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CORPORATE PROFILE

BOARD OF DIRECTORS

1.	Mr. Iftikhar Shaffi	Chief Executive	<i>(Executive)</i>
2.	Mr. Qaiser Sakeem Khan	Director	<i>(Independent)</i>
3.	Mr. Imran Kabir	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. Imran Kabir	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. Imran Kabir	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 Pakhtoonkhwa
Tel: 0938-270697 E.mail: scil_gad@hotmail.com

PRINCIPLE OFFICE

- 23-Km, Multan Road, Mohlanwal, Lahore
Tel: 042-37540336-7 Fax: 042-37540335 E.mail: 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



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of Shareholders of Shaffi Chemical Industries Limited will be held on Tuesday 31st October, 2017 at 10:00 A.M. at Company's Registered Office at Plot No. 2, Gadoon Amazai, Industrial Estate, Swabi, Khyber-Pakhtoonkhwa to transact the following business:

Ordinary Business

1. To confirm the minutes of last Extraordinary General Meeting held on 30th December, 2016.
2. To receive, consider and adopt the Annual Audited Accounts of the Company together with the Auditors and Directors Reports thereon for the financial year ended June 30, 2017.
3. To appoint auditors and fix their remuneration for the year ending 30 June 2018. The present auditor Messrs HLB Ijaz Tabussum & Company, Chartered Accountants, Lahore retired. The Board of Directors on the recommendation of Audit Committee proposed the name of Messrs Tabussum Saleem & Company, Chartered Accountants, Lahore as auditors of the Company for the year ending June 30, 2018.
4. To consider any other transactions with the permission of the chair.

BY ORDER OF THE BOARD

ZAHOOR AHMAD
COMPANY SECRETARY

Lahore: 06-10-2017

Notes:

1. The share transfer books of the Company will remain closed from October 24, 2017 to October 31, 2017 (both days inclusive). Transfers received at the office of the Company's Registrars, Messrs CORPLINK (PVT) LTD, Wing Arcade, 1-K, Commercial Area, Model Town, Lahore by close of business on October 23, 2017, will be treated in time.
2. A member entitled to attend and vote at the Meeting, may appoint another member as his / her proxy to attend, speak and vote on his/her behalf. Proxies effective must be received at the office of the company not less than 48 hours before holding of meeting.
3. A member, who has deposited his/her shares in Central Depository Company of Pakistan, must bring his/her Participant ID number and account/sub account number alongwith original CNIC or Passport at the time of attending the meeting.
4. CDC account holders have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by SECP.
5. In case of corporate entities, Board of Directors' resolution/Power of Attorney with specimen signature of the nominee shall be produced at the time of attending the meeting.
6. To ensure compliance with the SECP Notification SRO 831(1)2012 dated July 05, 2012 read with Notification SRO 19(1)2014 dated January 10, 2014, all members who have not yet submitted their valid CNIC/NTN, are hereby once again requested to submit the same without further delay.
7. The shareholders are advised to notify to the company's Share Registrar for any change in their addresses immediately and if applicable provide their non-deduction of Zakat Declaration Form.
8. In accordance of SECP Notification SRO 787 (I)/2014 dated September 8, 2014, all shareholders who wish to receive soft copy of Annual Report are requested to send their e-mail addresses to company or its Share Registrar.
9. In order to make process of cash dividend more efficient, SECP has initiated e-dividend mechanism through Notice No. 8(4)SM/CDC/2008 dated 05 April, 2013. The provision of Section 242 of the Companies Act, 2017 required that all listed companies to pay any dividend through electronic mode directly into the bank account of the entitled shareholder. Accordingly, the shareholder holding physical shares are requested to provide to Registrar of Company, the electronic dividend mandate on E-Dividend Form and in case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the company.



DIRECTORS' REPORT

Dear Shareholders,

The Directors of **Shaffi Chemical Industries Limited** present before you Directors' Report together with the Auditors' Report and the audited Financial Statements for the year ended June 30, 2017.

FINANCIAL HIGHLIGHTS...2017

The financial results of the company are numerated below:

	(Rupees in Millions)
- Sales-net	0.000
- Gross Profit/(Loss)	0.000
- Operating Expenses	(2.787)
- Operating Profit / (Loss)	(2.689)
- Profit/(Loss) before Taxation	9.089
- Taxation	(3.105)
- Profit/(Loss) after Taxation	5.983

YEAR IN REVIEW:

As the company has suspended all its industrial activities, resulting in no sales & Gross Profit thereon, However company has incurred certain operating expenses resulting an operating Loss of Rs. (2.689) million as compared to Operating Profit of Rs. 7.845 million of the preceding year and Profit after taxation is Rs. 5.983 million as against Profit after taxation of Rs. 14.839 million of the corresponding year.

The 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, has decided to buy back the shares and submitted application to Pakistan Stock Exchange for Voluntary delisting of shares which is in process. Therefore annual financial statements had been prepared on the assumption that the company is not a going concern.

AUDITORS REPORT:

The auditors have issued adverse opinion ignoring the fact that in 2005-2006, the company has paid certain amounts to Allied Bank which were earlier adjusted by bank as Markup (As per statement filed by Bank with Court) and as per prevailing accounting practices company was forced to charge said deposits to financial charges as expenses, after interim decree by court, same were adjusted against the principal amount. As the court has passed final decree and allowed Allied bank to claim cost of funds to the tune of Rs. 13.3 (M). As a result of this final court decree the company has reduced its outstanding liability towards Allied Bank by Rs.32.0 (M) and accrued the cost of funds Rs. 13.3(M) in 2016 annual financial statements.

With respect to all legal disputed cases these are explained comprehensively under the title "Contingencies and Commitments".

VISION AND MISSION:

The statement reflecting the Vision and Mission of the Company is annexed to the report.

EARNING PER SHARE:

Earnings/(loss) per share for the year ended 30th June, 2017 is Rs. 0.50 compared to Rs. 1.24 per share for the preceding year.

**PATTERN OF SHAREHOLDING:**

Pattern of shareholding is annexed to this report.

BOARD MEETINGS:

Nine meetings of Board of Directors were held during the year ended June 30, 2017 and the attendance of the Directors is as follows:

S.#	Name	Position	Attendance	
1.	Mr. Iftikhar Shaffi	Chief Executive	09	
2.	Mr. Shariq Iftikhar	Director	06	(Resigned in May-2017)
3.	Mr. Bilal Ejaz	Director	07	(Resigned in May-2017)
4.	Mr Muhammad Sameer	Director	06	
5.	Mr. Hashim Aslam Butt	Director	07	
6.	Mr Mohib Hussain	Director	09	
7.	Mr. Abdul Shakoor	Director	09	
8.	Mr Qaiser Saleem Khan	Director	-	(Appointed)
9.	Mr. Imran Kabir	Director	-	(Appointed)

BOARD COMMITTEES:

The **Audit Committee** and **Human Resources & Remuneration Committee** are the standing committees of the board of directors.

Audit Committee is constituted by Board comprising of three members wherein two members are non executive directors and the chairman is an Independent director. Name of the members of audit committee is appended at corporate profile of this annual report. The Committee reviews the periodic financial statements and examines the adequacy of financial policies and practices to ensure that an efficient and strong system of internal control is in place. The Committee also reviews the audit reports issued by the Internal Audit Department and compliance status of audit observations.

The Audit Committee is also responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and considers any question of resignation or removal of external auditors, audit fees and provision of any service to the Company by its external auditors in addition to the audit of its financial statements and reviews their procedures for ensuring their independence with respect to their audit performance. The terms and reference of the committee have been formed and advised to the committee for compliance.

Human Resources & Remuneration Committee is responsible to look into the requirements of manpower engaged by the company along with their remuneration and regularize the safety measures and environmental stewardship. Committee recommend the board for review, consider & approve the management policies, compensation matters (including retirement benefits) of COO, CFO, Company Secretary and head of internal audit and all such matters for key management position who report directly to CEO. The committee also ensures all elements of compensation and welfare for all its employees.

TRANSFER PRICING:

The company has fully complied with the best practices on Transfer Pricing as contained in the Listing Regulations of Stock Exchanges.

FUTURE OUTLOOK:

Company has been trying to settle its long outstanding issues with Allied Bank Limited and to get its eCIB clear in order to avail financing facilities from various financial institutions, to resume its business operations/activities. However till date these case are pending in various courts.



In the best interest of minority shareholders, the management 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.

CODE OF CONDUCT:

Our code is built on a set of shared values based on principles of honesty, integrity, diligence, truthfulness and honour.

PATTERN OF SHAREHOLDING:

Pattern of shareholding is annexed to this report.

