



## **SHAFFI CHEMICAL INDUSTRIES LIMITED**

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# **SHAFFI CHEMICAL INDUSTRIES LIMITED**

## **CORPORATE PROFILE**

### **BOARD OF DIRECTORS**

1. Mr. Iftikhar Shaffi	Chief Executive	<i>(Executive)</i>
2. Mr. Shariq Iftikhar	Director	<i>(Executive)</i>
3. Mr. Bilal Ejaz	Director	<i>(Independent)</i>
4. Mr. Muhammad Sameer	Director	<i>(Non-Executive)</i>
5. Mr. Hashim Aslam Butt	Director	<i>(Non-Executive)</i>
6. Mr. Zahoor Ahmad	Director	<i>(Non-Executive)</i>
7. Mr. Mohib Hussain	Director	<i>(Non-Executive)</i>

### **COMPANY SECRETARY**

- Mr Nazir Ahmed

### **AUDIT COMMITTEE**

1. Mr. Bilal Ejaz	Chairman	<i>(Independent Director)</i>
2. Mr. Muhammad Sameer	Member	<i>(Non-Executive Director)</i>
3. Mr. Hashim Aslam Butt	Member	<i>(Non-Executive Director)</i>

### **HUMAN RESOURCE & REMUNERATION COMMITTEE**

1. Mr. Bilal Ejaz	Chairman	<i>(Independent Director)</i>
2. Mr. Muhammad Sameer	Member	<i>(Non-Executive Director)</i>
3. Mr. Hashim Aslam Butt	Member	<i>(Non-Executive Director)</i>

### **LEGAL ADVISOR**

- A.K. Minhas Law Associates

### **AUDITORS**

HLB IJAZ TABUSSUM & CO.  
S-8, Ahmad Arcade, 161-Ferozpur Road, Lahore  
Tel: 92-42-7567667 – 7587323 - 7269904  
Fax: 92-42-7580097 – 7575510  
E.mail: mataabussum@hotmail.com

### **BANKERS**

- Allied Bank Limited
- Askari Commercial Bank Limited
- Bank Alfalah Limited
- Habib Metropolitan Bank Limited
- Silk Bank Limited
- Standard Chartered Bank Pakistan Limited

### **REGISTERED OFFICE**

- Plot No. 2, Gadoon Amazai, Industrial Estate, Swabi, Khyber Pakhtoonkhwa  
Tel: 0938-270696, 270697

### **FACTORY**

- Plot No. 2, Gadoon Amazai, Industrial Estate, Swabi, Khyber Pakhtoon khwa  
Tel: 0938-270697  
E.mail: [scil\\_gad@hotmail.com](mailto:scil_gad@hotmail.com)

### **PRINCIPLE OFFICE**

- 23-Km, Multan Road, Mohlanwal, Lahore  
Tel: 042-37540336-7  
Fax: 042-37540335  
E.mail: [info@diamondfoam.com](mailto:info@diamondfoam.com)

### **SHARE REGISTRAR**

- M/s Corplink (Pvt) Limited  
Wing Arcade, 1-K Commercial, Model Town, Lahore  
Tel: 042-35916714, 35916719, 35839182  
Fax: 042-35869037  
E.mail: [corplink786@yahoo.com](mailto:corplink786@yahoo.com)



# **SHAFFI CHEMICAL INDUSTRIES LIMITED**

## **DIRECTORS' REPORT**

Dear Shareholders,

On behalf of the Board of Directors of **Shaffi Chemical Industries Limited** I am pleased to place before you the unaudited quarterly financial statements of the company for the quarter ended September, 30, 2015.

