ANNUAL REPORT
2016

Wah Nobel Chemicals Limited

CONTENTS

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.

Corporate Information

BOARD OF DIRECTORS

Lt. Gen. Omar Mahmood Hayat, HI (M)	:	Chairman
Mr. Torbjorn Saxmo	:	Vice Chairman
Mr. Muhammad Nawaz Tishna	:	Director (N.I.T. Nominee)
Mr. Tabassum Rahman	:	Director
Mr. Muhammad Afzal	:	Director
Mr. Hashmat Hussain	:	Director
Brig (R) Shiraz Ullah Choudhry SI (M)	:	Director & Chief Executive

AUDIT COMMITTEE

Mr. Tabassum Rahman	:	Chairman
Mr. Muhammad Afzal	:	Member
Mr. Hashmat Hussain	:	Member

HUMAN RESOURCE & REMUNERATION (HR&R) COMMITTEE

Mr. Tabassum Rahman	:	Chairman
Mr. Hashmat Hussain	:	Member
Brig (R) Shiraz Ullah Choudhry SI (M)	:	Member

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER	:	Mr. Tanveer Elahi,FCA
AUDITORS	:	KPMG Taseer Hadi & Co Chartered Accountants
LEGAL ADVISORS	:	The Law Firm of Basit Musheer
SHARES REGISTRAR	:	Ilyas Saeed Associates (Pvt.) Ltd., Management Consultants, Office # 26, 2nd Floor, Rose Plaza, I-8 Markaz, Islamabad. Tel: 051-4938026-7, Fax: 051-4102628 Email: iilyas@hotmail.com
BANKERS	:	MCB Bank Limited Allied Bank of Pakistan Limited Bank Al-Habib Limited Askari Bank Limited
REGISTERED OFFICE	:	G.T. Road, Wah Cantt.
PHONES	:	(051) 5568760, 4545243-6 (4 Lines) (051) 9314101-21 (21 Lines) Ext. 22236
FAX	:	(051) 4545241, (051) 4535862
E.MAIL	:	ce@wahnobel.com
WEBSITE	:	www.wahnobel.com
FACTORY	:	Wah Cantt.

Company Profile

Wah Nobel Chemicals Limited is a Pakistan's leading manufacturer of Formaldehyde, UF, PF Resins and Urea Formaldehyde Moulding Compound. Since its inception Wah Nobel Chemicals Limited has stood as a symbol of quality, safety, reliability, unparallel after sale service and commitment. Its products enjoy the highest reputation throughout Pakistan. This has been achieved through innovation, expertise, state of the art technology and a vision for the future.

PRODUCTION PREMISES

• Total Area	45,100 Sqr. M
• Process Area	20,000 Sqr. M
• Auxiliary Building	1,000 Sqr. M
• Green Area	11,730 Sqr. M
• Open Plot For Future Expansion	12,270 Sqr. M

PRODUCT RANGE

• Formaldehyde Concentration	37 TO 55%
• Urea Formaldehyde Glue	Various Grades
• Phenol Formaldehyde Glue	Various Grades
• Special Resins	Various Grades
• UFC 85	
• Urea Formaldehyde Moulding	
• Compound	Various Grades

INSTALLED CAPACITY

Formaldehyde	30,000 M. Tons per annum.
Urea/Phenol Formaldehyde	19,000 M. Tons per annum.
Urea Formaldehyde Moulding Compound	4,000 M. Tons per annum.

QUALITY LEADERSHIP

Quality is an integral part of our business environment and culture. The certification of ISO 9001-2008 affirms our commitment to the adherence of international quality standards. Further, our Company has also been awarded two other Certificates namely Environmental Management System ISO 14001:2004 and Health & Safety Management System OHSAS 18001:2007. All these certifications add to the confidence of our customers in our ability to provide them with the best products and services at most competitive prices.

Notice of Annual General Meeting

NOTICE is hereby given that the 33rd Annual General Meeting of the shareholders of WAH NOBEL CHEMICALS LIMITED will be held at the Registered Office of the Company, G.T. Road, Wah Cantt on Wednesday, November 30, 2016 at 1100 hours to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Extra Ordinary General Meeting held on May 30, 2016.
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2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2016 together with the Directors' and the Auditors' Reports thereon.

3. To approve the payment of cash dividend @ Rs 4.00 per share i.e. 40% as recommended by the Directors.

4. To appoint Auditors for the ensuing year and to fix their remuneration. M/s KPMG Taseer Hadi & Co. Chartered Accountants, retire, and being eligible, have offered themselves for re-appointment.

OTHER BUSINESS

5. To transact any other business with the permission of the Chair.

By Order of the Board

(TANVEER ELAHI)
COMPANY SECRETARY

Wah Cantt.
November 03, 2016

Notes:

1. The share transfer books of the Company will remain closed from November 24, 2016 to November 30, 2016 (both days inclusive). Transfers received in order by the Shares Registrar of the Company by the close of business on November 23, 2016 will be treated in time for the entitlement of payment of dividend.

2. A member of the Company entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend the meeting and vote for him/her. Proxies in order to be effective, must be received at the Company's Registered Office not later than 48 hours before the time appointed for the meeting and must be duly stamped, signed and witnessed.

3. CDC Account Holders are advised to bring their original National Identity Cards to authenticate their identity along with CDC account numbers at the meeting. However, if any proxies are granted by such shareholders, the same shall also have to be accompanied with attested copies of the National Identity Card of the grantor, and the signature on the proxy form has to be the same as appearing on the National Identity Card.

4. Shareholders are requested to notify to the Shares registrar the change of address, if any, immediately.

5. Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP) contained in SRO No. 831(I) / 2012 dated July 05, 2012, Dividend Warrants shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC (if not already provided) to the Company's Share Registrar, M/s Ilyas Saeed Associates (Pvt) Limited, without any delay. In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company will be constrained to withhold the Dividend Warrants in terms of Section 251(2) (a) of the Companies Ordinance 1984, which will be released by the Company only upon compliance with the aforesaid notification.

6. The Government of Pakistan through Finance Act, 2016 has made certain amendments in the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as follows:

   (a) For filers of income tax returns 12.5%
   (b) For non-filers of income tax returns 20%

Shareholders who are filers are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 20% instead of 12.5%.

7. As directed by SECP vide Circular No.18 of 2012 dated June 05, 2012, we give the shareholders the opportunity to authorize the Company to directly credit in their bank account the cash dividend, if any, declared by the Company in future. If you wish that the cash dividend if declared by the Company be directly, credited into your bank account, instead of issuing a dividend warrant, please provide the following details.

Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	
Cell Number of Shareholder	
Landline Number of Shareholder, if any	

Directors' Report

The Directors of the Company are pleased to present Annual Report and the Audited Financial Statements of the Company for the year ended June 30, 2016 together with the Auditors' Report thereon.

OPERATING PERFORMANCE

During the year Company achieved net sales revenue of Rs.1.182 billion, which is 2.35% lower than the previous year's net sales revenue of Rs.1.210 billion. Despite slight decrease in net sales revenue Company's gross profit has substantially increased to Rs.236.346 million viz-i-viz Rs.128.054 million of the previous year. The higher gross profit can be attributed to better sales mix, reduction in cost of production, improved margins and operational efficiencies.

Administrative and general expenses increased due to higher Provision for Doubtful Debts. Financial cost decreased from Rs 26.450 million to Rs.14.976 million, nexus to the reduction in short term borrowing and decline in interest rate. Company earned after tax profit of Rs.78.469 million viz-i-viz last year after tax profit of Rs. 12.263 million. Net Profit has increased by Rs.66.206 million, whereas net profit ratio improved to 6.64 % from 1.01 % of previous year.

The summary of the operating results of the Company for the year under review along with the comparatives for the previous year are as under:

	2015-16	2014-15
	Rupees (in thousands)	
Net Sales	1,181,518	1,209,911
Gross Profit	236,346	128,054
Operating Profit	150,533	50,701
Profit before taxation	120,085	26,484
Provision for taxation	41,616	14,221
Profit after taxation	78,469	12,263
Other comprehensive income / (loss)	(166)	1,039
Total comprehensive income for the year	78,303	13,302
Un-appropriated profit brought forward	41,516	99,214
Profit available for appropriation	119,819	112,516
APPROPRIATIONS		
Dividend Paid (9,000,000 shares @ Rs.1/- / Rs.4/- per share)	9,000	36,000
Transfer to general reserve	15,000	35,000
Un-appropriated profit carried forward	95,819	41,516

DIVIDEND

The Directors recommend a payment of cash dividend @ Rs.4.00 per share (i.e 40 %) for the year 2015-16. The dividend recommended is subject to the approval of shareholders in the forthcoming Annual General Meeting.

NET EARNING PER SHARE

Earnings per share for the year ended June 30, 2016 is Rs. 8.72 as against Rs. 1.36 of preceding year.

OUTLOOK FOR 2016-17

Company operates in a highly competitive environment. We foresee intense competition from existing competitors and new entrants in the Industry, resultantly anticipate pressure on margins. Recent sharp decline in UFMC prices will adversely affect the profitability of the Company, if it continues throughout the year. However, the Management is taking all possible measures to combat these challenges and are hopeful to maintain growth and profitability during the ensuing year.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

As required by the Code of Corporate Governance , the Directors are pleased to report the following:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- The Company has maintained proper books of account.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern unless there is an adverse decision in the Vend and Pemit Fee case currently pending with Supreme Court Of Pakistan .
- Summary of key operating and financial data for the last six financial years is annexed with the report.
- The un-audited value of investments, including bank deposits, of retirement benefits funds as of June 30, 2016 were as follow:

	RUPEES
• Provident Fund	51,270,571
• Gratuity Fund	21,729,956
• Pension Fund	22,706,687

BOARD OF DIRECTORS

Seven directors were elected unopposed as Directors of the Company for next term of three years ending May 31, 2019 in the Extra Ordinary General Meeting held on May 30, 2016 .The newly elected Board of Directors is as follows:-

1. Lt. Gen Omar Mahmood Hayat
2. Mr. Torbjorn Saxmo

3. Mr. Tabassum Rahman
4. Mr. Muhammad Afzal
5. Mr. Muhammad Nawaz Tishna
6. Mr. Rehan Waheed Khan
7. Brig (R) Shiraz Ullah Choudhry

Mr. Feroze Khan Malik who was on the Board since incorporation of the Company stand retired on completion of his term on May 31, 2016. The Board acknowledges the valuable contributions made by him, during his tenure.

Subsequent to the year end, Mr. Hashmat Hussain has been appointed as Director on resignation of Mr. Rehan Waheed Khan w.e.f August 30, 2016.