AUDITORS:

The present auditors, M/s HLB Ijaz Tabussum & Co., Chartered Accountants are retiring at the conclusion of the forthcoming Annual General Meeting of the company. The Audit Committee has recommended for the appointment of M/s Tabussum Saleem & Co., Chartered Accountants as the statutory auditors of the Company for the financial year ending June 30, 2018. The Board of Directors has endorsed this recommendation.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

The directors of the company are pleased to confirm that the Company has made compliance of provisions of the Code of Corporate Governance contained in the Rule Book of the Exchange issued by the Securities and Exchange Commission of Pakistan and there is no material departure from the best practice as detailed in the listing regulations. Our statements on corporate and financial reporting are as follows:

- a) The Financial statements, prepared by the management of the Company present a fair state of affairs of the Company, results of its operations, cash flows and changes in equity;
- b) Proper books of accounts of the Company have been maintained as required under the Companies Ordinance, 1984;
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d) International Accounting / Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and there is no departure there from;
- e) The system of internal control is sound and has been effectively implemented and monitored;
- f) There are significant doubts about the company's ability to continue as a going concern.
- g) Reasons for not considering the company as a going concern are explained under the head of Year in Review and Future Outlook.
- h) Financial Highlights for the last 6-years are annexed.

ACKNOWLEDGEMENT:

The Directors of your company join me to thank all the staff members and management team for their concerted efforts and contribution.

For and on behalf of the Board

IFTIKHAR SHAFFI
Chief Executive

Lahore:- 05th October, 2017

**VISION / MISSION STATEMENT AND CORPORATE STRATEGY****Vision**

The Company's vision is to be a market leader as manufacturing organization and to play a meaningful role on sustainable basis in the economy of Pakistan in the best possible manners with customer satisfaction as its premier goal.

Mission

Its objects, as outlined in the mission statement are to conduct company business through good governance with responsibility to all our stake holders and foster a sound & dynamic team for maintaining professional standards and optimum use of resources while achieving the unique position in the market by meeting the requirements of high quality products for the customers and proving a stimulating environment to all the employees for their growth and development and fostering a feeling of job satisfaction, by following the highest of ethical and fiduciary standards and serving the interests of the society.

Corporate strategy

To produce and market high quality products, consistently exceeding customer expectations, ensure right usage of company's resources, create employment opportunities and protect the interest of stakeholders.

Note: The Company is in process of restructuring hence Mission, Vision and Corporate Strategy will be followed and implemented in letter and spirit when restructuring process is complemented and the Company starts its production and sales processes.

IFTIKHAR SHAFFI
Chief Executive



Statement of Compliance With the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in the regulation No. 5.19 of listing regulations of Pakistan Stock Exchange Limited 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 CCG 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 the Board includes:

Category	Names
Executive Director	Mr. Iftikhar Shaffi
Independent Director	Mr. Qaiser Saleem Mr. Imran Kabir
Non-Executive Directors	Mr. Muhammad Sameer Mr. Hashim Aslam Butt Mr. Abdul Shakoor Mr. Mohib Hussain

The independent director meets the criteria of independence under clause 5.19.1 (b) of CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
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 an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancies occurring on the board on 31-05-2017 due to resign of Mr. Shariq Iftikhar and Mr. Bilal Ejaz were filled up by the directors and Mr. Qaiser Saleem Khan and Mr. Imran Kabir were appointed as directors of the company on May 31, 2017.
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 dates on which they were approved or amended has been maintained.
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.
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. All the directors of the company have 16 to 40 years of working experience in their respective areas of specialization and are well aware of their duties & responsibilities and powers as per code of Corporate Governance and the Companies Act, 2017 which are crucial to the running and development of companies. Directors of the company have inculcated good governance practices in the corporate sector and have more than 15 years of education as well and thus fall under the exemption available in the Code of Corporate Governance. Further Mr Iftikhar Shaffi Chief Executive of the company and Chairman of Diamond Group of Industries is well known industrialist with vast and rich experience of about 40 years in managing large industrial units. However the new appointed two directors of the company will complete directors' training program within the time allowed by the Code.
10. There was no change in the position of Company Secretary, Chief Financial Officer (CFO) and Head of Internal Audit during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by 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 CCG.
15. The Board has already formed an Audit Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have already been formed for compliance.
17. The Board has already formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an independent director.
18. The Board has set up an effective internal audit function managed by suitably qualified and experienced personnel who are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the 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 the 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 CCG have been complied with.

IFTIKHAR SHAFFI
Chief Executive

**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 prepared by the Board of Directors of SHAFFI CHEMICAL INDUSTRIES LIMITED (“the Company”) for the year ended 30, June 2017, to comply with the Listing Regulations of the Pakistan Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of 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's statement on internal control covers all risks and 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 Audit Committee, place before the Board of Directors for their review and approval 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, recording proper justification for using such alternate pricing mechanism. We have not carried out any procedure to determine whether the related party transactions were under taken 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 of Corporate Governance as applicable to the Company for the year ended June 30, 2017.

HLB IJAZ TABUSSUM & CO.
Chartered Accountants
Engagement Partner:
Mrs. Saira Mudassar (FCA)

Dated: October 05, 2017
Place: Lahore.



Auditors' Report to the Members

We have audited the annexed balance sheet of **M/S SHAFFI CHEMICAL INDUSTRIES LIMITED** as at June 30, 2017 and the related Profit and Loss account, statement of comprehensive income, statement of cash flows 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 purpose 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 above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:-

1. In year 2016 management of company reduced running finance liability from Allied bank of Pakistan Limited by 37.104 million which is still not confirmed by bank or any other legal forum and have not verified markup payable amounting to Rs. 13,310,441/- on said borrowing.

Except for the contents of the preceding paragraph and the extent to which these effect the annexed financial statements:-

- (a) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) In our opinion,
 - (i) Except for paragraphs above, 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 policies consistently applied;
 - (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) Owing the significance of the matter stated in paragraphs above and possible adjustments that may be required but are not determined, 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, statement of cash flows and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give information required by Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the company's affairs as at June 30, 2017 and of the loss, its comprehensive income, its cash flows and the changes in equity for the year then ended due to matter stated in paragraph 1 above; and
- (d) In our opinion, no zakat was deductible at source under the Zakat and Usher Ordinance, 1980.

We draw attention to Note No. 1.2 to the financial statements, which states that these financial statements have been prepared on the basis of estimated realizable / settlement value of assets and liabilities respectively in addition to historical cost convention as the company is no longer a going concern for the reason stated in the aforesaid note. Our report is not qualified in respect of this matter.

HLB IJAZ TABUSSUM & CO.
Chartered Accountants
Audit Engagement Partner:
Mrs. Saira Mudassar (FCA)

Dated: October 05, 2017
Place: Lahore



BALANCE SHEET AS AT JUNE 30, 2017

ASSETS	Note	2017		2016	
		Book value	Estimated	Book value	Estimated
			Realisable/ settlement value		Realisable/ settlement value
Cash and bank balances	3	605,968	605,968	509,238	509,238
Loan and Advances	4	448,929	448,929	419,740	419,740
Other Receivables	5	1,807,635	1,732,457	1,647,519	1,572,341
Security Deposits	6	223,560	223,560	223,560	223,560
Investments	7	35,147,901	37,393,742	29,753,265	37,585,910
Property, Plant and Equipment	8	15,692,279	13,380,030	16,701,699	13,398,700
TOTAL ASSETS		53,926,271	53,784,684	49,255,021	53,709,487
LIABILITIES					
Accrued and other payables	9	9,580,281	9,580,281	9,623,886	9,623,886
Accrued Markup	10	16,944,696	16,944,696	16,506,353	16,506,353
Borrowings	11	17,363,639	17,363,639	15,166,004	15,166,004
Deferred liabilities	12	-	-	-	-
Provision for taxation	13	-	-	4,509,650	4,509,650
TOTAL LIABILITIES		43,888,616	43,888,616	45,805,893	45,805,893
NET ASSETS		10,037,655	9,896,068	3,449,128	7,903,594
REPRESENTED BY:-					
Authorized share capital					
12,000,000 Ordinary shares of Rs. 10/- each		120,000,000	120,000,000	120,000,000	120,000,000
Issued, subscribed and Paid Up Capital	14	120,000,000	120,000,000	120,000,000	120,000,000
Fair Value Reserves		88,548	88,548	13,875	13,875
Accumulated Losses		(117,545,859)	(117,545,859)	(124,477,179)	(124,477,179)
Share Holders' Equity		2,542,689	2,542,689	(4,463,305)	(4,463,305)
Surplus on Revaluation of property, Plant and equipment	15	7,494,966	-	7,912,433	-
Net surplus on estimated realisable/settlement value		-	7,353,379	-	12,366,899
Contingencies & Commitments	16	-	-	-	-
		10,037,655	9,896,068	3,449,128	7,903,594

