



## **SHAFFI CHEMICAL INDUSTRIES LIMITED**

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# SHAFFI CHEMICAL INDUSTRIES LIMITED

## CORPORATE PROFILE

### **BOARD OF DIRECTORS**

1.	Mr. Iftikhar Shaffi	Chief Executive	<i>(Executive)</i>
2.	Mr. 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

### **CHIEF FINANCIAL OFFICE**

- Mr. Munawar Hussain

### **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**

TABUSSUM SALEEM & CO.  
Office No. 1, 3<sup>rd</sup> Floor, Madinah Heights, 87-E, Moulana Shoukat Ali Road,  
Johar Town Lahore  
Tel: 92-42-35173258  
E.mail: mataabussum@hotmail.com

### **BANKERS**

- Allied Bank Limited
- Askari Commercial Bank Limited
- Bank Alfalah Limited
- Habib Metropolitan Bank Limited
- Silk Bank 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  
Wings Arcade, 1-K Commercial, Model Town, Lahore  
Tel: 042-35916714, 35916719, 35839182  
Fax: 042-35869037  
E.mail: corplink786@yahoo.com



## **SHAFFI CHEMICAL INDUSTRIES LIMITED**

### **DIRECTORS' REPORT**

Dear Shareholders,

On behalf of the Board of Directors of **Shaffi Chemical Industries Limited** I am pleased to place before you the unaudited quarterly financial statements of the company for the quarter ended September, 30, 2019.

#### **FINANCIAL HIGHLIGHTS:**

As company has suspended all its industrial activities, resulting in no sales & Gross Profit thereon. However company has incurred certain operating expenses resulting in a Profit/(Loss) after taxation of Rs. (1.670) million comparing to Rs. (3.176) million M of the corresponding quarter ended 30/09/2018. The disputed cases relating to First Capital ABN AMRO equities (Pakistan) Ltd, Lahore Stock Exchange and others are being contested vigorously at its proper forums by your company and are explained in the latest annual financial statements for the P.E. June 30, 2019 under the title "Contingencies and Commitments".

#### **FUTURE OUTLOOK:**

As explained in the annual directors' report that company has been settled all its long outstanding issues / litigations with Allied Bank Limited last year. However keeping in view the current economic condition prevailing in the country and Govt policy to reduce current account deficit, sharp devaluation of Pak Rupee against US dollar, financial institutions are reluctant to finance any import based business. Meanwhile in the interest of minority shareholders, the company is in process to delist and to buy back the shares and to complete the process in near future.

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

The earnings per share of the company for the quarter under review is Rs. (0.14) as compared to Rs. (0.26) in the corresponding quarter ended 30<sup>th</sup> September, 2018.

#### **ACKNOWLEDGEMENT:**

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

For and on behalf of Board

IFTIKHAR SHAFFI  
Chief Executive

Lahore

Dated:- 28<sup>th</sup> October, 2019



## SHAFFI CHEMICAL INDUSTRIES LIMITED

### ڈائریکٹرز رپورٹ

محترم شیئر ہولڈرز: شفیع کیمیکل انڈسٹریز لمیٹڈ کے ڈائریکٹرز 30 ستمبر 2019ء کو ختم ہونے والے سہ ماہی کیلئے آپ کو غیر آڈٹ شدہ مالیاتی گوشوارے بمع ڈائریکٹرز رپورٹ پیش کرتے ہیں۔

جائزہ سال میں:

جیسا کہ کمپنی کی صنعتی سرگرمیوں کو معطل کر دیا گیا ہے جس کے نتیجے میں کوئی سیلز اور مجموعی منافع نہیں ہے۔ تاہم کمپنی نے کچھ آپریٹنگ اخراجات کئے ہیں جس کے نتیجے میں منافع (نقصان) بعد از ٹیکس پچھلے سہ ماہی سے (3,176) ملین روپے کے مقابلے میں (1,670) ملین روپے ہے۔ فرسٹ کیپٹل ABN AMRO سے متعلق متنازعہ معاملات، لاہور اسٹاک ایکسچینج اور دیگر میں، آپ کی کمپنی کی جانب سے مناسب فورمز پر سختی کے ساتھ مقابلہ کر رہے ہیں۔ اور 30 جون 2019 کو شائع کردہ حالیہ سالانہ مالیاتی گوشواروں میں "حالات و عزائم" کے عنوان میں اس کی وضاحت کی گئی ہے۔