During the year under review, five Board meetings were held. The number of meetings attended by each Director is given hereunder:

S.#	Names of Directors	Meeting Attended	Remarks
1	Lt. Gen Omar Mahmood Hayat (Chairman)	03	
2	Mr. Torbjorn Saxmo	05	
3	Mr. Feroze Khan Malik	02	Retired on May 31,2016
4	Mr. Tabassum Rahman	05	
5	Mr. Muhammad Nawaz Tishna	05	
6	Mr. Muhammad Asif Hussain	02	Resigned on February 24, 2016
7	Mr. Asif Ali Siddiqui	01	Resigned on February 18, 2016
8	Mr. Muhammad Afzal	02	Appointed w.e.f February 24, 2016
9	Mr. Rehan Waheed Khan	02	Appointed w.e.f February 18, 2016
10	Brig (R.) Shiraz Ullah Choudhry	05	

During the year, Audit Committee held three (3) Meetings and were attended by each member as follows:

S.#	Names of Directors	Meeting Attended	Remarks
1	Mr. Tabassum Rahman	03	
2	Mr. Feroze Khan Malik	02	
3	Mr. Asif Ali Siddiqui	-	Resigned on February 18, 2016
4	Mr. Rehan Waheed Khan	01	Appointed w.e.f February 18, 2016

Leave of absence was granted to the members of the Board / Committee who were unable to attend the meeting.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Being socially responsible corporate entity we are committed to our communities as we are to our customers, shareholders and employees. Company is committed to act ethically and contribute to economic development, while improving the quality of life of the workforce and their families as well as of the local communities and society at large. The Company practices active corporate citizenship through energy conservation, industrial relations, employment of special persons, occupational safety & health, business ethics and contrib towards national exchequer.

Energy conservation has drawn focus in recent years in this regard your Company has taken various steps to conserve energy like restricted use of air conditioners / heaters and replacement of electric bulbs & tubes with energy savers and LED's. Our Parent Company has installed Solar Energy Plant for provision of Green Energy for WNCL and Head Office.

The Company is committed to provide quality products at competitive price to our customers, and also provide free advisory services to the customers for better output.

The Company enjoys a good relationship between its management and employees. The Company also enjoy good relationship with vendors and suppliers.

Occupational health & safety continues to be among the Company's top priorities. The Company is committed to health, safety practices and work environment that enable employees to work in safe conditions. To achieve the end we ensure that operations comply with applicable occupational health and safety regulations.

Business ethics are an integral part of our policies and procedures. The Company is committed to conduct all of its business activities according to the highest principles of business ethics and in full compliance with the laws and regulations of the state.

As a general obligation of the Company, it does not discriminate on the basis of race, sex, religion, disability or family status in the recruitment, training or advancement of its employees. The Company is committed to provide a safe, healthy, learning and friendly atmosphere to all its employees. The Company promotes culture of team work, sense of purpose, innovation, sincerity & loyalty, discipline, tolerance and mutual respect among the employees which helps in transforming their creativities into professional excellence Company offers apprenticeship on regular basis to elevate professional and technical skills of the individuals.

The company is contributing significant amount towards the national exchequer on account of corporate tax, general sales tax, excise duty, custom duty and vend / permit fee. During the year 2015-16 company has contributed over Rs. 286 million to the national exchequer.

WEBSITE

Company's periodic financial statements for the current financial year including annual /periodic reports for the last three years are available on the Company's website for information of the shareholders and others. www.wahnobel.com

VEND FEE AND PERMIT FEE

As regards vend fee and permit fee case, Sindh High Court has already pronounced favourable judgment. Presently the case is pending with the Honorable Supreme Court of Pakistan. There are no significant doubts upon the Company's ability to continue as a going concern , unless there is an adverse decision. In view of the merits of the case and favourable decision of the Sindh High Court, the management expects a favourable decision from the apex court and is making necessary efforts to continue as a going concern.

EXTERNAL AUDITORS

The present auditors, Messrs KPMG Taseer Hadi & Company, Chartered Accountants are due to retire at the conclusion of the 33rd Annual General Meeting of the Company , being eligible, offer themselves for re-appointment. They confirmed that they have been given satisfactory rating under the Quality Control Review Program of The Institute of Chartered Accountants of Pakistan (ICAP) and the firm fully comply with the International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the ICAP.

On the recommendation of the Board's Audit Committee, the Board of Directors proposed their re-appointment as auditors of the Company for the year ending June 30, 2017 for shareholders consideration and approval at the forthcoming annual general meeting.

PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2016 and additional information thereabout required under the Code of Corporate Governance is included in this report.

During the year Mr. Feroze Khan Malik, Director of the Company, has received 1,000 shares of the Company as gift from his daughter. No trading in the shares of the Company was carried out by any of the Company's Director(s), Chief Executive Officer, Executive(s), their spouse(s) and minor Children from July 01, 2015 to June 30 2016.

ACKNOWLEDGMENT

The Directors wish to place on record their sincere appreciation for the commitment, hard work and dedication shown by the Management and Employees of the Company towards the progress of the company. The Directors also express their gratitude to our valued shareholders, customers, suppliers and bankers for their continued patronage and support.

On behalf of Board of Directors

Brig (R)
Shiraz Ullah Choudhry
Chief Executive

Wah Cantt:
November 03, 2016

Six Year at a Glance

		2011	2012	2013	2014	2015	2016
		(Rupees in Thousands)					
(A)	Operating Results:						
i)	Net Sales Revenue	98,678	1,147,501	1,211,238	1,303,980	1,209,911	1,181,518
ii)	Gross Profit	151,912	189,850	233,840	193,842	128,054	236,346
iii)	Operating Profit	106,239	119,301	157,227	116,548	50,701	150,533
iv)	Profit Before Tax	97,844	116,968	155,938	104,625	26,484	120,085
v)	Profit After Tax	64,294	73,733	115,240	66,775	12,263	78,469
(B)	Financial Position						
i)	Paid-up Capital	90,000	90,000	90,000	90,000	90,000	90,000
ii)	Shareholders Equity	401,411	430,145	499,112	515,158	492,460	561,764
iii)	General Reserve	233,000	260,000	290,000	325,000	360,000	375,000
iv)	Property, Plants and Equipment (Net)	100,181	92,989	109,571	167,015	159,030	148,722
v)	Current Assets	385,464	491,637	544,733	704,236	677,275	701,975
(C)	Key Performance Indicators						
i)	Gross Profit %	21.74%	16.54%	19.31%	14.86%	10.58%	20.00%
ii)	Net Profit %	9.20%	6.43%	9.51%	5.12%	1.01%	6.64%
iii)	Earning Per Share Rs.	7.14	8.19	12.8	7.42	1.36	8.72
iv)	Cash Dividend %	50%	50%	55%	40%	10%	40%
vi)	Break-up Value Per Share Rs.	44.60	47.79	55.45	57.24	54.72	62.42
vii)	Current Ratio	3.51:1	2.70:1	2.9 1:1	1.86:1	1.86:1	2.29:1

Pattern of Shareholding
as at June 30, 2016

No of shareholders	Shareholding From	Shareholding To	Total shares held
152	1	100	*5,698*
396	101	500	*111,209*
127	501	1,000	*102,528*
139	1,001	5,000	*351,678*
41	5,001	10,000	*315,538*
17	10,001	20,000	*259,040*
11	20,001	30,000	*316,784*
4	30,001	50,000	*220,302*
5	50,001	100,000	*239,203*
4	100,001	1,000,000	*2,107,625*
1	1,000,001	5,000,000	*4,970,395*
897	Total		9,000,000

Categories of shareholders	No. of Shareholders	Shares held	Percentage
• Directors, Chief Executive Officer, and their spouse and minor children.	5	5	0.00
• Associated Companies, undertakings and related parties.	4	5,102,497	56.69
• NIT/ICP	2	611,749	6.80
• Banks Development Financial Institutions, Non Banking Financial Institutions.	3	325,899	3.62
• Insurance Companies	4	909,580	10.11
• Modarabas and Mutual Funds	1	16,000	0.18
• General Public			
a. Local	867	1,958,626	21.76
b. Foreign	1	8,673	0.10
• Others (to be specified)			
Benevolent / Pension Fund	2	60,245	0.67
Joint Stock Coys.	7	6,626	0.07
Stock Exchange.	1	100	0.00
Total	897	9,000,000	100.00

Details of Pattern of Shareholding

as per requirements of Code of Corporate Governance

		Categories of Shareholders	Number of Shares held
I)	Associated Companies, undertakings and related parties.		
	1	Wah Nobel (Pvt) Ltd	4,970,395
	2	WNPL Employees Provident Fund	87,000
	3	WNCL Employees Provident Fund	33,102
	4	WNPL Employees Provident Fund (WNDL)	12,000
			5,102,497
II)	Mutual Funds		
	1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	611,124
	2	Investment Corportation of Pakistan, (ICP)	625
			611,749
III)	Directors and their spouse(s) and minor children.		
	1	Lt. Gen. Omar Mahmood Hayat, Chairman/Director	1*
	2	Mr. Torbjorn Sexmo, Director	1*
	3	Mr. Tabassum Rahman, Director	1*
	4	Mr. Muhammad Afzal	1*
	5	Mr. Rehan Waheed Khan	1*
			5
IV)	Executives		Nil
V)	Public Sector Companies and Corporations		
	1	State Life Insurance Corporation Of Pakistan	862,080
VI)	Banks Development Finance Institutions, Non Banking Finance Companies,Insurance Companies, Takaful, Modarabas and Pension Funds .		1,311,724
VII)	Shareholders holding five percent or more voting rights / Interests		
	1	Wah Nobel (Pvt) Ltd	4,970,395
	2	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	611,124
	3	State Life Insurance Corporation Of Pakistan	862,080
			6,443,599

* Directors mentioned at Sr III held these shares (1 share each) as nominee of Wah Nobel (Pvt) Ltd . The ultimate ownership remains with Wah Nobel (Pvt) Ltd

Some of the share holders are reflected in more than one category

Details of trading in the shares by the CEO, Directors, Chief Financial Officer Company Secretary and their spouses and minor children.

During the year no trading in the shares of the Company was carried out by any of the Company's Director(s), Chief Executive Officer, Executive(s), their spouse(s) and minor Children . However ,during the year Mr. Feroze Khan Malik, Director of the Company, has received 1,000 shares of the Company as gift from his daughter.

Statement of Compliance with
Code of Corporate Governance
for the year ended June 30, 2016.

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No.5.19 of the listing regulations of the Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. However, at present none of the directors on the board meets the criteria of independence specified under clause 5.19.1 (b) of the Code. The Company intends to take steps to remove this non compliance. At present the board includes:

Category	Name
Independent Directors	None
Executive Directors	1. Brig (R) Shiraz Ullah Choudhry
Non-Executive Directors	1. Lt. Gen Omar Mahmood Hayat
	2. Mr. Torbjorn Saxmo
	3. Mr. Muhammad Nawaz Tishna
	4. Mr. Tabassum Rahman
	5. Mr. Muhammad Afzal
	6. Mr Rehan Waheed

2. The directors have confirmed that none of them is serving as director in more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies).

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFI or being a member of stock exchange has been declared as a defaulter by that stock exchange.

4. Casual vacancies occurred on the Board on February18, 2016 and February24, 2016 were filled in by the board on the same day.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the date on which they were approved or amended has been maintained. The board is also in the process of developing a mechanism of its own evaluation of its own

evaluation of performance which shall be effective in the forthcoming financial year.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board. No director or Chief Executive is being remunerated by the Company.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Last year one director of the company has acquired the Certification under directors' training program from an institute duly approved by the Securities and Exchange Commission of Pakistan. One Director of the company is exempt from the requirement of directors training program in accordance with the criteria specified in Clause 5.19.7 of the Code, and remaining directors to be trained within specified time. The Directors on Board have adequate exposure of corporate matters and are well conversant with legal requirements and operational imperatives of the company, and as such fully aware of their duties and responsibilities.