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chief Executive

Director



PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Sales - net		-	-
Cost of Sales		-	-
Gross Profit / (Loss)		-	-
Operating Expenses			
Administrative Expenses	17	(2,786,977)	(6,871,711)
Other Operating Income	18	97,834	14,717,191
		(2,689,143)	7,845,481
Operating Profit / (Loss)		(2,689,143)	7,845,481
Other Operating Expenses	19	(176,500)	(178,000)
		(2,865,643)	7,667,481
Finance Cost	20	(450,116)	(971,449)
		(3,315,759)	6,696,032
Derecognition of financial liabilities		-	19,831,320
		(3,315,759)	26,527,352
Reversal of impairment/(Impairment) on long term investment in associated company	7.1	16,833,092	(15,096,067)
		13,517,333	11,431,285
Share of Profit/ (Loss) from associated company	7.1	(4,427,901)	3,362,661
Profit / (loss) before Taxation		9,089,432	14,793,946
Taxation			
Taxation-Current year	21	-	(4,509,650)
Taxation-Prior Year		4,509,650	-
Share of tax of associated company	7.1	(7,615,155)	4,554,208
		(3,105,505)	44,558
Profit / (loss) after Taxation		5,983,927	14,838,504
Earning/(loss) per Share	22	0.50	1.24

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chief Executive

Director



STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
PROFIT / (LOSS) FOR THE PERIOD		5,983,927	14,838,504
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Gain/ (Loss) on remeasurement of staff retirement benefit of associated companies	7.1	(111,469)	-
Items that may be reclassified subsequently to profit or loss:			
Unrealized loss arising on remeasurement of available for sale investments of associated companies	7.1	641,395	(758,731)
Unrealized gain arising on remeasurement of available for sale investments	7.2	74,674	6,398
Other Comprehensive income for the period		716,069	(752,333)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,588,526	14,086,170

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chief Executive

Director



STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	23	(2,063,748)	43,132,337
Taxes paid		(25,385)	(2,076)
Finance cost paid/adjusted		(11,773)	(12,224)
Net Cash generated from operating activities		(2,100,905)	43,118,037
CASH FLOW FROM INVESTING ACTIVITIES			
Disposal of vehicles		-	1,800,000
Net Cash Generated from /(used in) Investing Activities		-	1,800,000
CASH FLOW FROM FINANCING ACTIVITIES			
Short Term Borrowings		2,197,635	(44,948,046)
Loan from Director		-	-
Net Cash generated from /(used in) financing activities		2,197,635	(44,948,046)
Net Increase / (Decrease) in Cash & Cash Equivalents		96,730	(30,009)
Cash & Cash Equivalents at the Beginning of the Period		509,238	539,246
Cash & Cash Equivalents at the End of the Period		605,968	509,238

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chief Executive

Director





NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED JUNE 30, 2017

1 STATUS AND NATURE OF BUSINESS

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

1.2 GOING CONCERN ASSUMPTION

During the year ended June 30, 2017, the company reported gross loss of Rupees =Nil. The company has accumulated losses and shareholders' equity Rupees 117.546 Million and Rupees 2.543 Million respectively as on June 30, 2017. During the year Sales of company was Nil (2016: Nil). Company remained closed for the year. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 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 and staff retirement benefits which have been recognized at present value determined by the actuary.

2.2 Statement of Compliance

The companies act 2017 has been promulgated with effect from May 31, 2017, however the securities and exchange commission of Pakistan (SECP) through its circular # 17 of 2017 dated July 20, 2017, has directed the companies whose financial year ends on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance 1984. These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such international financial reporting standards (IFRS) issued by International accounting standard board as are notified under the repealed Companies Ordinance 1984, Provisions and directives issued under the repealed Companies Ordinance 1984. In case requirements differ the provisions of and directives of the repealed Companies Ordinance 1984 shall prevail.

2.3 Significant accounting judgments and estimates

The preparation of financial statements in conformity with approved accounting standards requires 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. Estimate and judgments are regularly evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

Staff retirement benefits

Certain actuarial assumptions have been adopted in the financial statements for valuation of present value of defined benefit obligations.

Property, plant and equipment

The company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in future years might effect the remaining amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.



Income Taxes

In making the estimates for income taxes payable by the Company, the management considers current Income Tax law and the decisions of appellate authorities on certain cases issued in past.

Impairment of investment in an associated company

In making an estimate of recoverable amount of the Company's investment in associated company, the management considers future cash flows and an estimate of the terminal value of this investment.

2.4 Changes / Amendments in Accounting Standards

a) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

The following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2016:

IAS 1 (Amendments) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2016). Amendments have been made to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes: clarification that information should not be obscured by aggregating or by providing immaterial information, materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality consideration do apply; clarification that the list of the line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in IAS 1.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method which is based on revenue, generated by an activity by using of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

IAS 34 (Amendments) 'Interim Financial Reporting' (effective for annual periods beginning on or after 01 January 2016). This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information.

The application of the above amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

b) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are other amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2016 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

c) Standards, Interpretations and amendments to approved accounting standards that are not yet effective

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2017 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.



IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. IFRS 15 replaces IAS 11 'Construction Contracts', IAS 18 'Revenue', IFRIC 13 'Customer Loyalty Programmes', IFRIC 15 'Agreements for Construction of Real Estate', IFRIC 18 'Transfer of Assets from Customers' and SIC 31 'Revenue-Barter Transactions Involving Advertising Services'. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17 'Leases', IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018). IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The interpretation is not expected to have a material impact on the Company's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Company's financial statements.

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments will result in certain additional disclosures in the Company's financial statements.

Amendments to IFRS 10 and IAS 28 (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

On 8 December 2016, IASB issued Annual Improvements to IFRSs: 2014 – 2016 Cycle, incorporating amendments to three IFRSs more specifically in IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures'. These amendments are effective for annual periods beginning on or after 01 January 2017 and 01 January 2018 respectively. These amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

d) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2017 but



are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.5 Property, Plant and Equipment

Property, Plant and Equipment except for lease-hold land are stated at cost or revalued amounts less accumulated depreciation and impairment loss, if any. Depreciation is charged to income applying the reducing balance method at the rates given in **Note 8**.

Depreciation on additions is charged from the month in which the assets become available for use, while on disposal depreciation is charged up to the month of disposal.

Residual values are determined by the management as the amount it expects it would receive currently for the item of property plant and equipment if it were already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful life.

Useful lives are determined by the management based on expected usage of the assets, expected physical wear and tear, technical and commercial obsolescence and other similar factors.

Gains or losses on disposal of fixed assets are recognized in income.

Maintenance and normal repairs are charged to revenue as and when incurred. Major renewals and improvements are capitalized.

2.6 Investments

The investments made by the company are classified for the purpose of measurement into the following categories:

a) Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost and at subsequent reporting dates measured at amortized cost using the effective yield method.

b) Investment in associated companies

Long term investments in associated companies are valued using equity method.

c) Available at fair value through profit or loss

Investments at fair value through profit or loss are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments, for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Realized and unrealized gains and losses arising from the changes in fair value are included in the net profit or loss for the period in which they arise. Investments intended to be held for less than twelve months from the balance sheet date are included in current assets, all other investments are classified as non-current asset. Management determines the appropriate classification of its investments at the time of the purchase and reevaluates such designation periodically.

All purchases and sales of investments are recognized on the trade date which is the date that the company commits to purchase or sell the investment. Cost of purchase includes transaction cost.

At each reporting date, the company reviews the carrying amounts of the investment to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. Where an impairment loss is subsequently reversed, the carrying amount of the investment is increased to the revised recoverable amount but limited to the extent of initial cost of the investment. A reversal of the impairment loss is recognized in income.

2.7 Stock - in - Trade

These are valued at lower of cost or net realizable value. Cost is determined as follows:

Raw-Material	Weighted Average Cost
Work in Process and Finished Goods	Average Manufacturing Cost or Net Realizable value

Net realizable value signifies the estimated selling prices in the ordinary course of business less cost necessary to be incurred in order to make a sale.

2.8 Stores, Spares and Loose Tools

These are stated at lower of cost and net realizable value. The cost of inventory is based on weighted average cost. Items in transit are stated at cost accumulated to balance sheet date.



2.9 Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provision of the instruments. The particular measurements method adopted are disclosed in the individual policy statements associated with each item.

2.10 Trade debts

Trade debts originated by the company are recognized and carried at original invoice amount less an allowance for any uncollectible amount. An estimate for doubtful debts is made when collection of full amount is no longer probable. Bad debts are written off as incurred and become bad in actual sense.

2.11 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 of cash in hand and bank balances.

2.12 Taxation

Current

Charge for current taxation is based on taxable income at current tax rates after taking into account all tax credits and rebates available, if any. In case of loss minimum tax liability is provided in these accounts based on liability worked out under section 113 or under sections 154 and 153 of the Income Tax Ordinance, 2001, whichever of these liabilities is higher.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that is the probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on the tax rates that have been enacted.

2.13 Revenue Recognition

Revenue is recognized on dispatch of goods. Dividend income on equity investments is recognized as income when the right of receipt is established. Interest income is recognized on the time proportion basis.

2.14 Retirement Benefits

The company operates an unfunded and unapproved gratuity scheme for its employees, which is a defined benefit plan based upon the last salary drawn by an employee. Present value of defined benefit obligation is calculated on the basis of actuarial valuation at the end of the year. The valuation in these accounts is worked out on the Projected Unit Credit Actuarial Cost method basis.