### **FINANCIAL HIGHLIGHTS:**

Sales-net during the quarter under review are Rs. NIL comparing to Rs. 0.208 M of the corresponding quarterly accounts of 30/09/2014. Gross Profit/(Loss) is also NIL as against Gross Profit/(Loss) of Rs. NIL of the corresponding quarter ended 30/09/2014. Profit/Loss after taxation is Rs. (4.577) M comparing to Rs. (6.313) M of the previous quarter ended 30/09/2014. The disputed cases related to First Capital ABN AMRO equities (Pakistan) Ltd, Lahore Stock Exchange and others are contested vigorously at its proper forums by your company and are explained in the latest annual financial statements under the title "Contingencies and Commitments".

### **FUTURE OUTLOOK:**

As explained in the annual directors' report that due to remote area of Gadoon Amazai Industrial Estate it is very difficult for the company to cope with the daily increase in prices of raw material, power & fuel, salaries & wages and worst power crises resulting in higher input cost which slowed down the business activities. Resultantly it has badly affected overall business of the company and has impacted its profitability. Therefore due to persistent recession, increase in the financial cost & that of raw material and also because of adverse economic factors coupled with stiff competition among the competitors and other circumstances, the company without any incentive from the Government, is even unable to meet the manufacturing cost of goods & allied expenses. So on the face of multiple hurdles & crucial situation, the directors of the company are considering seeking approval of the shareholders to close down all manufacturing activities in order to save the shareholders interest in company from further decline in value of shares.

### **EARNING PER SHARE:**

The earnings per share of the company for the quarter under review is Rs. (0.38) as compared to Rs. (0.53) in the corresponding quarter ended 30<sup>th</sup> September, 2014.

### **ACKNOWLEDGEMENT:**

The Board of Directors deeply expresses its appreciation to the staff, workers and all other stakeholders for their continued support in achieving the reported level of performance.

For and on behalf of Board

IFTIKHAR SHAFFI  
Chief Executive

Lahore

Dated:- 28<sup>th</sup> October, 2015



# ***SHAFFI CHEMICAL INDUSTRIES LIMITED***

## **CONDENSED INTERIM BALANCE SHEET As At September 30, 2015 (Un-Audited)**

	Note	September 30, 2015 (Un-Audited)		June 30, 2015 (Audited)	
		Book Value	Estimated Realisable/ Settlement Value	Book value	Estimated Realisable/ Settlement Value
<b>ASSETS</b>					
Cash and Bank Balances		552,684	552,684	539,246	539,246
Trade Debts		-	-	-	-
Loans and Advances		204,979	204,979	198,251	198,251
Other Receivables		1,662,431	1,587,253	1,452,942	1,377,764
Security Deposits		223,560	223,560	223,560	223,560
Investments	5	38,398,539	35,156,122	40,671,283	38,398,910
Property, Plant and Equipment	6	67,709,050	61,977,019	67,721,087	61,977,019
<b>TOTAL ASSETS</b>		<b>108,751,242</b>	<b>99,701,617</b>	<b>110,806,369</b>	<b>102,714,750</b>
<b>LIABILITIES</b>					
Accrued and Other Payables		9,726,897	9,726,897	9,755,420	9,755,420
Accrued Markup		3,416,985	3,416,985	2,932,687	2,932,687
Borrowings		60,114,050	60,114,050	60,114,050	60,114,050
Deferred Income Tax	7	-	-	-	-
Provision for Taxation		2,076	2,076	2,076	2,076
<b>TOTAL LIABILITIES</b>		<b>73,260,008</b>	<b>73,260,008</b>	<b>72,804,233</b>	<b>72,804,233</b>
<b>NET ASSETS</b>		<b>35,491,234</b>	<b>26,441,609</b>	<b>38,002,137</b>	<b>29,910,518</b>
<b>REPRESENTED BY:-</b>					
<b>Authorised Capital</b>					
12,000,000 Ordinary shares of Rs. 10/- each		120,000,000	120,000,000	120,000,000	120,000,000
<b>Issued, Subscribed and Paid Up Capital</b>					
12,000,000 Ordinary shares of Rs. 10/- each fully paid in cash	8	120,000,000	120,000,000	120,000,000	120,000,000
Fair Value Reserve		10,653	10,653	7,477	7,477
Accumulated Profits		(142,667,417)	(142,667,417)	(140,153,339)	(140,153,339)
Share Holders' Equity		(22,656,764)	(22,656,764)	(20,145,862)	(20,145,862)
Surplus on Revaluation of Property, Plant and Equipments		58,147,998	-	58,147,998	-
Net Surplus on Estimated Realisable/Settlement Value		-	49,098,373	-	50,056,379
Contingencies & Commitments	9	-	-	-	-
		<b>35,491,234</b>	<b>26,441,609</b>	<b>38,002,137</b>	<b>29,910,518</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