10. No new appointment of CFO, Head of Internal Audit or the Company Secretary was made during the year.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The quarterly, six monthly and annual financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.

13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors including the chairman of the committee.

16. The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the Company as required by the Code. However, no such meeting was held in the first quarter of the year 2015-16 due to delay in finalization of the

financial statements for the year ended June 30,2015 . The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.

18. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

19. The statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programmed of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of ethics as adopted by ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the Code have been complied with.

Brig (R)
Shiraz Ullah Choudhry
Chief Executive

Wah Cantt: November 03, 2016

Review Report to the Members on
Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Wah Nobel Chemicals Limited ("the Company") for the year ended 30 June 2016 to comply with the requirements of Listing Regulation No 15.9 of the Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report and if it does not, to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.

Further, we highlighted below instances of non-compliance with the requirement of the Code as reflected in the note references where these are stated in the Statement of Compliance.

i) As disclosed in point 1, none of the Directors on the board meets the criteria of independence specified under clause 15.19.1 of the Code

ii) As disclosed in point 16, meeting of the audit committee was not held in the first quarter of the year 2015-16 due to delay in the finalization of the financial statements for the year ended 30 June 2015.

iii) As stated in point 6, the Board of Directors is in the process of developing a mechanism of its own evaluation of performance.

Date: 03 November 2016
Islamabad

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner
Atif Zamurrad Malik

Auditors' Report to the Members

We have audited the annexed balance sheet of Wah Nobel Chemicals Limited ("the Company") as at 30 June 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion-

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting polices consistently applied, except for change as indicated in note 3 with which we concur;

   (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

Without qualifying our opinion we draw attention to note 24.1.2 to the financial statements which states that the Company is defendant in a lawsuit alleging non-payment of vend and permit fee of Rs. 926 million on methanol to the Excise and Taxation Department, Government of Sindh. The ultimate outcome of matter cannot be determined presently and therefore no provision for any liability that may result has been made in these financial statements. In the event of unsuccessful outcome, there is a substantial doubt that the Company will be able to continue as a going concern.

The financial statement of the Company for the year ended 30 June 2015, were audited by another auditor whose report dated 03 November 2015 expressed an unmodified opinion on those statements.

Date: 03 November 2016
Islamabad

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner
Atif Zamurrad Malik

Balance Sheet
as at June 30, 2016

	Note	2016 Rupees	2015 Rupees
Non-current assets			
Property, plant and equipment	4	148,721,633	159,030,238
Long term investment	5	22,642,137	30,715,121
Total non-current assets		171,363,770	189,745,359
Current assets			
Stores, spares and loose tools	6	39,734,694	46,845,169
Stock in trade	7	112,713,920	105,116,514
Trade debts	8	396,261,226	358,480,568
Advances	9	2,550,711	20,785,201
Trade deposits		40,070	40,070
Accrued interest income	10	122,761	181,646
Other receivables	11	8,774,834	21,235,446
Short-term investment	12	2,582,666	2,582,666
Taxation - net	13	131,398,647	117,544,427
Cash and bank balances	14	7,795,339	4,463,045
Total current assets		701,974,868	677,274,752
Total assets		873,338,638	867,020,112
Share capital and reserves			
Issued, subscribed and paid up capital	15	90,000,000	90,000,000
Capital reserves	16	944,404	944,404
General reserves	17	375,000,000	360,000,000
Unappropriated profit		95,819,297	41,515,682
Total share capital and reserves		561,763,701	492,460,086
Non-current liabilities			
Deferred liabilities	18	4,294,302	6,463,646
Deferred taxation	19	1,200,749	3,942,093
Total non-current liabilities		5,495,051	10,405,739
Current liabilities			
Trade and other payables	20	150,422,100	129,041,157
Due to holding company	21	1,772,300	31,022
Accrued mark-up	22	2,313,009	4,981,181
Short term running finance - secured	23	151,572,477	230,100,927
Total current liabilities		306,079,886	364,154,287
Total equity and liabilities		873,338,638	867,020,112
Contingencies and commitments	24		

The annexed notes from 1 to 46 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE

Profit and Loss Account
for the year ended June 30, 2016

	Note	2016 Rupees	2015 Rupees
Turnover-net	25	1,181,517,750	1,209,910,970
Cost of sales	26	(945,171,338)	(1,081,857,280)
Gross profit		236,346,412	128,053,690
Administrative and general expenses	27	(34,104,858)	(18,237,966)
Selling and distribution expenses	28	(51,708,786)	(59,115,038)
Operating profit		150,532,768	50,700,686
Finance cost	29	(14,975,505)	(26,449,881)
Other operating expenses	30	(9,958,268)	(2,434,224)
Other income	31	2,558,788	9,660,356
Share in profit of associated company-net of tax	5	(8,072,984)	(4,992,705)
Profit before taxation		120,084,799	26,484,232
Taxation	32	(41,615,541)	(14,221,210)
Profit for the year		78,469,258	12,263,022
Other comprehensive income for the year			
Loss on remeasurement of staff defined benefit plan		(236,632)	1,583,092
Deferred tax credit relating to remeasurement of staff defined benefit plan		70,989	(543,938)
		(165,643)	1,039,154
Total comprehensive income for the year		78,303,615	13,302,176
Earnings per share - basic and diluted	33	8.72	1.36

The annexed notes from 1 to 46 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE

Cash Flow Statement
for the year ended June 30, 2016

	Note	2016 Rupees	2015 Rupees
Cash flows from operating activities			
Profit before taxation		120,084,799	26,484,232
Adjustment for non cash and other items	34	57,632,109	51,390,678
Changes in working capital			
Decrease/ (increase) in current assets:			
Stores, spares and loose tools		7,110,475	6,755,686
Stock in trade		(7,597,406)	86,252,592
Trade debts		(45,818,988)	(40,120,487)
Advances		18,234,490	(8,831,493)
Trade deposits		-	-
Other receivables		12,460,610	21,833,890
Increase/ (decrease) in current liabilities:			
Trade and other payables		22,521,093	(27,465,591)
		6,910,274	38,424,597
Cash generated from operations		184,627,182	116,299,507
(Payments for) / Receipts of:			
Financial charges		(17,601,907)	(26,455,683)
Workers' profit participation fund	20.2	(6,370,393)	(5,782,075)
Gratuity	20.1.2	(5,000,000)	(6,000,000)
Accumulated compensated absences	18.1	(4,140,934)	(4,591,665)
Bank interest	31.1	81,211	93,631
Taxation	13	(58,140,116)	(66,472,670)
		(91,172,139)	(109,208,462)
Net cash generated from operating activities		93,455,043	7,091,045
Cash flows from investing activities			
Payments for capital expenditure		(2,786,787)	(5,158,713)
Interest on term deposit receipts		192,489	102,050
Net cash used in investing activities		(2,594,298)	(5,056,663)
Cash flows from financing activities			
Dividends paid		(9,000,000)	(36,000,000)
Net cash (used in) financing activities		(9,000,000)	(36,000,000)
Net increase in cash and cash equivalents		81,860,745	(33,965,618)
Cash and cash equivalents at beginning of the year		(225,637,882)	(191,672,264)
Cash and cash equivalents at end of the year	35	(143,777,137)	(225,637,882)

The annexed notes from 1 to 46 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE

Statement of Changes in Equity
for the year ended June 30, 2016

	Issued Subscribed and paid-up share capital	Capital reserve	Revenue reserves: General reserve	Revenue reserves: Un-appropriated profit	Total
	Rupees				
Balance as at June 30, 2014	90,000,000	944,404	325,000,000	99,213,506	515,157,910
Total comprehensive income	-	-	-	13,302,176	13,302,176
Transactions with owners recorded directly in equity					
Dividend @ Rs. 4.00 per share	-	-	-	(36,000,000)	(36,000,000)
Others					
Transfer to general reserve	-	-	35,000,000	(35,000,000)	-
Balance as at June 30, 2015	90,000,000	944,404	360,000,000	41,515,682	492,460,086
Total comprehensive income	-	-	-	78,303,615	78,303,615
Transactions with owners recorded directly in equity					
Dividend @ Rs. 1.00 per share	-	-	-	(9,000,000)	(9,000,000)
Others					
Transfer to general reserve	-		15,000,000	(15,000,000)	-
Balance as at June 30, 2016	90,000,000	944,404	375,000,000	95,819,297	561,763,701

The annexed notes from 1 to 46 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE

Notes to the Financial Statements
for the year ended June 30, 2016

1 LEGAL STATUS AND OPERATIONS

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 Pakistan Stock Exchange. 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.

The principal activity of the Company is to manufacture Urea Formaldehyde Moulding Compound Formaldehyde and Formaldehyde based liquid resins for use as bonding agent in the chip board, plywood and flush door manufacturing industries.

2 Basis of preparation

2.1 Basis of Measurement

These financial statements have been prepared under the historical cost convention except for the following material items in the balance sheet:

Obligations under certain employee benefits have been measured at value determined by actuary.

These financial statements have been prepared under the accrual basis of accounting except cash flow statement.

2.2 Functional and presentation currency

The financial statements are presented in Pakistani Rupees (PKR) which is the Company's functional currency. All the financial information presented in PKR has been rounded off to the nearest rupee.

2.3 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board as are notified under the Companies Ordinance 1984, provisions of and directives issued under the Companies Ordinance 1984. In case requirements differ, the provisions or directives of the Companies Ordinance 1984 shall prevail.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRSs) require the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectation of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognized prospectively.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to these financial statements:

2.4.1 Contingencies

The assessment of contingencies inherently involves the exercise of significant judgment as the outcome of future event cannot be predicted with certainty. The Company based on the availability of latest information estimates the value of contingent assets and liabilities which may differ on occurrence / non-occurrence of uncertain future events.

Notes to the Financial Statements
for the year ended June 30, 2016

2.4.2 Provision for doubtful debts

The Company revises the recoverability of its trade debts on annual basis and provides for doubtful debts based on its experience. Trade debts considered irrecoverable are written off while no provision is made in respect of the active customers which are considered good.

2.4.3 Employee benefit costs

Defined benefit plan and compensated absences are provided for employees of the Company. The plan is structured as separate legal entity managed by trustees, however for compensated absences liability is recognized in the Company's financial statements. These benefits are evaluated with reference to uncertain events and are based upon actuarial assumptions which includes discount rate, expected rate of return on plan assets, expected rate of salary increase and mortality rates. The actuarial valuations are conducted by independent actuaries on annual basis. Calculations are sensitive to change in underlying assumptions.

2.4.4 Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on the reporting date. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment.

2.4.5 Taxation

In making the estimates for income taxes currently payable by the Company, management considers the current income tax laws and decisions of appellate authorities on certain issues in the past. Instances where the Company's view differs from the view taken of the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the accounts are shown as contingent liability / assets.

2.5 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016:

– Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

Notes to the Financial Statements
for the year ended June 30, 2016

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's financial statements.

- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

Notes to the Financial Statements
for the year ended June 30, 2016

– Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

– Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

a) IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

b) IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

c) IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

d) IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above amendments are not likely to have an impact on Company's financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except for the following changes.

- IFRS 12 "Disclosure of Interest in Other Entities" became effective from financial periods beginning on or after 01 January 2015. As a result of IFRS 12, the Company has expanded its disclosures about interests in associates, jointly controlled entities and subsidiaries

Notes to the Financial Statements
for the year ended June 30, 2016

- IFRS 13 "Fair Value Measurement" became effective from financial periods beginning on or after 01 January 2015. IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. The application of IFRS 13 does not have any impact on the financial statements of the Company except for certain additional disclosures.

3.1 Staff retirement benefits

The Company has the following plans for its employees:

a) Defined benefit gratuity scheme

The Company maintains an unfunded gratuity scheme for all its eligible employees.The calculation of defined benefit obligations in respect of gratuity is performed annually by a qualified actuary using the projected unit current method.The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

b) Defined contributory pension scheme

The Company operates an approved pension scheme for its permanent employees eligible under Employees Pension Fund Rules. The Company's liability is fixed to 17% of basic salary per annum which is charged to the profit and loss account of related year.

c) Defined contributory provident fund

The Company also operates an approved defined contributory provident fund for all eligible employees for which contributions are charged to the profit and loss account.

d) Accumulated compensated absences

The Company provides a facility to its employees for accumulating their annual earned leaves. Accumulated compensated absences are encashable on cessation of service. Provision is made for the additional amount that the Company expects to pay as a result of unused entitlement that has accumulated at the balance sheet date and related expense thereof is charged to the profit and loss account. The provision and related cost is recognized on the basis of actuarial valuation which is summarized in note 18.

Notes to the Financial Statements
for the year ended June 30, 2016

3.2 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current taxation
Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits, rebates and exemptions available, if any.
Deferred taxation

Deferred tax liability is accounted for using the balance sheet liability method on all taxable temporary differences, while deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax losses and tax credits can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liability are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

3.3 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.4 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.5 Dividend and appropriation to reserves

Dividends and appropriations to the reserves are recognized in the period in which these are approved. However if these are approved after the reporting period but before the financial statements are authorized for issue they are disclosed in the notes to these financial statements.

3.6 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss.

Capital work in progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to operating fixed assets as and when these are available for use.

Notes to the Financial Statements
for the year ended June 30, 2016

Depreciation is charged to income at rates given below applying the reducing balance method . The Company has a policy to depreciate the expansion in plant and machinery on written down value in proportion to utilized capacity till such time the expanded production capacity is fully utilized. Leasehold land is amortized over the period of the lease. Depreciation on additions during the year is calculated from the month of acquisition to the end of the financial year and depreciation on deletions is calculated up to the date of disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and assets so replaced, if any, are retired.

Gain/loss on disposal of property, plant and equipment is taken to profit and loss account in the year of disposal.

Applicable depreciation rates of the items are as under:

Office building	5%
Factory building	10%
Tube well	10%
Plant and machinery - old	10%
Plant and machinery - new	6.67%
UFMC Plant	10%
Furniture and fittings	10%
Office equipment	10%
Tools and workshop equipment	10%
Computer installations	20%
Motor vehicles	20%
Leasehold land	Period of lease: 30 Years

Leased assets

Assets held under finance leases are initially recorded at the lower of the present value of the minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligation under the lease less financial charges allocated to future periods are shown as liability and classified as current and long term depending upon the timing of payment.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Amortization on the lease assets is charged to the profit and loss account applying the rate and method used for similar owned assets so as to write off the assets over their estimated useful lives in view of certainty of ownership of the assets at the end of the lease.

3.7 Impairment

The Company's asses at each reporting date whether there is any objective evidence that a financial asset or a group of financial asset is impaired. A financial asset or group of financial asset is deemed to be impaired, if and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred "lost event") and that lost event has an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated. Any impairment losses on financial assets including financial assets carried at amortized cost are recognized in profit and loss account.

Notes to the Financial Statements
for the year ended June 30, 2016

The Company assesses at each reporting date whether there is an indication that an asset or a group of asset is impaired. If any indication exists or when annual impairment testing for an asset is required the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining the fair value less cost to sell an appropriate valuation model is used.

A previously recognized impairment loss is reversed only if there has been change in assumption used to determine the assets recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount nor exceeds the carrying amount that would have been determined net of depreciation had no impairment loss been recognized for the asset in prior year. Such reversal is recognized in profit and loss account.

3.8 Investment in associates

Long term investment in an associated Company is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit and loss of the investee after the date of acquisition less any impairment in the value of investment. The Company's share of the profit and loss of investee is recognized in profit and loss account. Distribution received from the investee reduces the carrying amount of the investment.

3.9 Stores, spares and loose tools

These are valued at lower of cost and net realizable value (NRV) less allowance for obsolete and slow moving items. Cost is determined using the weighted average method and comprise cost of purchase and other costs incurred in bringing the inventories to their present location and condition. NRV signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale. The Company reviews the carrying amount of stores, spares and loose tools on regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools.

3.10 Stock in trade

Stock of raw material, work in process and finished goods are valued at the lower of weighted average cost and net realizable value (NRV). Cost of raw materials comprises the invoice value plus other charges paid thereon. Cost of work in process and finished goods include cost of direct materials, labour and appropriation of manufacturing overhead. NRV signifies selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale.

Goods in transit are stated at cost comprising invoice value plus other charges paid thereon.

3.11 Trade and other receivables

Trade and other receivables are recognized and carried at original invoice amount / cost less an allowance for any uncollectible amounts based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off against the provision. Provision for doubtful debts is charged to profit and loss account currently.

Notes to the Financial Statements
for the year ended June 30, 2016

3.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks on current and saving accounts and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value and bank overdrafts. In balance sheet overdrafts are shown in current liabilities while favourable balance is shown in cash and bank.

3.13 Revenue recognition

Sale is recorded on transfer of significant risks and rewards of products when the Company retains neither continuing managerial involvement to degree usually associated with ownership nor effective control, the amount of revenue can be measured reliably, it is probable that economic benefit associated with transactions will flow to the Company and cost incurred or to be incurred in respect of transaction can be measured reliably which occurs as on achievement of delivery of products to customers. Revenue from sale of products is measure at the fair value of consideration received or receivable.

Income on bank deposits is accounted for on time apportioned basis by reference to the principal outstanding and applicable rate of return. Income on investment is recorded on time proportion basis taking into account the effective yield of such securities. While dividend income is recognized when right to receive is established.

3.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction and production of qualifying asset are capitalized as part of cost of that asset up to the date of its commissioning. All other borrowing costs are charged to the profit and loss account in the year when incurred as "finance cost".

3.15 Transactions with related parties

All transactions with related parties are carried out on commercial terms as approved by the Board.

3.16 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Company transfers substantially all the risks and rewards of ownership of the financial asset. If the Company neither transfers nor returns substantially all the risks and rewards of ownership of the financial asset, the principal assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset and financial liability is derecognized at the time when the obligation specified in the contract is discharged or cancelled or expired. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to the profit and loss account currently. All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given and received, respectively, and subsequently carried at fair value, amortized cost or cost, as the case may be.

3.16.1 Financial assets

Financial assets of the Company include held-to-maturity investment and loan and receivables.

a) Investment held to maturity (HTM)

Investments held-to-maturity are non-derivative financial assets which carry fixed or determinable payments and fixed maturities other than loan and receivables. Investments are classified as HTM if the Company has the positive intention and ability to hold to maturity. The Company currently holds Term Deposits Receipts designated into this category. HTM investments are measured subsequently at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Notes to the Financial Statements
for the year ended June 30, 2016

b) Loan and receivables

Loan and receivables include trade debts, deposits and other receivables. After initial recognition these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Trade and other receivables are assessed on regular basis for impairment and if there is any doubt about the recoverability of these receivables, appropriate amount to provision is made. Balances considered bad and irrecoverable are written off against the provision. Provision for doubtful debts is charged to profit and loss account currently.

3.16.2 Financial Liabilities

The Company financial liabilities include trade and other payables.

a) Trade and other payable include due to the joint venture operators, trade creditors and other payables. Subsequent to initial recognition trade and other payables are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

3.17 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amount and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

3.18 Foreign currency transactions and translations

Foreign currency transactions are recorded at the exchange rates approximately those prevailing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated in PKR at the exchange rates ruling at the balance sheet date. Exchange differences are recognized in the profit and loss account.

3.19 Segment reporting

The Company considers itself of a single reputable segment consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segment has been identified as Board of directors of the Company who makes strategic decisions. However, certain information about the Company's products, as required by the approved accounting standards, is presented in note 41 to these financial statements. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segment has been identified as Board of directors of the Company who makes strategic decisions.

	Note	2016 Rupees	2015 Rupees
4 Property, plant and equipment			
Operating fixed assets	4.1	148,721,633	159,030,238

Notes to the Financial Statements
for the year ended at June 30, 2016

4.1 OPERATING FIXED ASSETS

Gross carrying value basis:

Particulars	Buildings on leasehold land			Plant and Machinery	Furniture and Fixture	Equipment		Computer Installations	Motor Vehicles	Total Owned assets	Leased assets	TOTAL
	Office	Factory	Tube well			Office	Tools and Workshop				Leasehold land	
Carrying amount June 30, 2014	1,063,268	32,904,241	28,675	129,634,381	602,839	254,718	1,146,357	306,578	1,069,463	167,010,520	4,661	167,015,181
Gross carrying amount	2,406,019	48,044,389	547,920	260,264,597	1,669,910	925,008	3,774,398	2,228,185	4,754,375	324,614,801	1,701,971	326,316,772
Accumulated depreciation	(1,395,915)	(15,480,123)	(522,112)	(138,539,326)	(863,795)	(695,757)	(2,433,103)	(1,760,290)	(3,898,803)	(165,589,224)	(1,697,310)	(167,286,534)
Carrying amount June 30, 2015	1,010,104	32,564,266	25,808	121,725,271	806,115	229,251	1,341,295	467,895	855,572	159,025,577	4,661	159,030,238
Gross carrying amount	2,406,019	48,044,389	547,920	263,019,484	1,669,910	925,008	3,774,398	2,260,085	4,754,375	327,401,588	1,701,971	329,103,559
Accumulated depreciation	(1,446,420)	(18,441,505)	(524,692)	(148,113,447)	(944,981)	(718,056)	(2,567,231)	(1,858,369)	(4,069,916)	(178,684,616)	(1,697,310)	(180,381,926)
Carrying amount June 30, 2016	959,599	29,602,885	23,228	114,906,038	724,929	206,952	1,207,167	401,716	684,459	148,716,972	4,661	148,721,633

Net carrying value basis:

Particulars	Buildings on leasehold land			Plant and Machinery	Furniture and Fixture	Equipment		Computer Installations	Motor Vehicles	Total Owned assets	Leased assets	TOTAL
	Office	Factory	Tube well			Office	Tools and Workshop				Leasehold land	
Carrying amount June 30, 2014	1,063,268	32,904,241	28,675	129,634,381	602,839	254,718	1,146,357	306,578	1,069,463	167,010,520	4,661	167,015,181
Additions	-	-	-	4,321,300	271,518	-	323,494	242,400	-	5,158,712	-	5,158,712
Depreciation	(53,164)	(3,290,424)	(2,867)	(9,279,961)	(68,242)	(25,467)	(128,556)	(81,083)	(213,891)	(13,143,655)	-	(13,143,655)
Carrying amount June 30, 2015	1,010,104	29,613,817	25,808	124,675,720	806,115	229,251	1,341,295	467,895	855,572	159,025,577	4,661	159,030,238
Additions	-	-	-	2,754,887		-		31,900		2,786,787	-	2,786,787
Depreciation	(50,505)	(2,961,382)	(2,580)	(9,574,121)	(81,186)	(22,299)	(134,128)	(98,079)	(171,113)	(13,095,392)	-	(13,095,392)
Carrying amount June 30, 2016	959,599	26,652,435	23,228	117,856,487	724,929	206,952	1,207,167	401,716	684,459	148,716,972	4,661	148,721,633

4.1.1 Leasehold land measuring 10 acres was acquired on August 01, 1983 from the Cantonment Board, Wah, for an initial period of 30 years and subsequently renewed for another 30 years. The lease is further renewable for a period of another 30 years.