Actuarial valuation of defined benefit scheme was not conducted because there was no employee in the company as at June 30, 2017.

Actuarial gains and losses are accounted for in accordance with the revised IAS-19 "Employee benefits".

2.15 Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

2.16 Borrowing Cost

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they are directly attributable to the construction of a qualifying asset in which case they are capitalized as part of the cost of that asset.

2.17 Foreign Currency Transactions

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at the rate of exchange approximating those prevailing on the dates of transaction. Exchange gains and losses are included in the profit and loss account currently.

2.18 Related party transactions

All transactions with related parties are carried out by the Company at arm's length prices using the method prescribed under the Companies Ordinance 1984.



2.19 Loans, Advances and other Receivables

Loans, advances and other receivables are recognized initially at cost and subsequently measured at amortized cost.

2.20 Long Term Loans and Short Term Borrowings

Loans and borrowings are initially recorded at the time proceeds are received and subsequently at amortized cost. Financial charges are accounted for on accrual basis and are either added to the carrying amount of the instruments or included in the creditors, accrued and other liabilities to the extent of the amount remaining unpaid. Exchange gain and losses (if any) arising in respect of loan or borrowings in foreign currency are added to the carrying amount of the instrument.

2.21 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.

2.22 Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

	2017 Rupees	2016 Rupees
3 CASH & BANK BALANCES		
Cash in hand	31,828	73,564
Cash at banks:		
Current Accounts	574,140	435,674
	605,968	509,238
4 LOANS AND ADVANCES		
Advances : Considered good		
Other Advances	203,804	200,000
Advance income tax	245,125	219,740
	448,929	419,740
5 OTHER RECEIVABLES		
Sales Tax Receivable	1,027,457	867,341
Accrued Interest	75,178	75,178
Receivables from First Capital ABN AMRO Equities (Pak) Ltd.	5.1 -	-
Margin against Bank Guarantee (Sui Gas)	700,000	700,000
Prepaid Expenses	5,000	5,000
	1,807,635	1,647,519
5.1 Receivables from First Capital ABN AMRO Equities (Pak) Ltd.		
Receivables from First Capital ABN AMRO Equities (Pak) Ltd.	157,950,240	157,950,240
Provision for Bad Debts	5.2 (157,950,240)	(157,950,240)
Amount Recovered	-	-
	(157,950,240)	(157,950,240)
	-	-

5.2 This represents amount receivable from First Capital ABN AMRO 'Equities (Pak) Ltd., member Karachi & Lahore Stock Exchange, which illegally and without lawful authority withdrew the share from sub account of the company.

The company had filed an application before the Securities & Exchange Commission of Pakistan for recovery of the same and proceedings of the case is still pending since the year 2000 due to continued inaction on the part of Security and Exchange Commission of Pakistan the company has made a provision against doubtful debt.



6 SECURITY DEPOSITS

	2017 Rupees	2016 Rupees
Utilities	70,760	70,760
Gas	127,800	127,800
Central Depository Co. Ltd.	25,000	25,000
	223,560	223,560

7 INVESTMENTS

Investment in Associated Company - Equity Method	7.1	35,049,167	29,729,205
Investment Available for Sale	7.2	98,734	24,060
		35,147,901	29,753,265

7.1 Associated Company-Quoted Equity Method

Diamond Industries Limited.

1,422,450 fully paid ordinary shares of Rs.10 each

Equity held 15.80 % (2016: 15.80 %)

Market value as on 30 June 2017, Rs. 35,049,168/-

(2016: Rs. 29,729,205/-)

Share in net assets at the end of the period

Less: Impairment loss at the end of the period

91,184,392	102,697,522
(56,135,225)	(72,968,317)
35,049,167	29,729,205

Share in net assets at the beginning of the period

102,697,522 98,525,871

Add: Share in profit / (loss) before taxation

Share in taxation

Change in surplus on revaluation of fixed assets

Share of transfer from Surplus on revaluation of fixed assets

on account of incremental depreciation

Effect of prior year adjustments/other adjustments

Share of loss in remeasurement of staff retirement benefit

Share of gain/(loss) arising on measurement of available for sale investment

Other Items directly credited in changes in equity

(4,427,901)	3,362,661
(7,615,155)	4,554,208
(1,453,697)	(1,534,352)
1,453,697	1,534,352
-	(2,986,486)
(111,469)	(758,731)
641,395	-
-	-
(11,513,130)	4,171,651
91,184,392	102,697,522

Accumulated impairment loss at the beginning of the period

(72,968,317) (57,872,250)

Impairment loss charged during the period

Reversal of impairment loss during the period

Net (impairment loss)/reversal for the period

-	(15,096,067)
16,833,092	-
16,833,092	(15,096,067)

Accumulated impairment loss at the end of the period

(56,135,225) (72,968,317)

Share in net assets at the end of the period

35,049,167 **29,729,205**



7.1.1 Summarized financial information of associated company

Name of associated company	Audited / Un-audited	Assets	Liabilities	Net assets	Revenue	Profit / (Loss)
Mar-2017						
Diamond Industries Ltd	Unaudited 31-03-17	866,261,177	289,327,343	576,933,834	735,269,204	(86,206,731)
Mar-2016						
Diamond Industries Ltd	Unaudited 31-03-16	1,028,483,107	378,704,415	649,778,692	579,996,550	23,460,944

7.1.2 There was no significant transaction or event occurred in associated company between March 31, 2017 and June 30, 2017, therefore there is no need to take any adjustment.

7.2 Investment Available for Sale

Sui Northern Gas Pipelines

663 (2016: 663) Ordinary shares of Rupees 10 each

Add: Fair Value Adjustment

	2017 Rupees	2016 Rupees
	24,060	17,662
7.2.1	74,674	6,398
	98,734	24,060

7.2.1 Fair Value Adjustment

Opening Balance

Surplus on re-measurement of available for sale investment

	13,875	7,477
	74,674	6,398
	88,549	13,875
	88,549	13,875



8 PROPERTY, PLANT AND EQUIPMENT

	Leasehold Land	Building on Leasehold Land	Plant and Machinery	Furniture and Fixtures	Office Equipment	Vehicles	TOTAL
Rupees							
As at 01 July 2016							
Cost	2,800,000	20,303,280	50,217,922	582,842	943,878	-	74,847,922
Accumulated depreciation	-	(12,688,280)	(44,117,922)	(514,046)	(825,975)	-	(58,146,223)
Net book value	2,800,000	7,615,000	6,100,000	68,796	117,903	-	16,701,699
Period ended 30 June 2017							
Opening net book value	2,800,000	7,615,000	6,100,000	68,796	117,903	-	16,701,699
Additions/Revaluation	-	-	-	-	-	-	-
Adjustment							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Disposal							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Depreciation charge	-	(380,750)	(610,000)	(6,880)	(11,790)	-	(1,009,420)
Closing net book value	2,800,000	7,234,250	5,490,000	61,916	106,113	-	15,692,279
As at 30 June 2017							
Cost	2,800,000	20,303,280	50,217,922	582,842	943,878	-	74,847,922
Accumulated depreciation	-	(13,069,030)	(44,727,922)	(520,926)	(837,765)	-	(59,155,643)
Net book value	2,800,000	7,234,250	5,490,000	61,916	106,113	-	15,692,279
Annual rate of depreciation	-	5%	10%	10%	10%	20%	

- 8.1 Building and Plant & Machinery were revalued by Zafar Iqbal & Company as on June 22, 2016 on the basis of Current replacement values. Previously, it was revalued by M/S RBS Associates (Pvt.) Ltd. on June 30, 2014. Revaluation was credited to surplus on revaluation of Fixed Assets account.

If there had been no revaluation, the cost, accumulated depreciation and book value of the revalued assets at June 30, 2017 would have been as follows:

Particulars	2017			2016		
	Cost	Accumulated Depreciation	Written Down Value	Cost	Accumulated Depreciation	Written Down Value
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Building on Leasehold Land	10,571,710	7,019,211	3,552,499	10,571,710	6,832,237	3,739,473
Plant and Machinery	31,398,708	27,921,923	3,476,785	31,398,708	27,535,614	3,863,094
R u p e e s	41,970,418	34,941,134	7,029,284	41,970,418	34,367,851	7,602,567

- 8.2 The depreciation charged for the period has been allocated as follows:

	2017	2016
	Rupees	Rupees
Administrative expenses	1,009,420	5,257,072

- 8.3 Realisable value of property, plant and equipment as on June 30, 2017 is Rupees 13,380,030/- (2016: 13,398,700/-)



