



## **SHAFFI CHEMICAL INDUSTRIES LIMITED**

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# **SHAFFI CHEMICAL INDUSTRIES LIMITED**

## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

1.	Mr. Ifikhar 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. Abdul Shakoor	Director	<i>(Non-Executive)</i>
6.	Mr. Hashim Aslam Butt	Director	<i>(Non-Executive)</i>
7.	Mr. Mohib Hussain	Director	<i>(Non-Executive)</i>

### **COMPANY SECRETARY**

- Mr. Zahoor Ahmad

### **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: [matabussum@hotmail.com](mailto:matabussum@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 Pakhtoonkhwa  
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: [shaffichemical@diamondfoam.com](mailto:shaffichemical@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 Ltd.**, I place before you the quarterly financial statements of the company for the quarter ended March, 31, 2017.

#### **FINANCIAL HIGHLIGHTS:**

As company has suspended all its industrial activities, resulting in no sales & Gross Profit thereon, However company has incurred certain operating expenses resulting in a Profit/(Loss) after taxation of Rs. 13.604 M comparing to Rs. 20.052 M of the corresponding quarter ended 31/03/2016. The major reason for earning profit is an increase in the market value of Investment of the company. The disputed cases relating to First Capital ABN AMRO equities (Pakistan) Ltd, Lahore Stock Exchange and others are being contested vigorously at its proper forums by your company and are explained in the latest annual financial statements for the year ended June 30, 2016 under the title "Contingencies and Commitments".

#### **FUTURE OUTLOOK:**

As explained in the annual directors' report that company has been trying to settle its long outstanding issues with Allied Bank Limited and due to multiple hurdles & crucial situation, the directors of the company, in order to save the interest of minority shareholders of the company, decided to buy back the shares and has submitted application to Pakistan Stock Exchange for Voluntary delisting of shares which is in process. Whereas Security & Exchange Commission of Pakistan under section 309 read with section 305 of the Companies Ordinance, 1984 has also authorize Deputy Registrar of Company Registration Office Peshawar to present a petition for winding up of our company vide order dated April 04, 2017. The management of the company has been devising plans to address this situation as the company has already filed delisting application.

#### **EARNING PER SHARE:**

The earnings per share of the company for the period under review are Rs. 1.13 as compared to Rs. 1.67 in the corresponding period ended 31<sup>st</sup> March, 2016.

#### **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.

Lahore

Dated:- 25<sup>th</sup> April, 2017

For and on behalf of Board  
IFTIKHAR SHAFFI

Chief Executive



# ***SHAFFI CHEMICAL INDUSTRIES LIMITED***

## **CONDENSED INTERIM BALANCE SHEET** As At March 31, 2017 (Un-Audited)

	Note	March 31, 2017 (Un-Audited)		June 30, 2016 (Audited)	
		Book Value	Estimated	Book Value	Estimated
			Realisable/ Settlement Value		Realisable/ Settlement Value
<b>ASSETS</b>					
Cash and Bank Balances		541,952	541,952	509,238	509,238
Trade Debts		-	-	-	-
Loans and Advances		442,927	442,927	419,740	419,740
Other Receivables		1,794,862	1,719,684	1,647,519	1,572,341
Security Deposits		223,560	223,560	223,560	223,560
Investments	5	43,493,607	37,393,742	29,753,265	37,585,910
Property, Plant and Equipment	6	15,944,634	13,384,697	16,701,699	13,398,700
<b>TOTAL ASSETS</b>		<b>62,441,540</b>	<b>53,706,561</b>	<b>49,255,021</b>	<b>53,709,487</b>
<b>LIABILITIES</b>					
Accrued and Other Payables		11,094,518	11,094,518	9,623,886	9,623,886
Accrued Markup		16,727,822	16,727,822	16,506,353	16,506,353
Borrowings		15,166,004	15,166,004	15,166,004	15,166,004
Deferred Income Tax	7	-	-	-	-
Provision for Taxation		-	-	4,509,650	4,509,650
<b>TOTAL LIABILITIES</b>		<b>42,988,344</b>	<b>42,988,344</b>	<b>45,805,893</b>	<b>45,805,893</b>
<b>NET ASSETS</b>		<b>19,453,196</b>	<b>10,718,217</b>	<b>3,449,128</b>	<b>7,903,594</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		84,471	84,471	13,875	13,875
Accumulated Profits		(108,230,606)	(108,230,606)	(124,477,179)	(124,477,179)
Share Holders' Equity		11,853,864	11,853,864	(4,463,305)	(4,463,305)
Surplus on Revaluation of Property, Plant and Equipments		7,599,333	-	7,912,433	-
Net Surplus on Estimated Realisable/Settlement Value		-	(1,135,648)	-	12,366,899
Contingencies & Commitments	9	-	-	-	-
		<b>19,453,196</b>	<b>10,718,217</b>	<b>3,449,128</b>	<b>7,903,594</b>