4.1.2 During the year management has change the method of depreciation for palnt and machinary.Previously the depreciation was being charged at 10% of the utilization capicity of plant and machinary. This is now being depreciated at 6.67% on reducing balance method.This change in estimate has been applied prospectively under the requirement of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" This change didnot have significant effect on the depreciaton charge for the year.

Notes to the Financial Statements
for the year ended June 30, 2016

		Note	2016 Rupees	2015 Rupees
4.1.3	Depreciation charge for the year has been allocated as under:			
	Cost of sales	26.1	12,855,642	12,915,080
	Administrative expenses	27	239,750	228,576
			13,095,392	13,143,656
5	Long term investment			
	Investments in related party:			
	Wah Nobel Acetate Limited			
	2,500,000 shares of Rs. 10/- each. (equity held: 8.33%)		25,000,000	25,000,000
	Share of profit of prior periods		5,715,121	10,707,826
	Share of loss of current period-net of tax		(8,072,984)	(4,992,705)
			(2,357,863)	5,715,121
			22,642,137	30,715,121

The Company is associated with Wah Nobel Acetates Limited (WNAL) due to common directorship. WNAL is engaged in manufacture, compound, import and export, acquire, sell and otherwise deal in any and all types and kinds of chemicals including acetaldehyde, acetic acid, butyl acetate, ethyl acetate or any other acetate etc.

	2016	2015
Assets	459,057,969	570,143,696
Liabilities	255,929,330	270,100,487
Revenues	151,675,264	406,206,320
Loss	(96,914,572)	(59,936,440)
Percentage of ownership (%)	8.33%	8.33%
Total assets	459,057,969	570,143,692
Total liabilities	(255,929,330)	(270,100,483)
Net assets	203,128,639	300,043,209
Net assets attributable to ordinary shareholders (100%)	203,128,639	300,043,209
Company's share of net assets (8.33%)	16,920,616	24,993,599
Goodwill	5,721,521	5,721,522
Carrying amount of interest in associates	22,642,137	30,715,121

During the year Wah Nobel Acetates Limited has carried out an exercise by an independent value (M/S Surval) to ascertain the fairvalue of its property plant and equipment. Based on the exercise its property plant and equipment has been valued at Rs. 700.5 million in its report dated June 11, 2016. Accordingly management belives that impairments is not to be recognized against this investment.

		2016	2015
6	Store, spares and loose tools		
	Stores	10,997,549	13,137,477
	Spares	28,406,166	33,457,533
	Loose tools	330,979	250,159
		39,734,694	46,845,169

Notes to the Financial Statements
for the year ended June 30, 2016

		Note	2016 Rupees	2015 Rupees
7	Stock in trade			
	Raw and packing material	26.2	74,843,965	48,173,811
	Work in process	26.1	650,703	847,061
	Finished goods	26	19,785,179	13,120,756
	Goods in transit	7.1	17,434,073	42,974,886
			112,713,920	105,116,514

7.1 Goods in transit includes in-bonded raw material.

		Note	2016 Rupees	2015 Rupees
8	Trade debts			
	Considered good - unsecured		396,261,226	358,480,568
	Considered doubtful - unsecured		79,379,769	71,341,439
			475,640,995	429,822,007
	Provision for doubtful debts	8.1	(79,379,769)	(71,341,439)
			396,261,226	358,480,568
8.1	Reconciliation of provision for doubtful debts			
	Opening provision		71,341,439	66,009,316
	Charge for the year	27	22,444,015	5,332,123
			93,785,454	71,341,439
	Debts written off		(14,405,685)	-
	Balance at the end of the year		79,379,769	71,341,439
9	Advances			
	Advances - unsecured, considered good			
	to suppliers		1,967,862	20,163,782
	to employees for expenses		582,849	621,419
			2,550,711	20,785,201

9.1 The maximum aggregate amount of advances due from Chief Executive Officer, Directors, Executives and from associated undertakings at the end of any month during the year was Rs. Nil (2015 : Rs Nil).

		2016 Rupees	2015 Rupees
10	Accrued interest income		
	Profit receivable on term deposit receipts	122,761	181,646
11	Other receivables		
	Sales tax refundable	8,593,934	20,111,511
	Letter of credit / guarantee margin	180,900	180,900
	Others	-	943,035
		8,774,834	21,235,446
12	Short-term-investment		
	Held in local currency		
	Term deposit receipts	2,582,666	2,582,666

Held-to-maturity financial assets comprise term deposit receipts (TDRs) having maturity up to 1 year and average profit rate above 5.6% per annum (2015:above 8%) and held under lien with bank.

Notes to the Financial Statements
for the year ended June 30, 2016

		Note	2016 Rupees	2015 Rupees
13	Taxation			
	Opening balance		(117,544,427)	(67,653,744)
	Current tax			
	- Current		44,285,896	12,099,110
	- Prior		-	4,482,877
	Income tax paid / withheld during the year		(58,140,116)	(66,472,670)
			(131,398,647)	(117,544,427)
14	Cash and bank balances			
	Cash in hand		80,756	70,757
	Cash with banks:			
	in current accounts		7,714,583	4,392,288
			7,795,339	4,463,045

15 Share capital

Authorized capital

2016 Number	2015 Number		2016 Rupees	2015 Rupees
20,000,000	20,000,000	Ordinary shares of Rs. 10 each	200,000,000	200,000,000

Issued, subscribed and paid up capital

2016 Number	2015 Number		2016 Rupees	2015 Rupees
6,750,000	6,750,000	Ordinary shares of Rs. 10 each fully paid in cash	67,500,000	67,500,000
2,250,000	2,250,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	22,500,000	22,500,000
9,000,000	9,000,000		90,000,000	90,000,000

15.1 Wah Nobel (Private) Limited (the holding Company) held 4,970,400 (2015: 4,970,400) ordinary shares at balance sheet date.

15.2 The Company has no reserved or potential ordinary shares for issuance under options and sales contract.

		Note	2016 Rupees	2015 Rupees
16	Capital reserve			
	Capital reserve	16.1	944,404	944,404

16.1 Represents exchange gain arising on the translation of foreign currency accounts held by the Company and interest thereon, up to the date of allotment of shares to the overseas Pakistani shareholders who, under an agreement, had subscribed in foreign currency at the rate of Rs. 13 /- per US Dollar.

		2016 Rupees	2015 Rupees
17	General reserve		
	Balance at the beginning of the year	360,000,000	325,000,000
	Transfer during the year	15,000,000	35,000,000
		375,000,000	360,000,000

Notes to the Financial Statements
for the year ended June 30, 2016

		Note	2016 Rupees	2015 Rupees
18	Deferred liabilities			
	Provision for accumulated compensated absences	18.1	4,294,302	6,463,646
18.1	The amounts recognized in the balance sheet are determined as follows:			
	Opening present value of defined benefit obligations		6,463,646	7,796,837
	Charge for the year		1,971,590	3,258,475
	Benefits paid during the year		(4,140,934)	(4,591,665)
			4,294,302	6,463,646
18.2	The amounts recognized in the profit and loss account are as follows:			
	Current service cost		1,413,104	2,121,719
	Interest cost		428,338	918,733
	Actuarial (gain)/loss on present value of defined benefit obligation		130,148	218,023
			1,971,590	3,258,475

		2016	2015
18.3	The principal actuarial assumptions used were as follows:		
	Discount rate	7.25%	9.75%
	Expected rate of increase in salary	6.25%	8.75%
	Average number of leaves accumulated per annum by the officers	9 days	9 days
	Average number of leaves accumulated per annum by the staff	5 days	5 days
	Average number of leaves accumulated per annum by the workers	3 days	3 days

		Note	2016	2015
19	Deferred taxation -net			
	Deferred tax liability - July 01,		(3,942,093)	(5,758,932)
	Credited to profit and loss for the year		2,670,355	2,360,777
	Credited to other comprehensive income		70,989	(543,938)
	Net deferred tax liability - June 30,	19.1	(1,200,749)	(3,942,093)
19.1	The deferred tax liability comprises of the following:			
	Deferred tax liability on taxable temporary differences			
	Accelerated tax depreciation		(26,826,723)	(28,956,759)
	Share in loss from associate		(235,786)	(571,512)
	Deferred tax asset on deductible temporary differences			
	Provision for doubtful debts		23,813,931	22,829,262
	Provision for staff retirement and other benefits		1,288,291	2,068,367
	Provision for gratuity scheme - routed through other comprehensive income		759,539	688,550
			(1,200,749)	(3,942,093)

Notes to the Financial Statements
for the year ended June 30, 2016

		Note	2016 Rupees	2015 Rupees
20	Trade and other payables			
	Trade creditors		38,125,691	74,334,070
	Advances from customers		3,505,814	2,491,992
	Accrued expenses		54,734,070	14,700,775
	Bonus payable		12,608,862	4,400,000
	Sales tax payable		7,895,992	2,375,776
	Unclaimed dividends		3,468,121	3,258,053
	Payable to employees gratuity fund	20.1	5,341,382	7,909,895
	Workers' profit participation fund	20.2	1,882,803	1,328,623
	Workers' welfare fund	20.3	19,043,535	16,428,070
	Payable to employees' provident fund	20.4	470,277	523,566
	Other liabilities		3,345,553	1,290,337
			150,422,100	129,041,157
20.1	The amounts recognized in the balance sheet are as follows:			
	Present value of defined benefit obligations	20.1.1	24,503,107	29,891,036
	Fair value of plan assets	20.1.2	(19,161,725)	(21,981,141)
	Balance at end of the year		5,341,382	7,909,895
20.1.1	Movement in the present value of funded obligation is as follows:			
	Present value of defined benefit obligation at beginning		29,891,036	31,732,154
	Current service cost		1,678,862	2,155,574
	Interest cost		2,447,827	4,155,193
	Charged to other comprehensive income		171,811	(346,281)
	Benefits paid / adjustments		(9,686,429)	(7,805,604)
	Present value of defined benefit obligation at end		24,503,107	29,891,036
20.1.2	Movement in the fair value of plan assets is as follows:			
	Fair value of plan assets at beginning		21,981,141	19,566,308
	Expected return on plan assets		1,931,834	2,983,626
	Charged to other comprehensive income		(181,004)	1,236,811
	Contributions		5,000,000	6,000,000
	Benefits paid		(9,570,246)	(7,805,604)
	Fair value of plan assets at end		19,161,725	21,981,141
20.1.3	Charge for the year is as follows:			
	Current service cost		1,678,862	2,155,574
	Past service cost		-	-
	Interest cost		2,447,827	4,155,193
	Expected return on plan assets		(1,931,834)	(2,983,626)
	Charge for the year		2,194,855	3,327,141