9	Trade and Other Payables		2017	2016
	Unsecured :		Rupees	Rupees
	Trade creditors and other payables		40,763	340,762
	Accrued expenses		334,242	77,848
	Payable to sponsors and associates		6,515,220	6,515,220
	Unclaimed dividend		2,690,056	2,690,056
			9,580,281	9,623,886
10	ACCRUED INTEREST ON BORROWINGS			
	Accrued Interest on Borrowings	10.1	13,310,441	13,310,441
	Markup on loan from associated concern	10.2	3,634,255	3,195,912
			16,944,696	16,506,353
10.1	Interest payable is a claim of ABL filed in the court the said amount is in dispute in Honourable High Court Lahore as explained in note 11.1.1.			
10.2	This is Interest payable on loan received from Associated Concern as explained in note 11.2.			
11	SHORT TERM BORROWINGS			
	From Banking Companies - Secured	11.1	12,888,289	12,888,289
	From Associated Companies - Un-Secured	11.2	4,475,350	2,277,715
			17,363,639	15,166,004
11.1	From Banking Companies - Secured			
	Running Finance	11.1.1	12,888,289	12,888,289
	Mark up paid to Allied Bank Ltd.(under protest)		-	-
			12,888,289	12,888,289
11.1.1	The company have been in legal proceedings with Allied Bank limited since 2005. Company have been carrying ABL liability/provision to the tune of Rs. 49.9(M) from 2006. However company has vehemently contested in court that certain amount were deposited in company current account have been adjusted by bank as markup & bank charges instead of adjusting principal amount, if all such amounts/deposits have been adjusted against principal amount payable to Allied Bank, then final amount shall be Rs. 12.89(M). The Honourable Court passed interim decree of said amount and order the bank to adjust the amount deposited by company from time to time and adjusted by bank as markup/bank charges. The bank filed a statement with the Court as per court orders, stating that the net payable by company after taking effect of court order arrives at Rs.12.89(M). The suit continued till the Honorable Court passed final decree this year. However the Court also allowed cost of funds to the tune of Rs.13.31 (M) to Allied bank. The company has filed a revision application with the court against these cost of funds. However the management has accrued these expenses in its accounts and net final figure of Rs.19.831(M) shown as income in profit & Loss Account.			
11.1.2	These finances were available from Allied Bank Limited under mark-up arrangements amounting to Rs. 100 Million (2016: Rs. 100 Million). Markup is payable quarterly at the rates ranging from paisas 19 to paisas 27 per Rs. 1,000 per day. (2016: paisas 19 to paisas 27 per Rs. 1,000 per day.) Additionally the Company have the facilities for opening of letters of credit amounting to Rs. 30 million (2016: Rs. 30 million). The L/C facility in the current financial year remained unutilized. These facilities are secured against the following: These facilities were stopped by the bank in the previous years and have not yet been renewed since June 2004.			
	PRINCIPAL SECURITIES			
	- 1st floating charge of Rs. 328.924 (Million) on the current assets of the company by way of hypothecation of stocks with 25% margin.			
	- Pledge of stock of raw material and finished goods with 15 % margin.			
	- Lien on valid import documents covering import of petrochemical items at Nil Margin.			
	- Personal guarantee of all the directors of the company.			
	COLLATERAL			
	- 1st charge of Rs: 49.467(Million) on fixed assets of the company.			
	- Cross Corporate Guarantee, letter of awareness and overlap in Security / Collateral from all companies of the Group.			
11.2	From Associated Concern - Un-Secured		4,475,350	2,277,715
	This Represents the short term unsecured loan received from Associated Concern. This Carries Markup rate 3 Months Kibor + 2.5% with floor of 13% and no cap.			



12 DEFERRED LIABILITIES

Deferred Taxation

12.1 _____ - _____ -

12.1 Provision for Deferred Taxation

Deferred taxation liability comprises as follows :

Taxable temporary differences

Accelerated tax depreciation allowance

Surplus arising on revaluation of property, plant and equipment

Deductible temporary differences

Unused alternate corporate & minimum tax

Net temporary differences

Effect of accumulated tax losses

Non recognition of Deferred tax asset

12.1.1

2017		
Balance at the beginning of the year	Recognized in profit & loss account	Balance at end of the year
1,237,307	75,798	1,313,105
1,955,979	(190,540)	1,765,439
3,193,286	(114,741)	3,078,545
(4,627,846)	4,627,846	-
(4,627,846)	4,627,846	-
(1,434,560)	4,513,105	3,078,545
-	(7,282,817)	(7,282,817)
(1,434,560)	(2,769,713)	(4,204,273)
1,434,560	2,769,713	4,204,273
-	-	-

2016		
Balance at the beginning of the year	Recognized in profit & loss account	Balance at end of the year
1,308,099	(70,792)	1,237,307
19,188,839	(17,232,860)	1,955,979
20,496,938	(17,303,652)	3,193,286
(4,253,319)	4,253,319	-
-	(4,391,454)	(4,627,846)
(4,253,319)	(138,135)	(4,627,846)
16,243,619	(17,441,787)	(1,434,560)
(66,406,865)	66,406,865	-
(50,163,247)	48,965,078	(1,434,560)
50,163,247	(48,965,078)	1,434,560
-	-	-

Deferred taxation liability comprises as follows :

Taxable temporary differences

Accelerated tax depreciation allowance

Surplus arising on revaluation of property, plant and equipment

Deductible temporary differences

Provision for doubtful debts

Unused alternate corporate & minimum tax

Net temporary differences

Effect of accumulated tax losses

Non recognition of Deferred tax asset

12.1.1

12.1.1 Deferred tax asset of Rs. 4.204 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.

13 PROVISION FOR TAXATION

Opening Balance

Taxation for the year

Paid / Adjusted against advance income tax

4,509,650	2,076
-	4,509,650
(4,509,650)	(2,076)
-	4,509,650



13.1 The accounts of the company for tax year 2010 are selected for audit under section 177 of Income Tax Ordinance, 2001 and Proceedings are under process however department again selected the tax year 2010 in audit selection which is challenged by us before Honorable Lahore High Court and proceedings are stopped by the learned High Court. Favourable outcome is expected. No quantum of tax involved.

13.2 The appeals of the Income Tax Department are pending before Income Tax Appellate Tribunal, Lahore for the year 2010 & 2011. These appeals are against Orders of Commissioner Inland Revenue (Appeals) wherein Order of Additional Commissioner Inland Revenue were annulled on the issue of "Bad Debts", "WHT on Commission" and Suppressed of Purchases". Quantum of amount in these appeals are Rs. 4.8 million.

14 ISSUED, SUBSCRIBED & PAID UP CAPITAL

2017 Number of shares	2016 Number of shares	2017 Rupees	2016 Rupees
12,000,000	12,000,000	120,000,000	120,000,000
12,000,000	12,000,000	120,000,000	120,000,000

14.1 4,336,242 (2016 : 4,336,242 Nos.) Ordinary shares of Rs 10/- each were held by Associated companies at the year end. Detail is as follows:

	2017 Nos.	2016 Nos.
Diamond Industries Limited	3,754,240	3,754,240
Diamond Corporation (Private) Limited	176,000	176,000
Diamond Home Textile (Private) Limited	255,000	255,000
Capital Industrial Enterprises (Private) Limited	21,002	21,002
Diamond Product (Private) Limited	130,000	130,000
	4,336,242	4,336,242

15 SURPLUS ON REVALUATION OF FIXED ASSETS

Surplus on Land

Opening balance

Add: Revaluation during the year

Revaluation surplus on land

Surplus on Buildings

Opening balance

Add: Revaluation during the year

Total revaluation surplus on building

Less: Incremental depreciation charged in previous years

Less: Incremental depreciation charged in current years

Revaluation surplus on building net off incremental depreciation

Surplus on Plant and Machinery

Opening balance

Add: Revaluation during the year

Total revaluation surplus on plant and machinery

Less: Incremental depreciation charged in previous years

Less: Incremental depreciation charged in current years

Revaluation surplus on plant and machinery net off incremental depreciation

Closing balance

	2017 Rupees	2016 Rupees
Opening balance	1,800,000	-
Add: Revaluation during the year	-	1,800,000
Revaluation surplus on land	1,800,000	1,800,000
Opening balance	9,731,569	29,262,641
Add: Revaluation during the year	-	(19,531,072)
Total revaluation surplus on building	9,731,569	9,731,569
Less: Incremental depreciation charged in previous years	5,856,042	4,624,116
Less: Incremental depreciation charged in current years	193,776	1,231,926
Revaluation surplus on building net off incremental depreciation	6,049,818	5,856,042
Revaluation surplus on building net off incremental depreciation	3,681,751	3,875,527
Opening balance	18,819,214	46,740,834
Add: Revaluation during the year	-	(27,921,620)
Total revaluation surplus on plant and machinery	18,819,214	18,819,214
Less: Incremental depreciation charged in previous years	16,582,308	13,231,361
Less: Incremental depreciation charged in current years	223,691	3,350,947
Revaluation surplus on plant and machinery net off incremental depreciation	16,805,999	16,582,308
Revaluation surplus on plant and machinery net off incremental depreciation	2,013,215	2,236,906
Closing balance	7,494,966	7,912,433

15.1 Building and Plant & Machinery were revalued by Zafar Iqbal & Company as on June 22, 2016. Previously it was revalued by M/S RBS Associates (Pvt.) Ltd. on June 28, 2014 on the basis of current replacement values. Revaluation surplus was credited to surplus on revaluation of Fixed Assets account.