مستقبل کے نقطہ نظر:

جیسا کہ سالانہ ڈائریکٹرز رپورٹ میں وضاحت کی گئی ہے کہ کمپنی نے طویل عرصے سے جاری الائیڈ بینک لمیٹڈ کے ساتھ تمام دیرینہ مقدموں کو باہمی طور پر حل کیا گیا ہے۔ تاہم موجودہ معاشی حالات، کرنٹ اکاؤنٹ خسارے کو کم کرنے والی سرکاری پالیسی اور بڑھتے ہوئے ڈالر ریٹ میں اضافے کی وجہ سے مالیاتی ادارے نئے قرضے فراہم کرنے میں ہچکچا رہے ہیں۔ اقلیتی حصص داروں کے مفاد میں کمپنی کو ڈی لسٹ اور اقلیتی حصص داروں سے حصص واپس لینا زیادہ موثر ہے۔ مینجمنٹ نے کمپنی کے رضا کارانہ ڈی لسٹنگ کے معاملے کو تیز کرنے اور جلد از جلد اقلیتی حصص داروں سے شیئرز واپس لینے کا فیصلہ کیا۔

فی حصص کمائی:

فی حصص آمدنی (نقصان) 30 ستمبر 2019ء میں پچھلے سہ ماہی (0.26) روپے فی حصص کے مقابلے میں (0.14) روپے فی حصص رہی۔

اعتراف:

آپ کی کمپنی کے ڈائریکٹرز نے تمام عملے کے ارکان اور انتظامی ٹیم کا ان کی کوششوں پر شکریہ ادا کیا۔

بورڈ کی جانب سے۔

  
افتخار شفیع

(چیف ایگزیکٹو)

لاہور (اکتوبر 28، 2019)



# SHAFFI CHEMICAL INDUSTRIES LIMITED

## CONDENSED INTERIM FINANCIAL POSITION AS AT SEPTEMBER 30, 2019

	Note	September 30, 2019 (Un-Audited)		June 30, 2018 (Audited)	
		Book Value	Estimated	Book Value	Estimated
			Realizable/ Settlement Value		Realizable/ Settlement Value
<b>ASSETS</b>					
Cash and Bank Balances		451,166	451,166	479,438	479,437
Loans and Advances		747,141	747,141	665,352	665,352
Other Receivables		2,391,561	2,391,561	2,222,882	2,222,882
Security Deposits		223,559	223,560	223,560	223,560
Investments	5	28,517,383	46,073	30,248,164	46,073
Property, Plant and Equipment	6	13,715,728	11,142,350	13,911,914	11,142,350
<b>TOTAL ASSETS</b>		<b>46,046,538</b>	<b>15,001,850</b>	<b>47,751,309</b>	<b>14,779,654</b>
<b>LIABILITIES</b>					
Accrued and Other Payables		7,419,532	7,419,532	7,189,266	7,189,266
Unclaimed Dividend		2,690,056	2,690,056	2,690,056	2,690,056
Accrued Markup		8,546,204	8,546,204	7,693,910	7,693,910
Payable to Director & Sponsors		33,491,574	33,491,574	33,491,574	33,491,574
Payable to associated company		25,986,513	25,986,513	25,655,350	25,655,350
Deferred liabilities		-	-	-	-
Provision for taxation	7	-	-	-	-
<b>TOTAL LIABILITIES</b>		<b>78,133,880</b>	<b>78,133,879</b>	<b>76,720,156</b>	<b>76,720,156</b>
<b>NET ASSETS</b>		<b>(32,087,342)</b>	<b>(63,132,029)</b>	<b>(28,968,847)</b>	<b>(61,940,502)</b>
<b>REPRESENTED BY:-</b>					
<b>Authorized Capital</b>					
12,000,000 Ordinary shares of Rs. 10/- each		120,000,000	120,000,000	120,000,000	120,000,000
<b>Issued, Subscribed and Paid Up Capital</b>					
12,000,000 Ordinary shares of Rs. 10/- each fully paid in cash	8	120,000,000	120,000,000	120,000,000	120,000,000
Fair Value Reserve		30,626	30,626	35,887	35,887
Accumulated Losses		(158,789,149)	(158,789,148)	(155,758,217)	(155,758,217)
Share Holders' Equity		(38,758,522)	(38,758,522)	(35,722,330)	(35,722,330)
Surplus on Revaluation of Property, Plant and Equipments		6,671,182	-	6,753,484	-
Net Surplus on Estimated Realizable/Settlement Value		-	(24,373,507)	-	(26,218,172)
Contingencies & Commitments	9	-	-	-	-
		<b>(32,087,342)</b>	<b>(63,132,029)</b>	<b>(28,968,847)</b>	<b>(61,940,502)</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