  
Chief Executive

Certified True Copy



  
Director



# ***SHAFFI CHEMICAL INDUSTRIES LIMITED***

## **CONDENSED INTERIM PROFIT AND LOSS ACCOUNT For The Quarter Ended September 30, 2015 (Un-Audited)**

	Note	Quarter Ended	
		September 30, 2015 Rupees	September 30, 2014 Rupees
Sales - net		-	207,565
Cost of Sales	10	-	(207,565)
Gross Profit / (Loss)		-	-
Distribution Expenses		-	(58,882)
Administrative Expenses		(386,104)	(1,938,256)
Other Operating Income		632,812	249,062
		246,708	(1,748,076)
		246,708	(1,748,076)
Finance Cost		(484,866)	(484,664)
		(238,158)	(2,232,740)
(Impairment)/Reversal of Impairment on Long Term Investment	5.1	(8,548,164)	1,566,909
		(8,786,322)	(665,831)
Share of Profit / (Loss) of Associated Company		(1,268,534)	(8,401,169)
Profit before Taxation		(10,054,856)	(9,067,000)
Taxation			
-Current	11	-	(2,076)
-Share of Tax of Associated Company		5,477,400	2,756,562
		5,477,400	2,754,486
Profit / (Loss) after Taxation		(4,577,456)	(6,312,514)
Earnings per share	12	(0.38)	(0.53)

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Chief Executive

Certified True Copy



Director



# ***SHAFFI CHEMICAL INDUSTRIES LIMITED***

## **CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME For The Quarter Ended September 30, 2015 (Un-Audited)**

	Quarter Ended	
	September 30, 2015	September 30, 2014
	Rupees	
<b>PROFIT / (LOSS) FOR THE PERIOD</b>	(4,577,456)	(6,312,514)
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that will not be reclassified to profit or loss		
Items that may be reclassified subsequently to profit or loss:		
Unrealized gain / (loss) arising on remeasurement of available for sale investments of associated companies	2,135,903	1,346,382
Unrealized gain arising on remeasurement of available for sale investments	3,176	(908)
Other Comprehensive income for the period	<b>2,139,079</b>	<b>1,345,474</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(2,438,377)</b>	<b>(4,967,040)</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Chief Executive