CONTINGENCIES AND COMMITMENTS

I. HIGH COURT OF SINDH AT KARACHI

a. First Capital ABN Amro Equities etc. Vs Iftikhar Shaffi etc.

(Suit No. 808/2000)

M/s First Capital ABN AMRO Equities (Pakistan) Ltd and others filed a Suit for Recovery of Rs.552,344,051/- against Mr. Iftikhar Shaffi and five others including this Company before the High Court of Sindh at Karachi. The case is now at the stage of evidence.

b. SCIL Vs Arif Habib and others.

(Suit No. 639/2003)

The company filed a Suit for Declaration, Injunction and Recovery of Damages amounting to Rs.1,701,035,843/- against Arif Habib Ex-Chairman Karachi Stock exchange (KSE) and others before High Court of Sindh at Karachi. The case is still pending adjudication before the Court.

c. Aqeel Karim Dhedhi Securities Vs Iftikhar Shaffi etc.

(Suit No 607/2003)

M/s. Aqeel Karim Dhedhi Pvt Ltd filed a Suit for Recovery of Rs.80.297 million against Mr. Iftikhar Shaffi and five others including this company before High Court of Sindh at Karachi and the Suit is still pending.

d. Muhammad Hanif Moosa Vs Iftikhar Shaffi etc.

(Suit No. 843/2003)

Muhammad Hanif Musa Ex Member KSE filed a Suit for Recovery, Damages, Declaration and Injunction amounting to Rs.447,587,159/- against Mr. Iftikhar Shaffi and five others including this company and the Suit is still pending.

II. LAHORE HIGH COURT LAHORE

a. Shaffi Chemical Vs ABL (F.A.O. 581/2015)

The said appeal was filed only to the extent of award of Cost of Fund to the ABL and is still pending adjudication before the Honorable Lahore High Court, Lahore.

b. Diamond Industries Ltd and Shaffi Chemical Industries Ltd. Vs Lahore Stock Exchange".

(Civil Revision No.1847 of 2003)

The Company filed a Revision Petition against an interim order of the Civil Judge Lahore passed in Civil Suit No. 297/2003. The case is still pending adjudication before the Court for arguments.

III. BANKING COURT LAHORE

a. ABL Vs Shaffi Chemicals (Execution Petition)

An execution arising out of the referred interim decree was pending before the Lahore High Court, Lahore, however, the same was transferred to Banking Court No.IV, Lahore on account of pecuniary jurisdiction. Now, the proceedings of the case are fixed for arguments on a proposal filed by the company.

IV. CIVIL COURT LAHORE

a. Lahore Stock Exchange (G) Ltd. Vs. Iftikhar Shaffi etc.

The Lahore Stock Exchange filed suit No. 297 of 2003 against Mr. Iftikhar Shaffi and five others including this company for recovery of Rs. 190,704,373/- The said case was consolidated with the suit titled as "Iftikhar Shaffi Vs LSE & Others" and the proceedings of joint evidence were being conducting in the said cases. An order dated 13-9-2013 was passed by the Civil Judge refusing an application for summoning of certain witnesses filed by Mr. Iftikhar Shaffi and the said order was challenged in the Lahore High Court through Civil Revision No. 2928/2014 and the Honorable Judge was pleased to issue the notice to the other side and in the meanwhile proceedings of the civil cases were ordered to be stayed.



b. Naeem Anwar Vs Iftikhar Shaffi and Others.

Naeem Anwar filed a Suit for Declaration Damages & Recovery of Rs.19.9 million against Mr. Iftikhar Shaffi and other defendants including this company. The case was dismissed for non-prosecution on 27-10-15.

Commitments

There are no commitments in respect of outstanding Letters of Credit.

The management of the company is strongly and vigorously contesting all these cases and there is every likelihood that these cases will be decided in favour of the Company soon.

		2017 Rupees	2016 Rupees
17 ADMINISTRATIVE EXPENSES			
Salaries, Wages & Benefits	17.1	288,000	276,000
Communications		42,640	41,931
Travelling and Conveyance		-	10,400
Fees & Taxes		461,985	289,016
Utilities		742,230	620,867
Insurance		42,366	44,466
Printing & Stationery		200,336	331,959
Depreciation	8.2	1,009,420	5,257,072
		<u>2,786,977</u>	<u>6,871,711</u>
17.1	This includes gratuity amounting to Rs. Nil/- (2016: Nil)		
17.2	The manufacturing expenses reclassified as administrative expenses are disclosed in Note 30 .		
17.3	The Note no. 17.1 also includes remuneration of Chief Executive amounting to Rs. 120,000/- (2016: 120,000/-)		
18 OTHER OPERATING INCOME			
Provisions written back	18.1	-	12,888,831
Liabilities written off		97,771	137,898
Interest Income		63	86
Gain on disposal of vehicles		-	1,690,376
		<u>97,834</u>	<u>14,717,191</u>
18.1	This amount was written off as bad debts upto June 30, 2015 however management recovered this amount from concerned debtors.		
19 OTHER OPERATING EXPENSES			
Auditors' Remuneration	19.1	176,500	178,000
		<u>176,500</u>	<u>178,000</u>
19.1 Auditors' Remuneration			
Audit Fee		135,000	136,500
Out of pocket		10,000	10,000
Half yearly review		31,500	31,500
		<u>176,500</u>	<u>178,000</u>
20 FINANCE COST			
Markup on Short Term Loans		438,343	959,225
Bank Charges		11,773	12,224
		<u>450,116</u>	<u>971,449</u>



		2017 Rupees	2016 Rupees
21 TAXATION			
Current tax for the year	21.1	-	4,509,650
Prior year tax adjusted		(4,509,650)	-
Share of Tax of associated company		7,615,155	(4,554,208)
		<u>3,105,505</u>	<u>(44,558)</u>

21.1 Due to carry forward tax losses and no turnover during the year, tax liability is nil whether computed under normal tax regime or vide alternative corporate taxation or tax liability under section 113 of the Income Tax Ordinance, 2001, therefore tax provision is nil during the year.

21.2 Relationship between tax expenses and accounting profit

No reconciliation is required between the accounting profit and tax profit in the current year since the company has no income tax provision due to fact explained in 21.1.

		2017	2016
22 EARNING/ (LOSS) PER SHARE-BASIC			
(Loss) for the year after taxation	(Rupees)	5,983,927	14,838,504
Average No. of ordinary shares	(Numbers)	12,000,000	12,000,000
		<u>0.50</u>	<u>1.24</u>

No figure for diluted earning per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earning per share when exercised.

23 CASH GENERATED FROM OPERATIONS

Profit before taxation		9,089,432	14,793,946
Adjustments for:			
Depreciation on property, plant and equipment		1,009,420	5,257,072
Impairment/(Reversal) of impairment on long term investment		(16,833,092)	15,096,067
Share of profit/(loss) of associated company		4,427,901	(3,362,661)
Finance cost		450,116	13,585,888
Working capital changes	23.1	(207,525)	(547,599)
		<u>(11,153,179)</u>	<u>28,338,391</u>
		<u>(2,063,748)</u>	<u>43,132,337</u>

23.1 Working Capital Changes

(Increase) / Decrease in Current Assets

Loans and Advances	(3,804)	(221,489)
Other Receivables	(160,116)	(194,577)
	<u>(163,920)</u>	<u>(416,065)</u>

Increase / (Decrease) in Current Liabilities

Trade and Other Payables	(43,605)	(131,534)
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Changes in Working Capital

	<u>(207,525)</u>	<u>(547,599)</u>
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24 FINANCIAL RISK MANAGEMENT

24.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risks (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non derivative financial instruments and investment of excess liquidity.



24.1.1 Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The company is not exposed to currency risks.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is geared only to the extent of borrowings as mentioned in **Note 26** and since these borrowings are under litigation so for the time being the company is exposed to the interest rate risk only to the extent of calculation of mark-up on loan from related party. Financial instruments at variable rates expose the company to cash flow interest rate risk. Financial instruments at fixed rate expose the company to fair value interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	2017 Rupees	2016 Rupees
Floating rate instruments		
Financial liabilities		
Short Term Borrowings - Secured	17,363,639	15,166,004

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

The Company does not account for any variable rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

24.1.2 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2017 Rupees	2016 Rupees
Investments	35,147,901	29,753,265
Long Term Deposits	223,560	223,560
Loans and Advances	448,929	419,740
Other Receivables	1,807,635	1,647,519
Cash and Bank Balances	605,968	509,238
	38,233,992	32,553,321

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:



	Rating			2017	2016
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	53,937	65,400
Allied Bank Limited	A1+	AA+	PACRA	40,216	40,473
Silk Bank	A-2	A-	JCR-VIS	474,225	324,039
Askari Bank Limited	A1+	AA+	PACRA	2,094	2,094
Bank Alfalah Limited	A1+	AA+	PACRA	970	970
Summit Bank	A-1	A-	JCR-VIS	2,698	2,698
				574,140	435,674

The Company's exposure to credit risk and impairment losses related to trade debts is Nil due to no trade receivable during the year.