Notes to the Financial Statements
for the year ended June 30, 2016

	Note	2016 Rupees	2015 Rupees
20.1.4 Remeasurement chargeable in Other comprehensive income (OCI)			
Acturial gain from change in financial assumptions		116,183	-
Remeasurement loss on obligation		(171,811)	346,281
Remeasurement (gain)/ loss on plan assets		(181,004)	1,236,811
Remeasurement loss recognized in OCI		(236,632)	1,583,092
20.1.5 Movement in liability recognised in balance sheet:			
Balance at beginning of year		7,909,896	12,165,847
Cost for the year		2,194,854	3,327,141
Remeasurement recognized in OCI during the year		236,633	(1,583,092)
Contributions during the year		(5,000,000)	(6,000,000)
Balance at end of year		5,341,383	7,909,896
20.1.6 Plan assets comprise of:			
Bond		22.17%	96.1%
Equity		30.89%	26.5%
Cash and bank balances		81.36%	9.3%
Other		-34.42%	-31.9%
		100%	100%

20.1.7 The principal actuarial assumptions used in the actuarial valuation are as follows:

	2016	2015
Discount rate	9.75%	13.25%
Discount rate used for year end obligation	7.25%	9.75%
Expected rate of salary growth		
Salary increase FY 2016	N/A	8.75%
Salary increase FY 2017 onward	6.25%	8.75%
Mortality rate	SLIC 2001-2005 set back 1 year	SLIC 2001-2005 set back 1 year
Withdrawal rates	age based (per appendix)	age based (per appendix)
Retirement assumption	Age 63 for officers and 60 for staff and workers	Age 63 for officers and 60 for staff and workers
Estimated charge to profit and loss account for the next year	1,666,243	2,144,786

20.1.8 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in respective assumptions by one percent.

Notes to the Financial Statements
for the year ended June 30, 2016

	Note	2016 Rupees Effect of 1% increase	2015 Rupees Effect of 1% decrease
Discount rate		(22,373,323)	26,975,324
Future salary growth		27,002,489	(22,311,785)

20.1.9 The average duration of the defined benefit obligation as at June 30, 2016 is 9 years.

20.2 Workers' profit participation fund

	Note	2016	2015
Balance at the beginning of the year		1,328,623	5,650,533
Interest for the period on fund utilized by the Company	29	41,770	131,542
Payments during the year		(6,370,393)	(5,782,075)
Allocation for the year	30	6,882,803	1,328,623
Balance at the end of the year		1,882,803	1,328,623

20.3 Workers' welfare fund

	Note	2016	2015
Balance at the beginning of the year		16,428,070	22,661,169
Payments during the year		-	-
Adjustment			(6,878,700)
Allocation for the year	30	2,615,465	645,601
Balance at the end of the year		19,043,535	16,428,070

20.4 Payable to employees' provident fund

	Note	2016	2015
Opening payable		523,566	609,070
Contribution/withheld during the year		4,277,342	6,884,467
Payments during the year		(4,330,631)	(6,969,971)
Balance at the end of the year		470,277	523,566

21 Due to holding company

	Note	2016	2015
Wah Nobel (Private) Limited - holding company		1,772,300	31,022

22 Accrued mark up

	Note	2016	2015
On short term running finance - secured		2,313,009	4,981,181
		2,313,009	4,981,181

23 Short Term Running Finance - Secured

	Note	2016	2015
Bank Al-Habib	23.1	65,482,760	28,946,490
Allied Bank Limited	23.1	25,753,129	80,748,233
MCB Bank Limited	23.1	19,257,437	21,533,280
Askari Bank Ltd	23.1	41,079,151	98,872,924
Short term running finance - secured		151,572,477	230,100,927

Notes to the Financial Statements
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23.1 Facilities related to short term running finance - secured

The Company availed running finance facilities during the year. However, the amount outstanding at the year end was Nil (2012: Nil). Details of running finance facilities are as follows:

Banks	Markup	Limits 2016	Limits 2015
Bank Al-Habib Limited	3 months average KIBOR plus 0.5%	100 million	100 million
Allied Bank Limited	1 month average KIBOR plus 0.5%	100 million	100 million
MCB Bank Limited	1 month average KIBOR plus 0.5%	40 million	40 million
Askari Bank Ltd	1 month average KIBOR plus 0.35%	100 million	100 million

23.2 The mark up on the facilities are without a floor or cap, payable quarterly.

23.3 Facilities secured against:

Bank	Security description
Bank Al Habib Limited	1st pari passu charge on present & future, current and fixed assets of the Company for Rs. 210 million and Rs. 150 million respectively.
Allied Bank Limited	1st pari passu charge on all present and future current & fixed assets of the Company, with 25% margin.
MCB Bank Limited	1st pari passu charge of Rs. 146 million over stock and 1st floating charge of Rs. 146 million over book debts & receivables of the Company.
	1st pari passu charge of Rs. 146 million over fixed assets of the Company in shape of equitable mortgage of project
Askari Bank Limited	1st pari passu hypothecation charge on all present and future current assets of the company.Rs. 133 million.

23.4 Facilities of letter of guarantee and letter of credit

Following banks have extended facilities of letter of guarantee and letter of credit

	Note	Letter of guarantee 2016	Letter of guarantee 2015	Letter of credit 2016	Letter of credit 2015
		(Rupees)			
Bank Al Habib Limited	23.4.1	20,000,000	20,000,000	120,000,000	120,000,000
Allied Bank limited	23.4.2	-	-	100,000,000	100,000,000
MCB Bank Limited	23.4.3	10,000,000	10,000,000	100,000,000	100,000,000
Askari Bank Limited	23.4.4	-	-	100,000,000	100,000,000

23.4.1 This is secured by 1st pari passu charge on present & future, current and fixed assets of the Company for Rs. 210 million and Rs. 150 million respectively. Further, letter of guarantee and letter of credit are secured against counter guarantee from the Company, lien on shipping documents and accepted drafts respectively.

23.4.2 This is secured by 1st pari passu charge on all present and future current & fixed assets of the Company, with 25% margin and lien on valid import documents.

23.4.3 1st pari passu charge of Rs. 146 million over stock and 1st floating charge of Rs. 146 million over book debts & receivables of the company for letter of guarantee. Lien over import documents covering the consignment of raw material, spare parts and chemicals and lien over duly accepted bills of exchange backed by TR executed in bank's favour.

Notes to the Financial Statements
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23.4.4 Lien over import documents covering the consignment of raw material, spare parts and chemicals and lien over duly accepted bills of exchange backed by TR executed in bank's favour.

24 Contingencies and commitments

24.1 Contingencies

24.1.1 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 to remove Methanol by submitting bank guarantees in lieu of payment of excise duty. Accordingly, the Company has submitted bank guarantees of Rs. 8,707,220 (2015 : Rs. 8,707,220) for transport of 7200 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 07, 2004 against the said judgment which is pending adjudication by the Supreme Court.

24.1.2 In 1996, the Government of Sindh raised a demand of Rs. 67,294,724 in respect of vend fee and permit fee for the years 1990-91 to 1995-96, under the Sindh Abkari Act, 1878. The Company filed Constitutional Petition No. D-1412 of 1996 dated August 20, 1996 in the High Court of Sindh challenging the legality of the levy on the grounds that provincial taxation, under the Sindh Abkari Act, 1878 on imported Methanol temporarily stored in Karachi but meant for consumption outside the province of Sindh, was unlawful and ultravires of the Constitution, relying on the judgment of the High Court of Sindh in the case of Crescent Board Limited. The case was decided in the favour of the Company on June 12, 2001 by the High Court , but Sindh Government moved an appeal in the Supreme Court against the decision of the High Court.

After hearing the appeal of Excise Department Sindh against the Company and other Formaldehyde manufacturers, the Supreme Court remanded the case of levy of vend fee and permit fee to the High Court Sindh for adjudication on all points of law and fact. Vide its judgment dated March 26, 2003, High Court Sindh again decided the matter in favour of the Company and other manufacturers. Excise Department filed a leave to appeal in the Supreme Court on June 12, 2003. The Court has admitted the appeal for regular hearing. The case is now awaiting adjudication by the Supreme Court.

Currently all imports of Methanol are being released on payment of Rs. 3/- per bulk gallon in cash and submission of guarantee @ Rs. 14/- per bulk gallon in the form of indemnity bonds. Accordingly, in case of an unfavorable decision of the Supreme Court, the Company is exposed to an aggregate obligation of Rs. 926 million (2015 : Rs. 884 million) on account of vend fee and permit fee based on the guarantees issued against methanol imported and released up to the balance sheet date. This material uncetainty exists which may cast significant doubt on the entity's ability to continiue as going concern therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, keeping in view the facts and previous decisions, the management is confident that no such exposure will arise to the Company, therefore, no provision for this has been made in these financial statements. Furthermore, management is making necessary efforts to resolve this matter amicably and is confident that Company will be able to continue as a going concern.

24.1.3 Under the Punjab Excise Act, 1914, Excise Commissioner / Director General , Excise and Taxation Department, Punjab has issued a notification dated June 30, 2003 by which the department has levied fees on the import, possession, industrial use and sale of Methanol. The Company and other manufacturers, importers and vendors of Methanol have filed writ petitions in the High Court, Lahore and obtained stay order against these levies. The case is pending adjudication by the High Court, Lahore.

Notes to the Financial Statements
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24.1.4 The Assistant Commissioner inland Revenueof Income Tax (AuditvII) has amended the assessment under Section 122 (1)of the Income Tax Ordinance, 2001 for the tax year 2008.Whereby, further tax of Rs. 7,520,068 was determined to be payable by the Company . Being aggrieved, the Company filed an appeal before the Commissioner Inland Revenue (Appeals-I), which was decided in favour of the Company. Consequently the Department has filed appeal against the order of the Commissioner Inland Revenue (Appeals-I), Islamabad, which is still pending. The Company is confident that the case will be decided in its favour and therefore, no provision for any liability has been made in these financial statements.