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

**Certified True Copy**

Chief Executive



Director



# ***SHAFFI CHEMICAL INDUSTRIES LIMITED***

## **CONDENSED INTERIM PROFIT AND LOSS ACCOUNT For The Period Ended March 31, 2017 (Un-Audited)**

Notes	Nine Months Ended		Quarter Ended	
	March 31, 2017 Rupees	March 31, 2016 Rupees	March 31, 2017 Rupees	March 31, 2016 Rupees
Sales - net	-	-	-	-
Cost of Sales	-	-	-	-
Gross Profit	-	-	-	-
Distribution Expenses	-	-	-	-
Administrative Expenses	(2,177,886)	(5,197,582)	(883,395)	(1,745,259)
Other Operating Income/(Expenses)	154,318	258,034	(31,496)	6,709
	(2,023,568)	(4,939,548)	(914,891)	(1,738,550)
	(2,023,568)	(4,939,548)	(914,891)	(1,738,550)
Finance Cost	(222,354)	(858,448)	(72,664)	(105,266)
	(2,245,922)	(5,797,996)	(987,555)	(1,843,816)
Derecognition of Financial Liabilities	-	32,445,761	-	-
	(2,245,922)	26,647,765	(987,555)	(1,843,816)
(Impairment)/Reversal of Impairment on Long Term Investment	8,536,728	(14,014,946)	(16,130,661)	(3,086,296)
	6,290,806	12,632,819	(17,118,216)	(4,930,112)
Share of Profit / (Loss) of Associated Company	10,244,821	2,818,235	936,153	4,375,914
Profit / (Loss) before Taxation	16,535,627	15,451,054	(16,182,063)	(554,198)
Taxation				
-Current	4,509,650	-	-	-
-Share of Tax of Associated Company	(7,441,457)	4,601,116	(358,927)	(1,345,822)
	(2,931,807)	4,601,116	(358,927)	(1,345,822)
Profit / (Loss) after Taxation	13,603,819	20,052,170	(16,540,990)	(1,900,020)
Earnings per share	1.13	1.67	(1.38)	(0.16)

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 Period Ended March 31, 2017 (Un-Audited)

	Nine Months Ended		Quarter Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Rupees	Rupees	Rupees	Rupees
<b>PROFIT / (LOSS) FOR THE PERIOD</b>	13,603,819	20,052,170	(16,540,990)	(1,900,020)
<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	(472,839)	819,789	2,054,385	(273,021)
Unrealized gain arising on remeasurement of available for sale investments	70,596	(756)	40,575	968
Other Comprehensive income for the period	(402,243)	819,033	2,094,960	(272,053)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	13,201,577	20,871,203	(14,446,030)	(2,172,073)

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 Period Ended March 31, 2017 (Un-Audited)

