

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 MARCH 31, 2007

## **VISION STATEMENT**

We aim to be a leading manufacturer of Formaldehyde, UF and PF Resins and its supplier in local and international markets. We aspire to be known for the quality of our products and intend to play a pivotal role in the economic and social development of Pakistan.

## **MISSION STATEMENT**

To realize our vision and fulfill our mission, we are committed to:

- A. Promoting trust and strengthening long term business relationships with our customers in order to discover and meet their needs.
- B. Using a combination of proven and innovative professional skills to address customers' needs and concerns.
- C. Delivering high quality products that represent value to our customers and generate profit for us.
- D. Fulfillment of our responsibilities being a good corporate citizen.

As a growth oriented company, we are committed to provide a working climate that will make all our stakeholders feel respected, fairly treated, listened to and involved. We are determined to create an environment in which we will offer all the employees an opportunity to learn, participate, contribute, be rewarded, grow and advanced purely based on merit.

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

Lt. Gen. Syed Sabahat Husain, HI (M)	:	Chairman
Mr. Rolf Ekberg	:	Vice Chairman
Mr. Shabbir Ahmed	:	Director & Chief Executive
Mr. Feroze Khan Malik	:	Director
Mr. Shahid Ahmed	:	Director
Mr. Muhammad Nawaz Tishna	:	Director (N.I.T. Nominee)
Mr. Mohammad Alamgir	:	Director

### **AUDIT COMMITTEE**

Mr. Shahid Ahmed	:	Chairman
Mr. Feroze Khan Malik	:	Member
Mr. Mohammad Alamgir	:	Member

**COMPANY SECRETARY** : Mr. Tauqir Sadiq

**ACTING GENERAL MANAGER  
FINANCE & ACCOUNTS** : Mr. Tanveer Elahi

**AUDITORS** : Anjum Asim Shahid Rahman,  
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, 4545243-6 (4 Lines)  
(051) 9314101-21 (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, 2007.

The Company has been able to achieve net sales revenue of Rs.356.700 million during the first three quarters of the current financial year as against Rs.434.915 million during the corresponding period of the last year; and earned pre-tax profit of Rs.16.504 million compared to Rs.36.144 million. The after tax profit for the period ended 31st March 2007 is Rs.10.728 million against Rs.28.841 million during the previous year. The comparatively lesser sales and profits during the current year are the result of unprecedented price hike in the international price of Methanol – the basic raw material in all the products of the Company, which kept the market depressed and severely squeezed the profit margins.

It is a matter of satisfaction to report that price of Methanol has shown downward trend during the last two months. In addition the Company has made successful efforts to diversify the sources of purchase of the material at better prices. Accordingly the sales of the core products are expected to increase and improve the overall profitability of the Company by end of the financial year on 30<sup>th</sup> June 2007.

On behalf of the Board

**(SHABBIR AHMED)**  
**DIRECTOR & CHIEF EXECUTIVE**

WAH CANTT.

DATED: 24.04.2007.

**WAH NOBEL CHEMICALS LIMITED**  
**BALANCE SHEET (UN-AUDITED)**  
**AS AT MARCH 31, 2007**

	Note	March 31, 2007	June 30, 2006
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	4	117,597	122,532
Long Term Investment		25,000	25,000
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		19,127	20,194
Stock in trade		72,521	46,329
Trade debts		169,837	144,388
Advances, deposits and prepayments		7,008	7,313
Other receivables		4,343	25,475
Advance income tax - net		8,192	12,624
Cash and bank balances		4,949	8,854
		285,977	265,177
		<u>428,574</u>	<u>412,709</u>
<b>NON CURRENT LIABILITIES</b>			
Long term financing - secured		9,375	18,750
Deferred liabilities		23,330	23,330
Accumulated compensated absences		1,913	1,892
<b>CURRENT LIABILITIES</b>			
Trade and other payables		72,353	52,506
Accrued mark-up		4,524	3,195
Short term borrowings - secured		92,551	81,236
Current portion of long term financing - secured		18,750	18,750
		188,178	155,687
		<u>222,796</u>	<u>199,659</u>
<b>NET ASSETS</b>		<u>205,778</u>	<u>213,050</u>
<b>REPRESENTED BY</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital:			
20,000,000 ordinary shares of Rs.10/- each			
Issued, subscribed and paid up capital:			
9,000,000 (June 2006: 9,000,000) ordinary shares of			
Rs.10/- each, fully paid up in cash			
		90,000	90,000
Capital reserve		944	944
General reserve		98,000	98,000
Unappropriated profit		16,834	24,106
<b>Contingencies and Commitments</b>	5		
		<u>205,778</u>	<u>213,050</u>

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

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

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**CHIEF EXECUTIVE**

**WAH NOBEL CHEMICALS LIMITED**  
**PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE 3RD QUARTER ENDED MARCH 31, 2007**

	July 2006 To March 2007	July 2005 To March 2006	Quarter ended March 31, 2007	Quarter ended March 31, 2006
<b>(Rupees in '000')</b>				
Gross sales	410,000	499,800	146,426	168,741
Sales tax	53,300	64,885	19,098	22,027
Net sales	356,700	434,915	127,328	146,714
Cost of sales	300,792	367,328	106,910	127,661
Gross profit	55,908	67,587	20,418	19,053
Trading income	1,174	113	-	59
	57,082	67,700	20,418	19,112
<b>Operating expenses</b>				
Administrative and general expenses	10,337	5,466	2,231	1,155
Selling and distribution expenses	16,322	15,713	5,212	5,372
	26,659	21,179	7,443	6,527
Operating profit	30,423	46,521	12,975	12,585
Other Operating income	55	2,552	1	-
	30,478	49,073	12,976	12,585
<b>Financial and other charges:</b>				
Financial charges	13,105	11,027	4,301	3,562
Workers' profit participation fund	869	1,902	434	451
	13,974	12,929	4,735	4,013
<b>Profit before taxation</b>	16,504	36,144	8,241	8,572
Provision for taxation	5,776	7,303	2,884	735
<b>Profit after taxation</b>	10,728	28,841	5,357	7,837
Earning Per Share - basic and diluted (Rupees)	<b>1.19</b>	<b>3.20</b>	<b>0.60</b>	<b>0.87</b>

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.