Director



# ***SHAFFI CHEMICAL INDUSTRIES LIMITED***

## **CONDENSED INTERIM STATEMENT OF CASH FLOWS For The Quarter Ended September 30, 2015 (Un-Audited)**

	September 30, 2015	September 30, 2014
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/ (Loss) before taxation	(10,054,856)	(9,067,000)
<b>Adjustments for :</b>		
Depreciation	12,038	1,440,361
(Impairment)/Reversal of impairment on long term investment	8,548,164	(1,566,909)
Share of profit / (loss) of associated company	1,268,534	8,401,169
Provision for gratuity	-	18,429
Interest income	(28)	(762)
Finance cost	484,866	484,664
	<b>10,313,574</b>	<b>8,776,952</b>
<b>Operating Profit before Working Capital Changes</b>	<b>258,718</b>	<b>(290,048)</b>
<b>Changes in Working Capital</b>		
<b>(Increase) / Decrease in Current Assets</b>		
Stock in Trade	-	207,569
Trade Debts	-	(97,850)
Loans and Advances	(6,728)	8,107
Other Receivables	(209,489)	(40,872)
	<b>(216,217)</b>	<b>76,954</b>
<b>Increase / (Decrease) in Current Liabilities</b>		
Trade and Other Payables	(28,523)	136,360
<b>Changes in Working Capital</b>	<b>(244,740)</b>	<b>213,314</b>
<b>Cash Generated from / (used in) Operations</b>	<b>13,978</b>	<b>(76,734)</b>
Taxes paid	-	(11,511)
Finance Cost Paid	(568)	(3,362)
<b>Net Cash Generated from / (Used in) Operating Activities</b>	<b>13,410</b>	<b>(91,607)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Net Cash Generated from Investing Activities</b>	-	-
<b>Net Cash Flows Before Financing Activities</b>	<b>13,410</b>	<b>(91,607)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest Income	28	762
<b>Net Cash Flows From Financing Activities</b>	<b>28</b>	<b>762</b>
Net Increase / (Decrease) in Cash & Cash Equivalents	<b>13,438</b>	<b>(90,845)</b>
<b>Cash &amp; Cash Equivalents at the Beginning</b>	<b>539,246</b>	<b>647,799</b>
<b>Cash &amp; Cash Equivalents at the End</b>	<b>552,684</b>	<b>556,954</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Chief Executive

Director



# SHAFFI CHEMICAL INDUSTRIES LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY For The Quarter Ended September 30, 2015 (Un-Audited)

	SHARE CAPITAL	CAPITAL RESERVES		REVENUE RESERVES		TOTAL RESERVES	TOTAL EQUITY
		Fair Value Reserve	(Accumulated Loss) / Unappropriated Profit	(Accumulated Loss) / Unappropriated Profit	(Accumulated Loss) / Unappropriated Profit		
<b>Balance as at 01 July 2014</b>	120,000,000	4,832	(122,469,263)	(122,469,263)	(122,469,263)	(2,464,431)	(2,464,431)
Effect of items directly credited in equity by the associated companies	-	-	2,205,009	2,205,009	2,205,009	2,205,009	2,205,009
Incremental depreciation on surplus on revaluation of property, plant & equipment	-	-	1,255,010	1,255,010	1,255,010	1,255,010	1,255,010
Loss for the period	-	-	(6,312,514)	(6,312,514)	(6,312,514)	(6,312,514)	(6,312,514)
Other comprehensive income for the period	-	(908)	1,346,382	1,346,382	1,345,474	1,345,474	1,345,474
Total comprehensive loss for the period	-	(908)	(4,966,132)	(4,966,132)	(4,967,040)	(4,967,040)	(4,967,040)
<b>Balance as at 30 September 2014</b>	<b>120,000,000</b>	<b>3,924</b>	<b>(123,975,376)</b>	<b>(123,975,376)</b>	<b>(123,971,452)</b>	<b>(3,971,452)</b>	<b>(3,971,452)</b>
<b>Balance as at 01 July 2015</b>	120,000,000	7,477	(140,153,339)	(140,153,339)	(140,145,862)	(20,145,862)	(20,145,862)
Effect of items directly credited in equity by the associated companies	-	-	(72,525)	(72,525)	(72,525)	(72,525)	(72,525)
Incremental depreciation on surplus on revaluation of property, plant & equipment (Note 6.2)	-	-	-	-	-	-	-
Loss for the period	-	-	(4,577,456)	(4,577,456)	(4,577,456)	(4,577,456)	(4,577,456)
Other comprehensive income for the period	-	3,176	2,135,903	2,135,903	2,139,079	2,139,079	2,139,079
Total comprehensive loss for the period	-	3,176	(2,441,553)	(2,441,553)	(2,438,377)	(2,438,377)	(2,438,377)
<b>Balance as at 30 September 2015</b>	<b>120,000,000</b>	<b>10,653</b>	<b>(142,667,417)</b>	<b>(142,667,417)</b>	<b>(142,656,764)</b>	<b>(22,656,764)</b>	<b>(22,656,764)</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Chief Executive

