

WAH NOBEL CHEMICALS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

The Directors of the Company are pleased to present their Annual Report and the Audited Accounts for the year ended 30th June, 2002 together with the Auditors' Report thereon.

1. FINANCIAL RESULTS

The profit earned and appropriations recommended by the Directors are as under:

	<u>Rupees</u>
After tax profit	25,662,838
Un-appropriated profit brought forward	522,162
Profit available for appropriation	<u>26,185,000</u>

2. APPROPRIATIONS

Transfer to General Reserve	5,000,000
Proposed dividend @ 27.5% i.e. Rs.2.75 Per share of Rs.10/- each.	20,625,000
	<u>25,625,000</u>
Un-appropriated profit carried forward	<u><u>560,000</u></u>

3. NET EARNING PER SHARE

The net earning per share was Rs.6.84 (2000: Rs.9.72).

4. OPERATING PERFORMANCE

Despite the problems of intense competition, over capacity and unfavourable market conditions with no significant enhancement of the sale prices during the year, the Company was able to increase its sales from 14,795 M.Tons to 15,045 M.Tons and gross revenue from Rs.240.170 million to Rs.252.102 million over the last year.

5. OUTLOOK FOR 2002-2003

Economic and political scenario of the country is not yet clear due to Indo Pak border tension, Middle East crises and uncertainty of post election era. However, we are hopeful that the Company's business is expected to achieve better results.

6. EXPANSION PLAN

The expansion plan for doubling the production capacity of formaldehyde plant is being implemented as per schedule satisfactorily.

7. STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

Code of Corporate Governance

Securities and Exchange Commission of Pakistan (SECP) has formulated a "Code of Corporate Governance" (Code). This Code was inserted in the listing regulations of the Stock Exchanges on March 28, 2002. The Company for the year ended 30 June 2002 has duly complied with the relevant provisions of the code. The directors hereby confirm the following as required by clause (xix) of the Code.

- (i) The financial statements present fairly the Corporation's state of affairs, the result of its operations, cash flows and changes in equity.
- (ii) The Corporation has maintained proper books of account.
- (iii) Appropriate accounting policies have been consistently applied in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgement.
- iv) International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure therefrom has been adequately disclosed.

- (v) The system of internal control is sound in design and has been effectively implemented and monitored.
- (vi) There are no significant doubts upon the Corporation's ability to continue as a going concern.
- (vii) There has been no material departure from the best practices of corporate governance, as detailed in the Stock Exchange Listing Regulations.
- (viii) Summary of key operating and financial data of last six financial years is attached to this Report.

Board Meetings

- (ix) During the year ended 30th June, 2002, a total of three meetings of the Board of Directors were held. Leave of absence was granted to the members of Board who were unable to attend the meeting. The attendance of each director at the meeting of the Board of Directors is as under:

Directors	Number of Board Meetings Attended
1. Lt. Gen. Abdul Qayyum Chairman	3
2. Mr. Rolf Ekberg	-
3. Mr. Syed Kaukab Mohyuddin Chief Executive	3
4. Mr. Feroze Khan Malik	3
5. Muhammad Sharif	3
6. Mr. Azhar Masood	2
7. Mr. Muhammad Nawaz Tishna	1
8. Mr. Syed Zubair Ahmad	1

(x) Value of Investment of Provident Fund, gratuity and Pension Funds Scheme for the financial year ending June 30, 2002 are as follows:

Rs. in Million

Provident Fund	6,641,886
Gratuity Fund	2,910,604
Pension Fund	926,933

- (xi) An Audit Committee has been established by the Board of Directors in its meeting held on 29th April, 2002, to assist the Board in discharging its responsibilities for Corporate Governance, Financial Reporting and Corporate Control. The Audit Committee meets regularly before Board Meetings and its report is presented to the full Board Meeting.

The Board Audit Committee is responsible for reviewing reports of the Company's financial results, audit and adherence to standards of the system of management controls. The Committee reviews the procedures for ensuring their independence with respect to the services performed for the company and make recommendations to the Board of Directors.

- (xii) Internal Auditor

The Board of Directors in its meeting held on 29th April, 2002, has approved appointment of an Internal Auditor and establish the Internal Audit Department as required under the Corporate Governance.

8. AUDITORS

The present Auditors M/s Tariq Ayub Anwar & Company, Chartered Accountants, Lahore retire and being eligible, offer themselves for re-appointment for the financial year 2002-2003.

9. PATTERN OF SHAREHOLDING

The pattern of shareholding as at 30th June, 2002 is annexed to the accounts.

10. ACKNOWLEDGEMENT

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

On behalf of the Board

(S.K. MOHYUDDIN)
CHIEF EXECUTIVE

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DATED: 26.10.2002