		Note	2016 Rupees	2015 Rupees
24.2	Commitments in respect of:			
24.2.1	Letters of credit for purchase of stocks		82,030,000	38,748,212
24.2.2	Post dated cheques issued in favour of collector of customs against custom duties and other levies on methanol kept in bonded ware house.		20,401,111	23,812,641
25	Turnover			
	Gross revenue - manufacturing		1,393,958,819	1,420,357,598
	Sales tax		(212,441,069)	(210,446,628)
	Net turnover		1,181,517,750	1,209,910,970
26	Cost of sales			
	Cost of goods manufactured	26.1	945,534,955	1,047,575,205
	Packing material consumed		6,300,806	4,956,018
			951,835,761	1,052,531,223
	Opening stock of finished goods		13,120,756	42,446,813
	Closing stock of finished goods	7	(19,785,179)	(13,120,756)
			945,171,338	1,081,857,280
26.1	Cost of goods manufactured			
	Raw material consumed	26.2	761,540,212	863,233,350
	Stores and spares consumed		38,922,986	45,734,193
	Salaries, wages and other benefits	28.1	71,187,164	63,027,259
	Fuel and power		49,634,451	49,494,739
	Rent, rates and taxes		426,601	426,611
	Insurance		821,409	1,124,231
	Repairs and maintenance of vehicles		948,898	2,749,241
	Outside security charges		2,349,179	2,281,681
	Miscellaneous expenses		6,652,055	6,263,712
	Depreciation	4.1.3	12,855,642	12,915,080
	Manufacturing cost		945,338,597	1,047,250,097
	Opening stock of work in process		847,061	1,172,169
	Closing stock of work in process	7	(650,703)	(847,061)
			945,534,955	1,047,575,205

Notes to the Financial Statements
for the year ended June 30, 2016

		Note	2016 Rupees	2015 Rupees
26.2	Raw material consumed			
	Opening stock	7	48,173,811	70,953,507
	Purchases during the year		788,210,366	840,453,654
			836,384,177	911,407,161
	Closing stock	7	(74,843,965)	(48,173,811)
			761,540,212	863,233,350
27	Administrative and general expenses			
	Salaries, wages and other benefits	28.1	5,728,271	6,321,887
	Corporate service charges		900,000	900,000
	Office rent		133,961	160,354
	Electricity and water charges		-	44,151
	Postage, telephone and telex		366,999	328,616
	Printing and stationery		362,173	461,873
	Travelling and conveyance		785,900	1,264,491
	Entertainment		142,004	75,487
	Legal and professional charges		1,295,949	1,137,723
	Fees and subscription		503,687	509,004
	Advertisement and publicity		461,328	98,630
	Maintenance expenses		164,841	27,001
	Provision for doubtful debts	8.1	22,444,015	5,332,123
	Miscellaneous expenses		575,980	1,348,050
	Depreciation	4.1.3	239,750	228,576
			34,104,858	18,237,966
28	Selling and distribution expenses			
	Salaries, wages and other benefits	28.1	10,937,331	7,879,426
	Postage, telephone and telex		157,653	138,098
	Printing and stationery		13,214	25,000
	Travelling and conveyance		527,681	812,075
	Carriage		26,141,176	28,811,115
	UFMC Sales Commission		12,226,627	18,482,549
	Vehicle running expenses		38,171	177,099
	Transit insurance		849,226	595,130
	Entertainment		33,550	3,810
	Miscellaneous expenses		784,157	2,190,736
			51,708,786	59,115,038

28.1 Related amounts include contribution towards pension fund of Rs. 1,464,573 (2015: Rs. 1,402,292), provident fund of Rs.1,928,892 (2015: Rs. 2,307,008), expense for accumulating absences of Rs.1,971,587 (2015: Rs. 3,258,475), gratuity of Rs.2,194,854 (2015: Rs.3,327,140) and provision for bonus to employees of Rs. 12,608,862 (2015: Rs. 4,400,000).

Notes to the Financial Statements
for the year ended June 30, 2016

		Note	2016 Rupees	2015 Rupees
29	Finance cost			
	Interest on workers' profit participation fund	20.2	41,770	131,542
	Mark up on short term running finance - secured		14,810,844	26,066,307
	Bank charges		122,891	252,032
			14,975,505	26,449,881
30	Other operating expenses			
	Workers' profit participation fund	20.2	6,882,803	1,328,623
	Workers' welfare fund	20.3	2,615,465	645,601
	Auditors' remuneration	30.1	460,000	460,000
			9,958,268	2,434,224
30.1	Auditors' remuneration			
	Annual audit fee		350,000	350,000
	Half yearly review		110,000	110,000
			460,000	460,000
31	Other income			
	Income from financial assets	31.1	214,815	208,827
	Income from non-financial assets	31.2	2,343,973	9,451,529
			2,558,788	9,660,356
31.1	Income from financial assets			
	Interest on term deposit receipts		133,604	115,196
	Bank interest		81,211	93,631
			214,815	208,827
31.2	Income from non-financial assets			
	Provision - written back	20.3	-	6,878,700
	Sale of scrap		2,343,973	2,572,829
			2,343,973	9,451,529
32	Taxation			
	Provision for the year			
	- Current for the year		44,285,896	12,099,110
	- Prior year		-	4,482,877
	- Deferred	19	(2,670,355)	(2,360,777)
			41,615,541	14,221,210
32.1	Tax charge reconciliation			
	Accounting profit		120,084,799	26,484,232
	Tax rate		32 %	33 %
	Tax on accounting profit at applicable rate		38,427,135	8,739,797
	Prior year adjustment		-	4,482,877
	Others-permanent differences		3,188,406	998,536
			41,615,541	14,221,210

Notes to the Financial Statements
for the year ended June 30, 2016

		Note	2016 Rupees	2015 Rupees
33	Earnings per share - basic and diluted			
	Profit for the year		78,469,258	12,263,022
	Number of ordinary shares outstanding during the year	15	9,000,000	9,000,000
	Earnings per share-basic and diluted		8.72	1.36

34 Adjustment for non-cash items

The following non-cash and other items have been adjusted in profit before taxation for the year to arrive at operating cash flow:

	Note	2016 Rupees	2015 Rupees
Adjustments			
Depreciation	4.1.3	13,095,392	13,143,656
Interest on term deposit receipts	31.1	(133,604)	(115,196)
Bank interest	31.1	(81,211)	(93,631)
Financial charges		14,933,735	26,318,339
Interest on workers' profit participation fund	29	41,770	131,542
Provision for gratuity fund	20.1.3	2,194,855	3,327,141
Share in profit of associated company	5	8,072,984	4,992,705
Workers' profit participation fund (WPPF)	30	6,882,803	1,328,623
Workers' welfare fund (WWF)	30	2,615,465	645,601
Provision for accumulated compensated absences	18.2	1,971,590	3,258,475
Provision write back		-	(6,878,700)
Debts written off		(14,405,685)	-
Provision for doubtful debts/write off	8.1	22,444,015	5,332,123
		57,632,109	51,390,678

35 Cash and cash equivalent

	2016 Rupees	2015 Rupees
Cash and bank balances	7,795,339	4,463,045
Short term running finance - secured	(151,572,476)	(230,100,927)
	(143,777,137)	(225,637,882)

36 Staff provident fund

36.1 The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance 1984, and the rules formulated for this purpose. The salient information of the fund is as follows:

	2016 (Unaudited) Rupees	2015 Rupees
Size of fund/trust	60,787,468	60,184,277
Cost of investment made	51,270,571	59,964,944
Percentage of investment (%)	84.34%	99.64%
Fair value of investment	53,417,506	61,300,610

Notes to the Financial Statements
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	Note	2016 (Unaudited) Rupees	2015 Rupees
36.2 The break-up of fair value of investment is:			
Regular income certificates (RIC)		26,950,000	26,950,000
N.I.T units		7,483,650	7,322,835
Term deposits			24,808,290
Cash at bank		16,666,716	552,799
Shares in Wah Nobel Chemicals Limited.		2,317,140	1,666,686
		53,417,506	61,300,610

	Percentage	
36.3 Percentage of investment made is:		
Regular income certificates (RIC)	50%	44%
N.I.T units	14%	12%
Term deposits	0%	40%
Cash at bank	31%	1%
Shares in Wah Nobel Chemicals Limited.	4%	3%

37 Financial risk management objectives and policies

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The board of directors have the overall responsibility for to establishment and oversight of Company's risk management framework and policies. Audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Company with the assistance of internal audit function.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies & processes for measuring and managing risks and the Company's management of capital. Further quantitative disclosure are presented through out these financial statements.

a) Market risks

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Company's income or the value of its holding of financial instrument. The objective of market risk management is to manage and control market risks' exposure within acceptable parameters, while optimizing the return on risk.

i) Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's running finance facilities with floating interest rates. The Company manages its interest rate risk by having investment in fixed interest bearing financial assets like term deposits receipts and deposits in savings accounts in the banks.

Notes to the Financial Statements
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Profile:

At the reporting date the Company's interest bearing financial instruments are:

	Note	2016 Rupees	2015 Rupees
Financial Assets			
Short-term investment	12	2,582,666	2,582,666
Financial Liabilities			
Short term running finance - secured	23	151,572,477	230,100,927
Net financial assets / (liabilities)		(148,989,811)	(227,518,261)

The effective markup rates for the financial assets and liabilities are mentioned in respective notes to the financial statements.

Markup rate sensitivity analysis

If markup rates had been 50 basis points higher / lower and all other variables were held constant, the Company’s profit for the year ended June 30, 2016 would decrease / increase by Rs. 742,673 (2015: Rs. 1,141,609) This is mainly attributable to the Company’s exposure to markup rates on its variable rate borrowings.

ii) Foreign currency sensitivity

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. Financial liabilities include Rs. 24,334,133 (2015: 38,748,212) which were subject to foreign currency risk. A one rupee change in the exchange rate of foreign currencies would have the impact of +/- Rs. 231,754 on the profit and loss before tax.

b) Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transaction. Out of the total financial assets of Rs. 415,496,140 (2015: Rs. 365,988,895), the financial assets that are subject to credit risk amounted to Rs. 406,902,206 (2015: Rs. 365,918,138).

The maximum exposure to credit risk as at June 30, 2016, along with comparative is tabulated below:

	Note	2016 Rupees	2015 Rupees
Financial Assets			
Trade debts	8	396,261,226	358,480,568
Trade deposits		40,070	40,070
Other receivables		180,900	240,900
Accrued interest income	10	122,761	181,646
Short-term-investment		2,582,666	2,582,666
Bank balances		7,714,583	4,392,288
		406,902,206	365,918,138

Notes to the Financial Statements
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The bank balances including short-term investments along with credit ratings are tabulated below:

	Rating agency	Rating: Short term	Rating: Long term	2016 Rupees
National Bank of Pakistan	JCR-VIS	A-1+	AAA	74,767
Askari Bank Limited	PACRA	A1+	AA	30,510
Bank-Al Falah Limited	PACRA	A1+	AA	7,275,544
MCB Bank Limited	PACRA	A1+	AAA	2,747,747
Bank-Al Habib Limited	PACRA	A1+	AA+	165,572
Habib Bank Limited	JCR-VIS	A-1+	AAA	3,109
				10,297,249

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligation to the Company.

For trade receivables, internal risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are fixed based on internal or external ratings in accordance with limits set by the management. The utilization of credit limits is regularly monitored. Accordingly the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk.