	Nine Months Ended	
	March 31, 2017	March 31, 2016
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/ (Loss) before taxation	16,535,627	15,451,054
<b>Adjustments for :</b>		
Depreciation	757,066	3,942,803
Reversal of impairment on long term investment	(8,536,727)	14,014,946
Share of profit / (loss) of associated company	(10,244,821)	(2,818,235)
Interest income	(47)	(66)
Finance cost	222,354	858,448
	(17,802,176)	15,997,896
<b>Operating Profit before Working Capital Changes</b>	<b>(1,266,549)</b>	<b>31,448,950</b>
<b>Changes in Working Capital</b>		
<b>(Increase) / Decrease in Current Assets</b>		
Stock in Trade	-	-
Trade Debts	-	-
Loans and Advances	(23,187)	(215,480)
Other Receivables	(147,343)	(198,740)
	(170,531)	(414,220)
<b>Increase / (Decrease) in Current Liabilities</b>		
Trade and Other Payables	1,470,632	343,836
<b>Changes in Working Capital</b>	<b>1,300,101</b>	<b>(70,384)</b>
<b>Cash Generated from / (used in) Operations</b>	<b>33,552</b>	<b>31,378,566</b>
Taxes paid	-	(2,076)
Finance Cost Paid	(885)	12,612,513
<b>Net Cash Generated from / (Used in) Operating Activities</b>	<b>32,667</b>	<b>43,989,003</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Net Cash Generated from Investing Activities</b>	<b>-</b>	<b>-</b>
<b>Net Cash Flows Before Financing Activities</b>	<b>32,667</b>	<b>43,989,003</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short Term Borrowings	-	(43,985,714)
Interest Income	47	66
<b>Net Cash Flows From Financing Activities</b>	<b>47</b>	<b>(43,985,648)</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>32,714</b>	<b>3,355</b>
<b>Cash &amp; Cash Equivalents at the Beginning of the Period</b>	<b>509,238</b>	<b>539,246</b>
<b>Cash &amp; Cash Equivalents at the End of the Period</b>	<b>541,952</b>	<b>542,602</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 Period Ended March 31, 2017 (Un-Audited)

	SHARE CAPITAL	CAPITAL RESERVES		REVENUE RESERVES		TOTAL RESERVES	TOTAL EQUITY
		Fair Value Reserve	(Accumulated Loss) / Unappropriated Profit				
<b>Balance as at 01 July 2015</b>	120,000,000	7,477	(140,153,339)	(140,145,862)	(20,145,862)		
Effect of items directly credited in equity by the associated companies	-	-	(2,986,486)	(2,986,486)	(2,986,486)		
Incremental depreciation on surplus on revaluation of property, plant & equipment	-	-	3,437,155	3,437,155	3,437,155		
Loss for the period	-	-	20,052,170	20,052,170	20,052,170		
Other comprehensive income for the period	-	(756)	819,033	819,033	819,033		
Total comprehensive loss for the period	-	(756)	20,871,959	20,871,203	20,871,203		
<b>Balance as at 31 March 2016</b>	<b>120,000,000</b>	<b>6,721</b>	<b>(118,830,711)</b>	<b>(118,823,990)</b>	<b>1,176,010</b>		
<b>Balance as at 01 July 2016</b>	120,000,000	13,875	(124,477,179)	(124,463,305)	(4,463,305)		
Effect of items directly credited in equity by the associated companies	-	-	2,802,492	2,802,492	2,802,492		
Incremental depreciation on surplus on revaluation of property, plant & equipment	-	-	313,100	313,100	313,100		
Loss for the period	-	-	13,603,819	13,603,819	13,603,819		
Other comprehensive income for the period	-	70,596	(472,839)	(402,243)	(402,243)		
Total comprehensive loss for the period	-	70,596	13,130,980	13,201,577	13,201,577		
<b>Balance as at 31 March 2017</b>	<b>120,000,000</b>	<b>84,471</b>	<b>(108,230,606)</b>	<b>(108,146,136)</b>	<b>11,853,864</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 NOTES TO THE FINANCIAL INFORMATION For The Period Ended March 31, 2017 (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 Pakistan Stock Exchange. The main activity of the company is to manufacture and process of Di-Octyle-Ortho Phthalates (DOP) Chemicals. Currently the company is to produce 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 nine months ended March 31, 2017, the company reported gross loss of Rupees =Nil. The company has accumulated losses and shareholders' equity Rupees 108.231 Million and Rupees 11.854 Million respectively as on March 31, 2017. During the nine months Sales of company was Nil (2016: Nil). Company remained closed for the nine months. Management of the company had 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>March 31, 2017</b>	<b>June 30, 2016</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>43,398,950</b>	29,729,205
	<b>94,657</b>	24,060
	<b>43,493,607</b>	29,753,265



