON CURRENT LIABILITIES</b>			
Long term financing - secured		28,125	37,500
Deferred liabilities		26,016	19,897
<b>CURRENT LIABILITIES</b>			
Trade and other payables		78,861	39,192
Interest and mark-up accrued		4,917	3,021
Short term borrowings - secured		70,036	83,940
Current portion of long term financing - secured		18,750	18,750
		172,564	144,903
<b>Contingencies and Commitments</b>	5	<u>445,093</u>	<u>403,097</u>

The annexed notes from 1 to 8 form an integral part of these financial statements.

**SHAHID AHMED**  
**DIRECTOR**

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

WAH CANTT DATED 28.04.2006.

**WAH NOBEL CHEMICALS LIMITED**  
**PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE 3RD QUARTER ENDED MARCH 31, 2006**

	JUL,2005 TO MAR,2006	JUL,2004 TO MAR,2005	Quarter ended March 31, 2006	Quarter ended March 31, 2005
<b>Note</b>	<b>(Rupees in '000')</b>			
Gross sales	499,800	348,689	168,741	130,568
Sales tax	64,885	45,004	22,027	16,697
Net sales	434,915	303,685	146,714	113,871
Cost of sales	367,328	257,603	127,661	103,343
Gross profit	67,587	46,082	19,053	10,528
Trading income	113	5,478	59	1,115
	67,700	51,560	19,112	11,643
<b>Operating expenses</b>				
Administrative and general expenses	5,466	7,435	1,155	1,596
Distribution cost	15,713	4,475	5,372	1,546
	21,179	11,910	6,527	3,142
Operating profit	46,521	39,650	12,585	8,501
Other operating income	2,552	99	(0)	-
	49,073	39,749	12,585	8,501
<b>Financial and other charges:</b>				
Financial cost	11,027	7,586	3,562	3,443
Workers' profit participation fund	1,902	1,608	451	124
	12,929	9,194	4,013	3,567
Profit before taxation	36,144	30,555	8,572	4,934
Provision for taxation	(7,303)	(10,181)	(735)	(581)
Profit after taxation	28,841	20,374	7,837	4,353
Earnings per share (Rs)	3.20	2.26	0.87	0.48

Appropriations have been reflected in the statement of changes in equity.

The annexed notes from 1 to 8 form an integral part of these financial statements.

**SHAHID AHMED**  
**DIRECTOR**

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

**WAH NOBEL CHEMICALS LIMITED**  
**CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE 3RD QUARTER ENDED MARCH 31, 2006**

	March 31, 2006	March 31, 2005
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	36,144	30,555
Adjustment for non cash charges and other items:		
Depreciation	5,289	4,843
Financial and other charges	10,697	6,726
Provision against doubtful debts	-	2,496
Allocation of Workers' Profit Participation Fund (WPPF)	1,902	1,608
Provision for accumulated compensated absences	1,119	-
Dividend income from associate	(2,500)	-
Interest on TDRs	(52)	(99)
	16,455	15,574
Changes in working capital		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	(1,107)	(2,125)
Stock in trade	(14,535)	(6,387)
Trade debts	(33,827)	(39,560)
Advances, deposits, prepayments and other receivables	607	808
Increase in current liabilities:		
Trade and other payables	39,883	111
	(8,979)	(47,153)
Cash generated from operations	43,620	(1,024)
Income tax paid	(964)	(10,059)
Financial and other charges paid	(8,801)	(6,053)
WPPF paid	(2,116)	(2,439)
Interest received	52	99
	(11,829)	(18,452)
Net cash generated from/(used in) operating activities	31,791	(19,476)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend Income	2,500	-
Capital expenditure	(511)	(425)
Net cash generated from / (used in) investing activities	1,989	(425)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing - repayments	(9,375)	(9,375)
Short term borrowings	(13,904)	41,458
Dividends paid	(11,250)	(26,250)
Net cash (used in)/generated from financing activities	(34,529)	5,833
<b>Net increase/(decrease) in cash and cash equivalents</b>	(749)	(14,068)
<b>Cash and cash equivalents at beginning of the period</b>	13,418	22,335
<b>Cash and cash equivalents at end of the period</b>	12,669	8,267

The annexed notes from 1 to 8 form an integral part of these financial statements.