  
**Chief Executive**

  
**Chief Financial Officer**

  
**Director**



# SHAFFI CHEMICAL INDUSTRIES LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT For The Quarter Ended September 30, 2019 (Un-Audited)

	Notes	Quarter Ended	
		September 30, 2019	September 30, 2018
		Rupees	Rupees
Sales - net		-	-
Cost of Sales		-	-
Gross Profit		-	-
Administrative Expenses		(535,452)	(508,216)
Other Operating Income/(Expenses)		32	21
		(535,420)	(508,195)
		(535,420)	(508,195)
Finance Cost		(852,294)	(243,990)
		(1,387,714)	(752,186)
Share of Profit / (Loss) of Associated Company		(400,522)	188,928
Profit / (Loss) before Taxation		(1,788,236)	(563,258)
Taxation			
-Current		-	-
-Share of Tax of Associated Company		117,905	3,740,256
		117,905	3,740,256
Profit / (Loss) after Taxation		(1,670,331)	3,176,998
Earnings per share	10	(0.14)	0.26

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Chief Financial Officer

  
Director



# SHAFFI CHEMICAL INDUSTRIES LIMITED

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME For The Quarter Ended September 30, 2019 (Un-Audited)

	Quarter Ended	
	September 30, 2019	September 30, 2018
	Rupees	Rupees
<b>PROFIT / (LOSS) FOR THE PERIOD</b>	(1,670,331)	3,176,998
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that will not be reclassified to profit or loss		
Gain/ (Loss) on remeasurement of staff retirement benefit of associated companies	-	-
Items that may be reclassified subsequently to profit or loss:		
Unrealized gain / (loss) arising on remeasurement of available for sale investments of associated companies	(1,442,903)	(111,433)
Unrealized gain arising on remeasurement of available for sale investments	(5,261)	(7,359)
Other Comprehensive income for the period	(1,448,164)	(118,792)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(3,118,495)</b>	<b>3,058,206</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Chief Executive

