

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 half year ended 31st December, 2002.

As a result of the continued Middle East Crises and uncertain political and military situation in the subcontinent, the economy of the country did not pick-up as envisaged in the 1st quarter of the financial year.

Our net sales receded from Rs.101.505 million to Rs.97.826 million. The cost of Methanol and utilities has shown rising trend in the 2nd half of the financial year ended on 31st December 2002. Due to tough competition and unethical practices of our competitors, we could not raise our selling prices since July 2002 and have been absorbing the rise in the cost by ourselves.

Despite all these hurdles, the Company earned a pre-tax profit of Rs.16.730 million and is hopeful to achieve better results in the 2nd half of the financial year, provided the C&F prices of Methanol in international market slide down and the situation in the Middle East improves.

The expansion project of doubling the plant capacity is being implemented according to the schedule.

Earning per share (EPS) of Rs.1.45 (2001 – Rs.3.26) has been worked out on the enhanced paid up capital of Rs.75 million as against Rs.37.500 million for the corresponding period. Subscription of Rs.37.500 million to the right shares, received in the last week of June 2002, have been utilised in the expansion project which would start commercial production in the year 2003-04 and have played no part in the earnings for the six months under review.

The Management of the Company looks forward with confidence for improved performance in future.

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Dated : 28.02.2003.

SYED KAUKAB MOHYUDDIN
CHIEF EXECUTIVE