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 obligations to the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The company manages liquidity risk by maintaining sufficient cash. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. Following are the contractual maturities of financial liabilities. The amounts disclosed in the table are undiscounted cash flows.

Contractual maturities of financial liabilities as at 30 June 2017

Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
(Rupees)					

Non-derivative financial liabilities:

Short Term Borrowings	4,475,350	4,475,350	4,475,350	-	-	-
Mark-up on Borrowings	3,634,255	3,634,255	3,634,255	-	-	-
Trade and Other Payables	9,580,281	9,580,281	9,580,281	-	-	-
	17,689,886	17,689,886	17,689,886	-	-	-

Contractual maturities of financial liabilities as at 30 June 2016

Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
(Rupees)					

Non-derivative financial liabilities:

Short Term Borrowings	2,277,715	2,277,715	2,277,715	-	-	-
Mark-up on Borrowings	3,195,912	3,195,912	3,195,912	-	-	-
Trade and Other Payables	9,623,886	9,623,886	9,623,886	-	-	-
	15,097,513	15,097,513	15,097,513	-	-	-

24.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped in to levels 1 to 3 based on the degree to which fair value is observable:



24.3 Financial instruments by categories

As at 30 June 2017

Assets as per balance sheet

	Fair value through profit & loss account	Loans and receivables	Available for sale	Total
	Rupees	Rupees	Rupees	Rupees
Long Term Investment - Equity Method	35,049,167	-	-	35,049,167
Long Term Investment - Available for sale	-	-	98,734	98,734
Long Term Deposits	-	223,560	-	223,560
Loans and Advances	-	448,929	-	448,929
Other Receivables	-	1,807,635	-	1,807,635
Bank Balances	-	574,140	-	574,140
	35,049,167	3,054,263	98,734	38,202,164

Financial liabilities at amortized cost

Liabilities as per balance sheet

	Rupees
Long Term Loan from associated concern	4,475,350
Mark-up on loan from associated concern	3,634,255
Trade and other payables	9,580,281
	17,689,886

As at 30 June 2016

Assets as per balance sheet

	Fair value through profit & loss account	Loans and receivables	Available for sale	Total
	Rupees	Rupees	Rupees	Rupees
Long Term Investment - Equity Method	29,729,205	-	-	29,729,205
Long Term Investment - Available for sale	-	-	24,060	24,060
Long Term Deposits	-	223,560	-	223,560
Loans and Advances	-	419,740	-	419,740
Other Receivables	-	1,647,519	-	1,647,519
Bank Balances	-	435,674	-	435,674
	29,729,205	2,726,492	24,060	32,479,757

Financial liabilities at amortized cost

Liabilities as per balance sheet

	Rupees
Long Term Loan from associated concern	2,277,715
Mark-up on loan from associated concern	3,195,912
Trade and other payables	9,623,886
	15,097,513

25 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.



Recurring fair value measurements At 30 June 2017	Level 1	Level 2	Level 3	Total
Rupees.....			

Financial assets

Fair value through profit & loss financial asset	35,049,167	-	-	35,049,167
Available for sale financial asset	98,734	-	-	98,734

Total financial assets	35,147,901	-	-	35,147,901
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Recurring fair value measurements At 30 June 2016	Level 1	Level 2	Level 3	Total
Rupees.....			

Financial assets

Fair value through profit & loss financial asset	29,729,205	-	-	29,729,205
Available for sale financial asset	24,060	-	-	24,060

Total financial assets	24,060	-	-	24,060
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The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices.

26

CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to be safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

Total borrowings	17,363,639	15,166,004
Cash and bank balances	(605,968)	(509,238)
	16,757,672	14,656,766
Total equity	10,037,655	3,449,128
	26,795,326	18,105,894
Gearing ratio	62.54%	80.95%



27 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

No remuneration/other allowances were paid to the Directors (No. 6) of the company. The Chief Executive of the company is only entitled to a fixed remuneration, the detail of which is as follows:

	2017 Rupees	2016 Rupees
Remuneration	<u>120,000</u>	<u>120,000</u>

28 NUMBER OF EMPLOYEES

Number of employees as at year end

<u>1</u>	<u>1</u>
----------	----------

There is no employee except security guard of factory at daily wages.

Other officers of the Company like Company secretary, Chief Financial officer etc. are not drawing salary. Therefore number of employees are shown Nil.

29 INSTALLED CAPACITY

DOP PLANT

Installed Capacity Per Annum (Tons)	17,500	17,500
Actual Capacity Utilized (Tons)	-	-

LITH - DILTEX BINDER PLANT AND SUPER BOND

Installed Capacity Per Annum (Tons)	2,060	2,060
Actual Capacity Utilized (Tons)	-	-

Non utilization of DOP Plant and Diltex Binder Plant is mainly due to closure of manufacturing & trading activities & operations.

30 RECLASSIFICATION OF EXPENSES

The following manufacturing expenses are reclassified as administrative expenses:

	Rupees	Rupees
Salaries, Wages & Other Benefits	168,000	156,000
Utilities	742,230	620,867
Insurance Expenses	42,366	44,466
Depreciation	990,750	3,787,824
	<u>1,943,346</u>	<u>4,609,157</u>

30.1 The manufacturing expenses are reclassified as administrative expenses because the production activities are not carried on during the period.

31 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 except in circumstances where it is in the interest of the Company to do so with prior approval of the board of directors.

The related parties comprise associated companies, key management personnel and staff retirement fund. Detail of transactions with the related parties whether especially disclosed elsewhere in these financial statements are as follows:

	2017 (Rupees in Million)	2016
Disposal of Trucks		
Capital Industrial Enterprises (Private) Limited	-	1.800
Receivable from SRS Settled		
Symbol Industries (Private) Limited	-	4.340
Loan from Associated Concern		
Capital Industrial Enterprises (Private) Limited	(4.475)	(2.278)
Mark-up on loan from Associated Concern		
Capital Industrial Enterprises (Private) Limited	(3.634)	(3.196)

32 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **October 05, 2017** by the board of directors of the company.



33 CORRESPONDING FIGURES

Corresponding figures have been rearranged wherever necessary for the purpose of comparison.

34 GENERAL

Figures have been rounded off to nearest Rupee, if required.

Chief Executive

Director



Operating Highlights

		(Rupees ' 000)					
		2012	2013	2014	2015	2016	2017
KEY INDICATORS							
OPERATING							
GROSS MARGIN	%	2.9535	(23.2415)	(38.1196)	(0.0019)	-	-
OPERATING MARGIN	%	(22.4074)	(42.8090)	236.1133	(2,329.4332)	-	-
PRE TAX MARGIN	%	(102.1416)	(644.6373)	2,130.2421	(17,925.0880)	-	-
NET MARGIN	%	(102.9892)	(658.0394)	2,184.4376	(21,756.3860)	-	-
PERFORMANCE							
RETURN ON ASSETS	%	(0.0112)	(0.1225)	0.0254	(0.0408)	0.0464	0.1110
ASSETS TURNOVER	Times	0.0108	0.0002	0.0000	0.0000	-	-
FIXED ASSETS TURNOVER	Times	0.6704	0.5805	0.0210	0.0031	-	-
INVENTORY TURNOVER	Times	3.3907	3.9088	3.1147	2.0000	-	-
RETURN ON EQUITY	%	(39.4247)	244.4608	(1,366.8519)	224.1584	(332.4555)	235.3385
RETURN ON CAPITAL EMPLOYED	%	(23.4121)	137.4852	(25.9101)	41.5764	19.0164	55.13051
LEVERAGE							
DEBT : EQUITY	Times	1.2380	(2.5665)	0.9903	1.5819	4.3971	1.7299
LIQUIDITY							
CURRENT	Times	0.5053	0.2770	0.2219	0.301	0.0562	0.0652
QUICK	Times	0.2745	0.2284	0.2037	0.301	0.0562	0.0652
VALUATION							
EARNING PER SHARE (PRE TAX)	Rs.	(1.1975)	(6.0515)	2.7374	(3.1005)	1.2328	0.7575
EARNING PER SHARE (AFTER TAX)	Rs.	(1.2075)	(6.1773)	2.8071	(3.7632)	1.2365	0.4987
BREAK UP VALUE	Rs.	4.0715	(0.0025)	(0.2054)	(1.6788)	(0.3719)	0.2119
HISTORICAL TRENDS							
TRADING RESULTS							
TURNOVER	Rs.	14,069	11,265	1,542	208	-	-
GROSS PROFIT / (LOSS)	Rs.	416	(2,618)	(588)	(0.004)	-	-
OPERATING PROFIT / (LOSS)	Rs.	(3,152)	(4,822)	3,641	(4,835)	7,845	(2,866)
PROFIT/(LOSS) BEFORE TAX	Rs.	(14,370)	(72,618)	32,849	(37,206)	14,794	9,089
PROFIT/(LOSS) AFTER TAX	Rs.	(14,490)	(74,128)	33,685	(45,159)	14,839	5,984
FINANCIAL POSITION							
SHAREHOLDERS' FUNDS	Rs.	36,752	(30,323)	(2,464)	(20,146)	(4,463)	2,543
PROPERTY, PLANT & EQUIPMENT	Rs.	20,986	19,407	73,483	67,721	16,702	15,692
NET CURRENT ASSETS	Rs.	(12,744)	(17,235)	(8,883)	(10,500)	(38,720)	(40,803)
LONG TERM ASSETS	Rs.	116,854	53,917	130,007	108,616	46,455	51,064
LONG TERM LIABILITIES	Rs.	58,403	58,729	60,421	60,114	-	-