The ageing of trade debts at June 30 is as follows:

	Note	2016 Rupees	2015 Rupees
Neither past due nor provided for		196,467,640	184,424,113
Past due but not provided for:			
- within 90 days		49,348,816	15,864,721
- within 91 to 180 days		41,866,458	36,022,789
- over 180 days		187,958,081	193,510,384
Total		475,640,995	429,822,007
Past dues provided for		(79,379,769)	(71,341,439)
Considered good	8	396,261,226	358,480,568

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages its liquidity needs by monitoring cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and on the basis of a rolling 90-days projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified in 90 days projection.

The Company maintains cash to meet its liquidity requirements for up to 20-days periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities, dividend payout policy and additional equity injection by the sponsor of the Company.

As at 30 June 2016, The Company's financial liabilities have contractual/probable maturities which are summarized below:

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June 30, 2016	Current	
	Within 6 months	6 to 12 months
Trade and other payables	109,276,861	-
Due to holding company	1,772,300	-
	111,049,161	-

These financial liabilities are compared to the maturity of the Company's financial liabilities in the previous year as follow:

June 30, 2015	Current	
	Within 6 months	6 to 12 months
Trade and other payables	97,507,898	-
Due to holding company	31,022	-
	97,538,920	-

d) Fair value of financial instruments

i) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change has occurred

ii) Determination of fair values

A number of the Company’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Non - derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

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Notes to the Financial Statements
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The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

				Fair value	
June 30, 2016	Loans and receivables	Other financial liabilities	Total	Level 2	Total
Financial assets not measured at fair value					
Trade and other receivables *	396,261,226		396,261,226		
Cash and cash equivalents*	7,795,339		7,795,339		
Short term investments	2,582,666		2,582,666	2,582,666	2,582,666
Accrued interest*	122,761		122,761		
Deposit*	40,070		40,070		
Due to related parties*	1,772,300		1,772,300		
Financial liabilities not measured at fair value					
Trade and other payables*	150,422,100		150,422,100		
Short term running finance - secured*	151,572,477		151,572,477		
June 30, 2015					
Financial assets not measured at fair value					
Trade and other receivables *	358,480,568		358,480,568		
Cash and cash equivalents*	4,463,045		4,463,045		
Short term investments	2,582,666		2,582,666	2,582,666	2,582,666
Accrued interest*	181,646		181,646		
Deposit*	40,070		40,070		
Due to related parties*	31,022		31,022		
Financial liabilities not measured at fair value					
Trade and other payables*	129,041,157		129,041,157		
Short term running finance - secured*	230,100,927		230,100,927		

*The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprised periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

Notes to the Financial Statements
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38 Capital risk management

The company is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and the level of dividend to ordinary shareholders.There was no change to company's approach to the capital management during the year and the company is not subject to externally imposed capital requirement.

39 Remuneration of Chief Executive Officer, Directors and Executives

The aggregate amount charged in these financial statements in respect of remuneration and allowances, including all benefits, to chief executives and executives of the Company are given below:

	Executives	
	2016	2015
	Rupees	Rupees
Managerial remuneration	8,176,082	8,493,456
Leave encashment	4,326,436	856,261
Retirement benefits	1,736,563	1,233,390
Bonus and incentives	1,220,120	1,887,860
	15,459,201	12,470,967
Number of persons	8	5

39.1 No fee or remuneration was paid by the Company to Chief Executive Officer and Directors except for the lump sum amount of Rs. 900,000/- (2015: Rs. 900,000/-) charged by Wah Nobel (Private) Limited, as corporate service fee as disclosed in note 27.

40 Operating segment

These financial statements have been prepared on the basis of single reportable segment.

- Formaldehyde, glue and UFMC sales represent 88% (2015: 93.5%) of the total sales of the Company.
- 100% (2015: 100%) of the Company's sales relate to customers in Pakistan.
- All non-current assets of the Company as at June 30, 2016 are located in Pakistan
- Ten (2015: Ten) of the Company's customers having sales aggregating Rs.997.6 million (2015: Rs.873.8 million) contributed towards 84 % (2015: 72%) of the Company's sales. One (2015: Two) customer individually exceeded 10% of total sales.

41 Capacity and production

	Designed annual capacity		Actual production	
	2016	2015	2016	2015
	Metric Tones			
Formaldehyde and Formalin solvent	30,000	30,000	22,849	21,063
Urea / Phenol Formaldehyde	19,000	19,000	16,175	17,552
UFMC	4,000	4,000	3,913	3,431

Notes to the Financial Statements
for the year ended June 30, 2016

42 Transaction with related parties

The related parties comprise holding company, ultimate holding company, related group companies, directors of the Company, other companies with common directorship, staff retirement benefit funds and key management personnel.

The Company's significant related party transactions consist of transactions with holding company and related group companies. Following are the related group companies with whom transactions were undertaken during the year:

Wah Nobel (Private) Limited - holding company
Wah Nobel Acetates Limited - fellow subsidiary
Nobel Energy Limited - fellow subsidiary

Details of transactions with these related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2016	2015
	Rupees	Rupees
Expenses incurred (on behalf of) / by the group companies net	841,278	(2,562,514)
Corporate service fee charged by holding company	900,000	900,000
Purchase of Electricity from associate company	8,932,948	-
Sales to associate company	3,833,552	3,911,237
Dividend paid to the holding company	4,970,400	19,881,600
Other related parties		
Payment to:		
Employees' pension fund trust	1,464,573	1,402,292
Employees' provident fund trust	4,330,631	6,969,971
Workers' profit participation fund	6,370,393	5,782,075
Employees' gratuity fund	5,000,000	6,000,000

43 Number of employees

Total number of permanent employees as at June 30, 2016 is 101 (2015 : 90) and average number of employees over the period were 94 (2015: 106)

44 Non-adjusting event after balance sheet date

The Board of directors at the meeting held on November 03, 2016 have proposed for the year ended June 30, 2016 cash dividend of Rs. 4.00 per share (2015: Rs. 1.00 per share), amounting to Rs.36,000,000 million subject to approval of members at the annual general meeting.

45 Date of authorization

These financial statements were authorized for issue on November 03, 2016 by the Board of Directors of the Company.

46 General

Figures have been rounded off to the nearest rupee.

DIRECTOR

CHIEF EXECUTIVE

Notes

Proxy Form

I/We ____

of ____ being a member(s) of

Wah Nobel Chemicals Limited hereby appoint ______________________________________

of ____ or failing him/her

______________________ of __________________________________ as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company to be held on Wednesday, November 30, 2016 at 1100 hrs and /or any adjournment thereof.

Signed this _________ day of November, 2016.

Folio No	CDC Participant ID No	CDC Account / Sub-Account No	No.of Shares held	Signature on Five Rupees Revenue Stamp

Witness 1		Witness 2	
Signature	____________________	Signature	____________________
Name	____________________	Name	____________________
CNIC No.	____________________	CNIC No.	____________________
Address	____________________	Address	____________________
	____________________		____________________

Note:

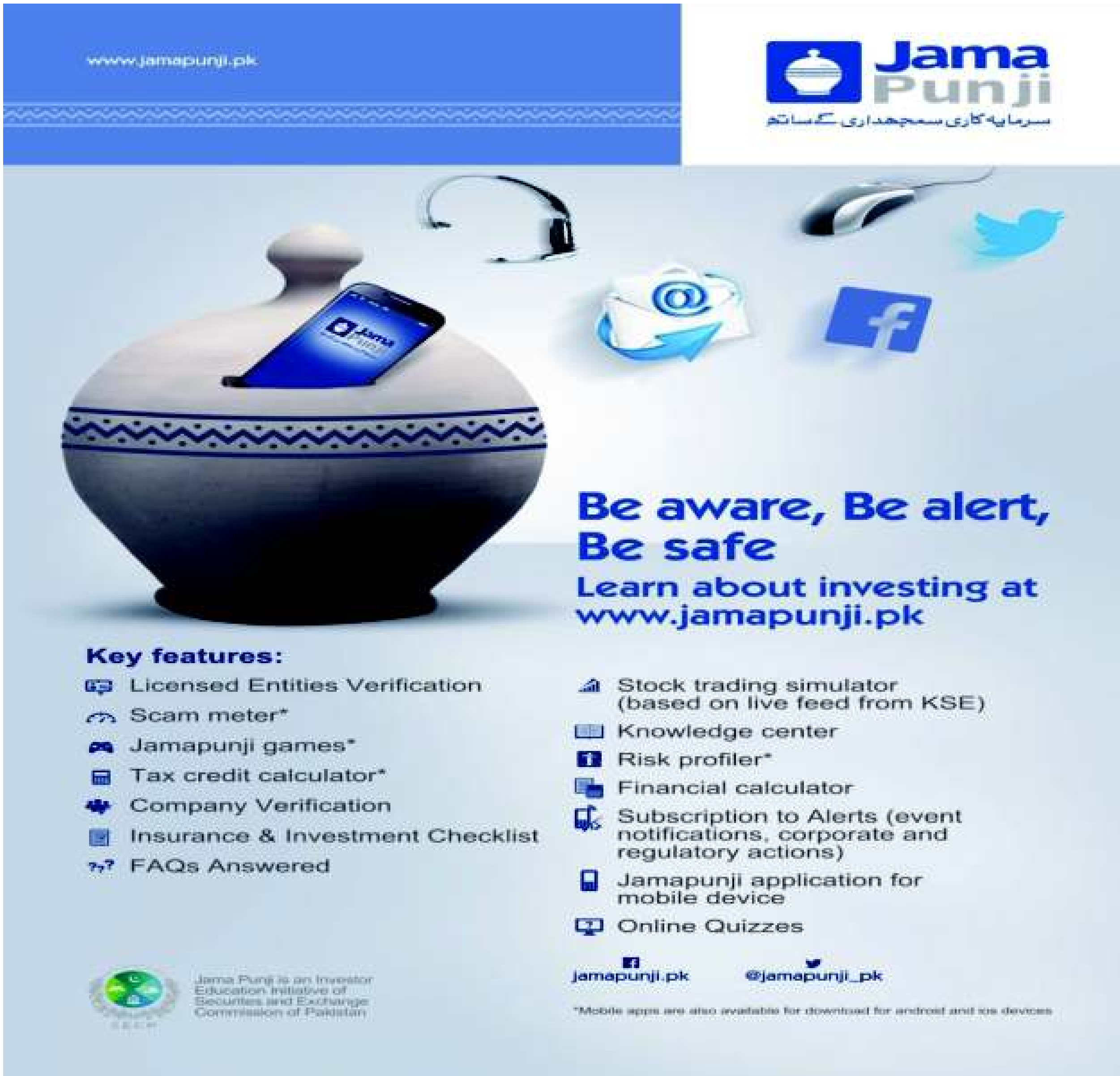
1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, G. T. Road, Wah Cantt not less than 48 hours before the time of holding the meeting.
2. The Proxy must be a member of the Company.
3. Signature(s) should agree with the specimen signature/s registered with the Company.
4. For CDC Account Holders/Corporate Entities

   In addition to the above the following requirements have to be met.

(i) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

(ii) The proxy shall produce his original CNIC or original passport at the time of the meeting.

(iii) In case of a corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier along with proxy form to the Company).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Wah Nobel Chemicals Limited

A Company of Wah Nobel Group

Wah Nobel Group

A Joint Venture of Pakistan Ordinance Factories,
SAAB-AB, Sweden & Almisehal Co., Saudi Arabia

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