# ***SHAFFI CHEMICAL INDUSTRIES LIMITED***

## **5.1 Long term investment in associated company under equity method**

Long term investment in associated company under equity method	107,830,539	102,697,522
Less: Impairment loss		
At the beginning of the period	72,968,317	57,872,250
Reversal of impairment loss during the period	(8,536,728)	-
Impairment loss for the period	-	15,096,067
At the end of the period	64,431,589	72,968,317
	<b>43,398,950</b>	<b>29,729,205</b>

## **6 PROPERTY, PLANT AND EQUIPMENT**

Book value at the beginning of the period	16,701,699	67,611,462
Add: Revaluation arising during the period	-	(45,652,692)
Less: Depreciation charged during the period	6.1 (757,065)	(5,257,072)
	<b>15,944,634</b>	<b>16,701,699</b>

### **6.1 Allocation of Depreciation**

Cost of Goods Sold	-	-
Administrative Expenses	757,065	5,257,072
	<b>757,065</b>	<b>5,257,072</b>

## **7 DEFERRED INCOME TAX**

DEFERRED INCOME TAX		Mar-2017		
		Balance at the beginning of the period	Recognized in profit & loss account	Balance at the end of the period
Accelerated tax depreciation allowance		1,237,307	57,373	1,294,680
Surplus on revaluation of property, plant and equipment		1,955,979	(158,186)	1,797,793
Unused alternate corporate & minimum tax		(4,627,846)	4,509,650	(118,196)
Net temporary differences		(1,434,560)	4,408,837	2,974,277
Effect of accumulated tax losses		-	(6,014,491)	(6,014,491)
		(1,434,560)	(1,605,654)	(3,040,214)
Non-recognition of deferred tax asset	7.1	1,434,560	1,605,654	3,040,214
		-	-	-

7.1 Deferred tax asset of Rs. 3.04 million (2016: 1.435 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.

## **8 ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

Number of shares			Un-Audited		Audited
March 31, 2017	June 30, 2016		March 31, 2017	June 30, 2016	
			Rupees		Rupees
12,000,000	12,000,000	Cash	120,000,000		120,000,000
12,000,000	12,000,000		120,000,000		120,000,000

## **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.



## ***SHAFFI CHEMICAL INDUSTRIES LIMITED***

### **10 COST OF SALES**

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

Un-Audited Nine Months Ended March 31, 2017 Rupees	Un-Audited March 31, 2016 Rupees	Un-Audited Quarter Ended March 31, 2017 Rupees	Un-Audited March 31, 2016 Rupees
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

### **11 TAXATION**

Taxation

(4,509,650)	-	-	-
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### **12 EARNINGS PER SHARE**

Profit / (loss) after taxation

13,603,819	20,052,170	(16,540,990)	(1,900,020)
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Issued, Subscribed and Paid up Capital

Number of shares	Number of shares	Number of shares	Number of shares
12,000,000	12,000,000	12,000,000	12,000,000

Earnings per share

Nine Months Ended March 31, 2017 Rupees	March 31, 2016 Rupees	Quarter Ended March 31, 2017 Rupees	March 31, 2016 Rupees
1.13	1.67	(1.38)	(0.16)

### **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 personnels and staff retirement funds.

Detail of transactions with related parties:

#### **Other Payables**

Capital Industrial Enterprises (Private) Limited

Un-Audited March 31, 2017 Rupees in Millions	Audited June 30, 2016
--	--------------------------

(1.737) -

#### **Disposal of Trucks**

Capital Industrial Enterprises (Private) Limited

- 1.800

#### **Receivable from SRS Settled**

Symbol Industries (Private) Limited

- 4.340

#### **Loan from related party**

Capital Industrial Enterprises (Private) Limited

(2.278) (2.278)

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

Capital Industrial Enterprises (Private) Limited

(3.417) (3.196)

14 Figures have been rounded off to the nearest rupee.

15 These condensed set of interim financial information was authorised for issue on April 25, 2017 by the board of directors of the Company.

Chief Executive

Director