**FORM 34****THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)
PATTERN OF SHAREHOLDING**

1. Incorporation Number **B-01398**
2. Name of the Company **SHAFFI CHEMICAL INDUSTRIES LIMITED**
3. Pattern of holding of the shares held by the shareholders as at **30-06-2017**

-----Shareholding-----			
4. No. of Shareholders	From	To	Total Shares Held
297	1	100	21,953
331	101	500	157,832
114	501	1000	111,138
170	1001	5000	511,351
59	5001	10000	475,683
20	10001	15000	251,508
6	15001	20000	119,000
6	20001	25000	132,502
3	25001	30000	87,000
1	30001	35000	32,500
3	35001	40000	117,000
2	55001	60000	119,500
2	60001	65000	125,500
1	90001	95000	92,223
1	95001	100000	100,000
1	110001	115000	113,000
1	125001	130000	130,000
1	175001	180000	176,000
1	195001	200000	200,000
1	210001	215000	214,950
1	250001	255000	255,000
1	390001	395000	394,500
1	415001	420000	416,360
1	545001	550000	547,960
1	680001	685000	685,000
1	750001	755000	752,300
1	2005001	2010000	2,006,000
1	3650001	3655000	3,654,240
1029			12,000,000



5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor children	1,297,450	10.8121%
5.2 Associated Companies, undertakings and related parties.	4,336,242	36.1354%
5.3 NIT and ICP	500	0.0042%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	--	--
5.5 Insurance Companies	--	--
5.6 Modarabas and Mutual Funds	--	--
5.7 Share holders holding 10% or more	5,760,240	48.0020%
5.8 General Public		
a. Local	6,348,633	52.9053%
b. Foreign	0	0.0000%
5.9 Others (to be specified)		
Joint Stock Companies	17,175	0.1431%

6. Signature of
Company Secretary

7. Name of Signatory

Zahoor Ahmad

8. Designation

Company Secretary

9. NIC Number

35202-6572696-9

10 Date

30

06

2017



**Catagories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2017**

Sr. No.	Name	No. of Shares Held	Percentage
---------	------	--------------------	------------

Associated Companies, Undertakings and Related Parties (Name Wise Detail):

1	DIAMOND CORPORATION (PVT) LTD.	176,000	1.4667
2	DIAMOND HOME TEXTILE (PVT) LTD.	255,000	2.1250
3	DIAMOND PRODUCTS (PVT) LIMITED	130,000	1.0833
4	DIAMOND INDUSTRIES LIMITED	3,754,240	31.2853
5	CAPITAL INDUSTRIAL ENTERPRISES (PVT) LTD (CDC)	21,002	0.1750

Mutual Funds (Name Wise Detail)

- -

Directors and their Spouse and Minor Children (Name Wise Detail):

1	MR. IFTIKHAR A. SHAFFI	899,950	7.4996
2	MR. QAISER SALEEM KHAN	500	0.0042
3	MR. MUHAMMAD SAMEER	500	0.0042
4	MR. HASHIM ASLAM BUTT	500	0.0042
5	MR. ABDUL SHAKOOR	500	0.0042
6	MR. MOHIB HUSSAIN	500	0.0042
7	MR. IMRAN KABIR	500	0.0042
8	MRS. SEEMA IFTIKHAR W/O MR. IFTIKHAR A SHAFFI	394,500	3.2875

Executives:

- -

Public Sector Companies & Corporations:

- -

**Banks, Development Finance Institutions, Non Banking Finance
Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:**

- -

Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)

1	DIAMOND INDUSTRIES LTD.	3,754,240	31.2853
2	MR. SHARIQ IFTIKHAR	2,006,000	16.7167
3	MR. IFTIKHAR A. SHAFFI	899,950	7.4996
4	MR. MUBASHAR IFTIKHAR	752,300	6.2692

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S. No.	NAME	SALE	PURCHASE
1	MR. QAISER SALEEM KHAN	-	500
2	MR. IMRAN KABIR	-	500



FORM OF PROXY

I/We _____

of _____

being a member of SHAFFI CHEMICAL INDUSTRIES LIMITED, hereby appoint

_____ of _____ another
member of the Company or failing him/her

_____ of _____ another
another member of the Company (being a member of the company) as my/our proxy to attend and vote for
and on my/our behalf, at the Annual General Meeting of the Company to be held at its registered office,
Plot # 2, Gadoon Amazai Industrial Estate Estate, Swabi Khyber Pakhtoonkhwa on Tuesday 31st October,
2017 at 10:00 a.m. and any adjournment thereof.

As witnessed given under my/our hand(s) _____ day of _____ 2017.

1) Witness:

Signature _____

Name _____

Address _____



Signature of Member

2) Witness:

Signature _____

Name _____

Address _____

Shares Held _____

Shareholder's Folio No. _____

CDC A/c No. _____

CNIC No. _____

Note :

- Proxies, in order to be effective, must be received at the Company's Registrar office, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

- CDC shareholders, entitled to attend and vote at this meeting, must bring with them their Computerised National Identity Cards/Passport in original to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

- For CDC Account Holders / Corporate Entities

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

- (i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the form.
- (ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
- (iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.

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





پراکسی کا فارم
شفیع کیمیکل انڈسٹریز لمیٹڈ

میں / ہم _____ کے _____
شفیع کیمیکل انڈسٹریز لمیٹڈ کا ممبر ہونے کے ناطے بطور پراکسی تقرر کرتا ہوں / کرتے
_____ کے _____
کمپنی سالانہ اجلاس عام جو کہ 31 اکتوبر 2017 بروز منگل صبح 10 بجے ہمارے رجسٹرڈ آفس، پلاٹ نمبر 2 گلدون اماڑے انڈسٹریل اسٹیٹ
اسٹیٹ صوابی خیبر پختونخواہ میں منعقد ہوگا میں کمپنی کا کوئی دوسرا ممبر (کمپنی کے ممبر ہونے کے ناطے) جو میری / ہماری پراکسی کے طور پر شرکت کرے گا اور میری
/ ہماری جانب سے ووٹ دے گا۔
_____ گواہی میں نے / ہم نے بقلم خودی _____ بروز _____ 2017 _____

(1) گواہ



دستخط

نام

پتہ

ممبر کے دستخط

ذریعہ ملکیت حصص

شیر ہولڈر کا فوٹیو نمبر

سی ڈی سی اے / سی نمبر

کمپیوٹرائزڈ شناختی کارڈ نمبر

نوٹ:

پراکسی کو موثر بنانے کے لئے دستخط شدہ، تصدیق شدہ اور مہر شدہ پراکسیز کا کمپنی رجسٹرار کے دفتر میں اجلاس شروع ہونے سے 48 گھنٹے قبل پہنچ جانا
ضروری ہے۔

سی ڈی سی شیر ہولڈرز جو کہ اس اجلاس عام سے شرکت اور ووٹ دینے کا حق رکھتے ہیں، اپنی شناخت کی تصدیق کے لئے اپنے ہمراہ
اپنا اصل کمپیوٹرائزڈ شناختی کارڈ / پاسپورٹ لانا ضروری ہے اور پراکسی کی صورت میں اس کے / اس کی کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق
شدہ نقل جمع کروانی ضروری ہے۔ کارپوریٹ ممبرز کے نمائندے اپنے ہمراہ کاغذات لائیں گے جو اس مقصد کے لئے درکار ہیں۔

کارپوریٹ اداروں / سی ڈی سی اکاؤنٹ ہولڈرز کے لئے درج بالا کے ساتھ ساتھ نیچے دی گئی ضروریات بھی پوری کرنا ضروری ہے۔

(i) پراکسی فارم تصدیق دو افراد سے کروانا ہوگی، جن کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہوں۔

(ii) مالکان کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق نقول اور پراکسی فارم کے ساتھ تقرر کیا جائے گا۔

(iii) پراکسی اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ اجلاس کے وقت فراہم کرے گا۔

کارپوریٹ ادارہ ہونے کی صورت میں، کمپنی کو بورڈ آف ڈائریکٹرز ریزولوشن / پاور آف اٹارنی کے ساتھ نمونے کے دستخط جمع کروانے ہوں گے (جب تک
یہ پہلے فراہم نہیں کئے گئے)۔