**SHAHID AHMED**  
**DIRECTOR**

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

**WAH NOBEL CHEMICALS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE 3RD QUARTER ENDED MARCH 31, 2006**

	Share Capital	Capital Reserve	Reserve for issue of bonus shares	General Reserve	Un- appropri- ated Profit	Total
<b>(Rupees in '000')</b>						
Balance as at June 30, 2004 (Restated)	75,000	944	-	100,000	27,261	203,205
Final dividend @ Rs. 3.50 per share	-	-	-	-	(26,250)	(26,250)
Profit for the period ended March 31, 2005	-	-	-	-	20,374	20,374
Balance as at March 31, 2005	<u>75,000</u>	<u>944</u>	<u>-</u>	<u>100,000</u>	<u>21,385</u>	<u>197,329</u>
Balance as at June 30, 2005	75,000	944	-	100,000	24,853	200,797
Final dividend @ Rs. 1.50 per share	-	-	-	-	(11,250)	(11,250)
Reserve for issue of bonus shares	-	-	15,000	(2,000)	(13,000)	-
Bonus Shares issued	15,000	-	(15,000)	-	-	-
Profit for the period ended March 31, 2006	-	-	-	-	28,841	28,841
Balance as at March 31, 2006	<u>90,000</u>	<u>944</u>	<u>-</u>	<u>98,000</u>	<u>29,444</u>	<u>218,388</u>

The annexed notes from 1 to 8 form an integral part of these financial statements.

**SHAHID AHMED**  
**DIRECTOR**

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

WAH CANTT DATED 28.04.2006.

**WAH NOBEL CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE 3RD QUARTER ENDED MARCH 31, 2006**

**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**

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

**3. ACCOUNTING POLICIES**

- 3.1** The accounting policies adopted in preparation of these 3rd Quarter financial statements are same as those applied in the preparation of preceding annual financial statements of the Company.
- 3.2** Dividend income is recognised when the right to receive dividend is established.

**4. PROPERTY, PLANT AND EQUIPMENT**

Following is the statement of additions to operating assets during the period:

	<b>March 31, 2006</b>	
	<b>Additions</b>	<b>Deletions</b>
	<b>(Rupees '000')</b>	
Furniture and fixtures	256	-
Office equipment	97	-
Computer installations	158	-
	511	-

**5. CONTINGENCIES AND COMMITMENTS**

**5.1 Contingencies**

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

- 5.1.2** The contingent liability of the Company on account of vend fee and permit fee has increased from Rs. 355 million to Rs. 417 million on account of further import of Methanol from July 01, 2005 to March 31, 2006.

	<b>March 31, 2006</b>	<b>June 30, 2005</b>
	<b>(Rupees '000')</b>	
<b>5.2 Commitments in respect of:</b>		
5.2.1 Letters of credit for purchase of stocks	<u>18,990</u>	<u>48,700</u>
	<b>March 31, 2006</b>	<b>March 31, 2005</b>
<b>6. Earnings per Share</b>		
6.1 Profit for the period	<u>28,841</u>	<u>20,374</u>
Weighted Average Number Of Ordinary Shares (Numbers)	<u>9,000,000</u>	<u>9,000,000</u>
Basic / Diluted earnings per Share (Rupees)	<u>3.20</u>	<u>2.26</u>
6.2 Weighted average number of Ordinary shares shown as comparative have been restated to include bonus shares issued during the year		

## 7. CORRESPONDING FIGURES

- 7.1 Corresponding figures have been rearranged and reclassified wherever necessary for the purpose of comparison .
- 7.2 Figures have been rounded off to the nearest thousand Rupees.

## 8. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 28, 2006 by the Board of Directors of the Company.

**SHAHID AHMED**  
DIRECTOR

**SYED KAUKAB MOHYUDDIN**  
CHIEF EXECUTIVE

WAH CANTT DATED 28.04.2006.