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**DIRECTOR**

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**CHIEF EXECUTIVE**

WAH CANTT DATED 24.04.2007.

**WAH NOBEL CHEMICALS LIMITED**  
**CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE 3RD QUARTER ENDED MARCH 31, 2007**

	March 31, 2007	March 31, 2006
	(Rupees in '000')	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	16,504	36,144
Adjustment for non cash charges and other items:		
Depreciation	5,282	5,289
Gain on insurance claim of fixed assets	(2)	-
Financial and other charges	13,105	10,697
Provision against doubtful debts	3,583	-
Allocation of Workers' Profit Participation Fund (WPPF)	869	1,902
Provision for accumulated compensated absences	500	1,119
Dividend income from associate	-	(2,500)
Interest on TDRs	(55)	(52)
	23,282	16,455
Changes in working capital		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	1,067	(1,107)
Stock in trade	(26,192)	(14,535)
Trade debts	(29,032)	(33,827)
Advances, deposits and prepayments	305	607
Other receivables	21,132	-
Increase/(decrease) in current liabilities:		
Trade and other payables	20,840	39,883
	(11,880)	(8,979)
Cash generated from operations	27,906	43,620
Taxation	(1,344)	(964)
Financial and other charges paid	(11,776)	(8,801)
WPPF paid	(1,862)	(2,116)
Compensated absences paid	(479)	-
Interest received	55	52
	(15,406)	(11,829)
Net cash generated from/(used in) operating activities	12,500	31,791
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend Income	-	2,500
Capital expenditure	(352)	(511)
Receipt on insurance claim of fixed assets	7	-
Net cash used in investing activities	(345)	1,989
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing - repayment	(9,375)	(9,375)
Short term borrowings	11,315	(13,904)
Dividends paid	(18,000)	(11,250)
Net cash (used in)/generated from financing activities	(16,060)	(34,529)
<b>Net increase/(decrease) in cash and cash equivalents</b>	(3,905)	(749)
<b>Cash and cash equivalents at beginning of the period</b>	8,854	13,418
<b>Cash and cash equivalents at end of the period</b>	4,949	12,669

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

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**DIRECTOR**

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**CHIEF EXECUTIVE**

WAH CANTT DATED 24.04.2007.

**WAH NOBEL CHEMICALS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE 3RD QUARTER ENDED MARCH 31, 2007**

	<b>Share Capital</b>	<b>Capital Reserve</b>	<b>Reserve for issue of bonus shares</b>	<b>General Reserve</b>	<b>Un-appropriated Profit</b>	<b>Total</b>
	<b>(Rupees in '000')</b>					
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>
Balance as at June 30, 2006	90,000	944	-	98,000	24,106	213,050
Final dividend @ Rs. 2 per share	-	-	-	-	(18,000)	(18,000)
Profit for the period ended March 31, 2007	-	-	-	-	10,728	10,728
Balance as at March 31, 2007	<u>90,000</u>	<u>944</u>	<u>-</u>	<u>98,000</u>	<u>16,834</u>	<u>205,778</u>

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

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**DIRECTOR**

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**CHIEF EXECUTIVE**

WAH CANTT DATED 24.04.2007.

**WAH NOBEL CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE 3RD QUARTER ENDED MARCH 31, 2007**

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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 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**

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.

**4. PROPERTY, PLANT AND EQUIPMENT - AT BOOK VALUE**

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

	<b>Additions</b>	<b>Deletions</b>
	<b>Rupees in '000'</b>	
Plant & Machinery	160	-
Tools and Workshop Equipment	11	-
Office equipment	14	-
Computer installations	167	7
	<u>352</u>	<u>7</u>

**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. 430 million to Rs. 471 million on account of further import of Methanol from July 01, 2006 to March 31, 2007.

**WAH NOBEL CHEMICALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE 3RD QUARTER ENDED MARCH 31, 2007**

	<b>March 31, 2007</b>	<b>June 30, 2006</b>
	<b>Rupees in '000'</b>	
<b>5.2 Commitments in respect of:</b>		
<b>5.2.1</b> Letters of credit for purchase of stocks	48,600	61,383
<b>5.2.2</b> Rentals payable under non-cancelable vehicle lease arrangements:		
- not later than one year	1,044	1,044
- later than one year but not later than five years	1,698	2,220
	<b>March 31, 2007</b>	<b>June 30, 2006</b>
	<b>Rupees in '000'</b>	

**6. RELATED PARTY TRANSACTIONS**

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

Receipts of funds from the holding company	-	67,635
Repayment of funds to the holding company	-	68,000
Expenses incurred (on behalf of)/ by the group companies	308	1,486
Vehicles lease rentals paid by the holding company	675	875
Dividend paid to the holding company	9,941	6,213
Bonus Shares issued to the holding company	-	8,284

**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 of rupees.

**8. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on April 24, 2007 by the Board of Directors of the Company.

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**DIRECTOR**

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**CHIEF EXECUTIVE**

WAH CANTT DATED 24.04.2007.