Chief Financial Officer

Director



# SHAFFI CHEMICAL INDUSTRIES LIMITED

## CONDENSED INTERIM STATEMENT OF CASH FLOWS For The Quarter Ended September 30, 2019 (Un-Audited)

	Quarter Ended	
	September 30, 2019	September 30, 2018
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/ (Loss) before taxation	(1,788,236)	(563,258)
<b>Adjustments for :</b>		
Depreciation	196,187	213,212
Reversal of impairment on long term investment	-	-
Share of profit / (loss) of associated company	400,522	(188,928)
Interest income	-	-
Finance cost	852,294	243,990
	<b>1,449,003</b>	<b>268,275</b>
<b>Operating Profit before Working Capital Changes</b>	<b>(339,233)</b>	<b>(294,983)</b>
<b>Changes in Working Capital</b>		
<b>(Increase) / Decrease in Current Assets</b>		
Loans and Advances	(75,945)	-
Other Receivables	(168,679)	(62,005)
	<b>(244,624)</b>	<b>(62,005)</b>
<b>Increase / (Decrease) in Current Liabilities</b>		
Trade and Other Payables	230,266	(151,363)
<b>Changes in Working Capital</b>	<b>(14,358)</b>	<b>(213,368)</b>
<b>Cash Generated from / (used in) Operations</b>	<b>(353,591)</b>	<b>(508,351)</b>
Taxes paid	(5,844)	(6,225)
Finance Cost Paid	0	(69)
<b>Net Cash Generated from / (Used in) Operating Activities</b>	<b>(359,435)</b>	<b>(514,645)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Net Cash Generated from Investing Activities</b>	<b>-</b>	<b>-</b>
<b>Net Cash Flows Before Financing Activities</b>	<b>(359,435)</b>	<b>(514,645)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short Term Borrowings	331,163	340,000
Interest Income	-	-
<b>Net Cash Flows From Financing Activities</b>	<b>331,163</b>	<b>340,000</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(28,272)</b>	<b>(174,645)</b>
<b>Cash &amp; Cash Equivalents at the Beginning</b>	<b>479,438</b>	<b>611,639</b>
<b>Cash &amp; Cash Equivalents at the End</b>	<b>451,166</b>	<b>436,994</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Chief Financial Officer

  
Director





# SHAFFI CHEMICAL INDUSTRIES LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY For The Quarter Ended September 30, 2019 (Un-Audited)

	SHARE CAPITAL	CAPITAL RESERVES	REVENUE RESERVES	Surplus on revaluation of property, plant and equipment	TOTAL RESERVES	TOTAL EQUITY
		Fair Value Reserve	(Accumulated Loss) / Unappropriated Profit			
(Rupees)						
Balance as at 01 July 2018	120,000,000	56,261	(176,535,160)	7,109,556	(169,369,343)	(49,369,343)
Effect of items directly credited in equity by the associated companies	-	-	27,092,013	-	27,092,013	27,092,013
Incremental depreciation on surplus on revaluation of property, plant & equipment	-	-	89,018	(89,018)	-	-
Profit for the period	-	-	3,176,998		3,176,998	3,176,998
Other comprehensive income for the period	-	(7,359)	(111,433)		(118,792)	(118,792)
Total comprehensive income for the period	-	(7,359)	3,065,565		3,058,206	3,058,206
Balance as at 30 September 2018	120,000,000	48,902	(146,288,564)	7,020,538	(139,219,124)	(19,219,124)
Balance as at 01 July 2019	120,000,000	35,887	(155,758,217)	6,753,484	(148,968,846)	(28,968,846)
Effect of items directly credited in equity by the associated companies	-	-	-	-	-	-
Incremental depreciation on surplus on revaluation of property, plant & equipment	-	-	82,302	(82,302)	-	-
Profit for the period	-	-	(1,670,331)	-	(1,670,331)	(1,670,331)
Other comprehensive income for the period	-	(5,261)	(1,442,903)	-	(1,448,164)	(1,448,164)
Total comprehensive loss for the period	-	(5,261)	(3,113,234)	-	(3,118,495)	(3,118,495)
Balance as at 30 September 2019	120,000,000	30,626	(158,789,148)	6,671,182	(152,087,341)	(32,087,341)

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Chief Executive

Chief Financial Officer

Director



# SHAFFI CHEMICAL INDUSTRIES LIMITED

## CONDENSED INTERIM NOTES TO THE FINANCIAL INFORMATION For The Quarter Ended September 30, 2019 (Un-Audited)

### 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 of Pakistan. The main activity of the company is to manufacture and process of Di-Octyle-Ortho Phthalates (DOP) Chemicals. Currently the company is to produce Lith and Diltex Binder. The registered office of the company is situated at Gadoon Amazai, Industrial Estate, Swabi, Khyber Pakhtoonkhwa.