Director





# ***SHAFFI CHEMICAL INDUSTRIES LIMITED***

**For The Quarter Ended September 30, 2015 (Un-Audited)**

## **1 STATUS AND NATURE OF BUSINESS**

The Company was incorporated under the Companies Ordinance, 1984 as Public Limited Company on 27<sup>th</sup> September 1994. The shares of the company are quoted on Karachi and Lahore Stock Exchanges of Pakistan. The main activity of the company is to manufacture and process of Di-Octyle-Ortho Phthalates (DOP) Chemicals. Currently the company is producing Lith and Diltex Binder. The registered office of the company is situated at Gadoon Amazai, Industrial Estate, Swabi, Khyber Pakhtoonkhwa.

## **2 GOING CONCERN ASSUMPTION**

During the quarter ended September 30, 2015, the company reported gross loss of Rupees =Nil. The company has accumulated losses and shareholders' equity Rupees **142.667 Million** and Rupees **(22.657) Million** respectively as on September 30, 2015. During the quarter Sales of company have decreased from **0.208 Million** to Nil. Company remained closed for first quarter. Management of the company has decided to go for delisting therefore all the employees were laid off in the year ended June 30, 2015. These factors have raised uncertainties that the company may not be able to continue as a going concern. Therefore these financial statements have been prepared on the basis of estimated realisable/ settlement values of assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in these financial statements have been presented in the order of liquidity.

## **3 BASIS OF PREPARATION**

Keeping in view the fact that company may not be able to continue as going concern, these financial statements are prepared on the basis of realisable/ settlement values of assets and liabilities respectively. In realisable/ settlement value basis, assets are carried at amount of cash and cash equivalents that could currently be obtained by selling the assets in an orderly disposal. Liabilities are carried at their settlement values, that is undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business. Realisable / settlement values of assets and liabilities respectively as disclosed in the balance sheet are based on the managements' estimate, except for property, plant and equipment which are valued by independent valuer.

In addition to the accounting convention of realisable / settlement values of assets and liabilities, these financial statements have also been prepared under historical cost convention except for Building, Plant & Machinery which is stated on revalued amounts.

These condensed interim financial statements are un-audited and are submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984. These interim financial statements are prepared in accordance with the requirements of the International Accounting Standards 34 ' Interim Financial Reporting '.

## **4 ACCOUNTING POLICIES**

The accounting policies adopted in preparation of these financial statements are the same as those applied in the preparation of the preceding annual audited published financial statements of the Company.

<b>Un-Audited</b>	<b>Audited</b>
<b>September 30, 2015</b>	<b>June 30, 2015</b>
<b>Rupees</b>	<b>Rupees</b>

## **5 INVESTMENTS**

Long term investment in associated company under equity method  
Long term investment available for sale

5.1	<b>38,377,701</b>	40,653,621
	<b>20,838</b>	17,662
	<b>38,398,539</b>	40,671,283



## SHAFFI CHEMICAL INDUSTRIES LIMITED

	Un-Audited September 30, 2015 Rupees	Audited June 30, 2015 Rupees
<b>5.1 Long term investment in associated company under equity method</b>		
Long term investment in associated company under equity method	104,798,115	98,525,871
Less: Impairment loss		
At the beginning of the period	57,872,250	37,703,275
Impairment loss for the period	8,548,164	20,168,975
At the end of the period	66,420,414	57,872,250
	<b>38,377,701</b>	<b>40,653,621</b>

### 6 PROPERTY, PLANT AND EQUIPMENT

Book value at the beginning of the period	67,721,087	73,482,532
Less: Depreciation charged during the period	6.1 (12,038)	(5,761,445)
	<b>67,709,050</b>	<b>67,721,087</b>

#### 6.1 Allocation of Depreciation

Cost of Goods Sold	-	-
Administrative Expenses	6.2 12,038	5,761,445
	<b>12,038</b>	<b>5,761,445</b>

**6.2** No depreciation has been charged on building and plant & machinery because the company has not carried out any manufacturing or trading activities during the first quarter. Therefore, the incremental depreciation on surplus on revaluation of the said assets and the related tax consequences thereon, are not taken into account.