### 2 GOING CONCERN ASSUMPTION

During the quarter ended September 30, 2019, the company reported gross loss of Rupees =Nil. The company has accumulated losses and shareholders' equity Rupees 158.789 Million and Rupees (38.759) Million respectively as on September 30, 2019. During the quarter Sales of company was Nil. Company remained closed for the quarter. Management of the company had decided to go for delisting therefore all the employees were laid off in the year ended June 30, 2015. These factors have raised uncertainties that the company may not be able to continue as a going concern. Therefore these financial statements have been prepared on the basis of estimated realisable/ settlement values of assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in these financial statements have been presented in the order of liquidity.

### 3 BASIS OF PREPARATION

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

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

These condensed interim financial statements are un-audited and are submitted to the shareholders as required under Section 237 of the Companies Act, 2017. These interim financial statements are prepared in accordance with the requirements of the International Accounting Standards 34 'Interim Financial Reporting'.

### 4 ACCOUNTING POLICIES

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

### 5 INVESTMENTS

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

	Un-Audited	Audited
	September 30, 2019	June 30, 2019
	Rupees	Rupees
5.1	28,476,571	30,202,091
	40,812	46,073
	28,517,383	30,248,164



# SHAFFI CHEMICAL INDUSTRIES LIMITED

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

Long term investment in associated company under equity method

28,476,571 30,202,091

Less: Impairment loss

At the beginning of the period

Reversal of impairment loss during the period

Impairment loss for the period

At the end of the period

-	-
-	-
-	-
-	-
28,476,571	30,202,091

Un-Audited

Audited

September 30, 2019

June 30, 2019

Rupees

Rupees

## 6 PROPERTY, PLANT AND EQUIPMENT

Book value at the beginning of the period

Less: Depreciation charged during the period

6.1

13,911,914	14,839,430
(196,187)	(927,516)
13,715,728	13,911,914

## 6.1 Allocation of Depreciation

Administrative Expenses

196,187 927,516

## 7 DEFERRED INCOME TAX

Sep-2019

Balance at the beginning of the period	Recognized in profit & loss account	Balance at the end of the period
----------------------------------------	-------------------------------------	----------------------------------

Accelerated tax depreciation allowance

Surplus on revaluation of property, plant and equipment

Net temporary differences

Effect of accumulated tax losses

Non-recognition of deferred tax asset

7.1

1,313,105	(27,976)	1,285,129
1,765,439	(3,178,082)	1,412,643
3,078,544	(3,206,058)	(127,514)
(5,574,940)	(17,297)	(5,592,237)
(2,496,396)	(3,223,355)	(5,719,751)
2,496,396	3,223,355	5,719,751
-	-	-

7.1 Deferred tax asset of Rs. 5.72 million (2018: 2.496 million; 2017: 4.204 million) has not been recognised because the company is continuously sustaining losses and in the future years sufficient taxable profits will not be available against which they can be utilized.

## 8 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Number of shares

September 30, 2019

June 30, 2019

Un-Audited

Audited

September 30, 2019

June 30, 2019

Rupees

Rupees

12,000,000

12,000,000 Cash

12,000,000

12,000,000

120,000,000

120,000,000

120,000,000

120,000,000

## 9 CONTINGENCIES AND COMMITMENTS

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



# SHAFFI CHEMICAL INDUSTRIES LIMITED

## 10 EARNINGS PER SHARE

Profit / (loss) after taxation

(1,670,331) 3,176,998

Issued, Subscribed and Paid up Capital

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

Earnings per share

(0.14) 0.26

## 11 TRANSACTIONS WITH RELATED PARTIES

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

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

Detail of transactions with related parties:

### Loan from related party

Capital Industrial Enterprises (Private) Limited

(25.987) (25.655)

### Mark-up on loan from related party

Capital Industrial Enterprises (Private) Limited

(8.546) (7.694)

12 Figures have been rounded off to the nearest rupee.

13 These condensed set of interim financial information was authorised for issue on **October 28, 2019** by the board of directors of the Company.

  
Chief Executive

  
Chief Financial Officer

  
Director