### 7 DEFERRED INCOME TAX

	Sep 2015		
	Balance at the beginning of the period	Recognized in profit & loss account	Balance at the end of the period
Accelerated tax depreciation allowance	1,308,099	(39,819)	1,268,280
Surplus on revaluation of property, plant and equipment	19,188,839	(581,479)	18,607,359
Provision for doubtful debts	(4,253,319)	204,144	(4,049,175)
Net temporary differences	16,243,619	(417,155)	15,826,464
Effect of accumulated tax losses	(66,406,865)	2,012,329	(64,394,536)
	(50,163,247)	1,595,174	(48,568,072)
Non-recognition of deferred tax asset	7.1 50,163,247	(1,595,174)	48,568,072
	-	-	-

**7.1** Deferred tax asset of Rs. **48.568 million (2015: 50.163 million)** has not been recognised because the company is continuously sustaining losses and in the future years sufficient taxable profits will not be available against which they can be utilized. The reversal of deferred tax during the quarter is mainly due to decrease in tax rate from **33% to 32%**.

### 8 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Number of shares		Un-Audited	Audited
September 30, 2015	June 30, 2015	September 30, 2015 Rupees	June 30, 2015 Rupees
12,000,000	12,000,000	120,000,000	120,000,000
	Cash	120,000,000	120,000,000
<b>12,000,000</b>	<b>12,000,000</b>	<b>120,000,000</b>	<b>120,000,000</b>



# **SHAFFI CHEMICAL INDUSTRIES LIMITED**

## **9 CONTINGENCIES AND COMMITMENTS**

There is no major change in contingencies and commitments as have been disclosed in last audited financial statement of the Company.

## **10 COST OF SALES**

Cost of goods manufactured  
Opening stock of finished goods  
  
Closing Stock of finished goods

<b>Un-Audited September 30, 2015 Rupees</b>	<b>Un-Audited September 30, 2014 Rupees</b>
-	-
-	207,565
-	207,565
-	-
-	207,565

## **11 TAXATION**

Taxation - minimum turnover tax

-	2,076
-	2,076

## **12 EARNINGS PER SHARE**

Profit / (loss) after taxation

<b>(4,577,456)</b>	<b>(6,312,514)</b>
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Issued, Subscribed and Paid up Capital

<b>Number of shares</b>	
<b>12,000,000</b>	<b>12,000,000</b>

Earnings per share

<b>Quarter Ended</b>	
<b>September 30, 2015 Rupees</b>	<b>September 30, 2014 Rupees</b>
<b>(0.38)</b>	<b>(0.53)</b>

## **13 TRANSACTIONS WITH RELATED PARTIES**

Transactions and contracts with the related parties are carried out at arm's length prices determined in accordance with comparable uncontrolled price method.

The related parties comprises of associated companies, directors of the companies, key management personnel's and staff retirement funds.

Detail of transactions with related parties:

### **Loan from related party**

Capital Industrial Enterprises (Private) Limited

<b>Un-Audited September 30, 2015 Rupees in Millions</b>	<b>Audited June 30, 2015 Rupees in Millions</b>
<b>(14.780)</b>	<b>(14.780)</b>
<b>(2.721)</b>	<b>(2.237)</b>

### **Mark-up on loan from related party**

Capital Industrial Enterprises (Private) Limited

**14** Figures have been rounded off to the nearest rupee.

**15** These condensed set of interim financial information was authorised for issue on **October 28, 2015** by the board of directors of the Company.

Chief Executive

Director