



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 Saleem 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) Chairman of Board</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, 3rd 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 Pakhtoon khwa
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, 2020.

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 after taxation of Rs. 0.011235 million comparing to (Loss) of Rs. (1.670) million of the corresponding quarter ended 30/09/2019. 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, 2020 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. 0.0009 as compared to Rs. (0.14) in the corresponding quarter ended 30th September, 2019.

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

Lahore

Dated:- 27th October, 2020

IFTIKHAR SHAFFI
Chief Executive

IMRAN KABIR
Director



SHAFFI CHEMICAL INDUSTRIES LIMITED

ڈائریکٹرز رپورٹ

محترم شیئر ہولڈرز: شفیع کیمیکل انڈسٹریز لمیٹڈ کے ڈائریکٹرز 30 ستمبر 2020ء 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 جسکے 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 (1.670) ملین روپے کے مقابلے میں 0.011235 ملین روپے ہے۔ فرسٹ کیپٹل ABN AMRO سے متعلق تنازعہ معاملات، لاہور اسٹاک ایکسچینج اور دیگر میں، آپ کی کمپنی کی جانب سے مناسب فورمز پر تخی کے ساتھ مقابلہ کر رہے ہیں۔ اور 30 جون 2020 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 مقدمات 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 ہے۔

نی حصص کمائی:

نی حصص آمدنی (نقصان) 30 ستمبر 2020ء میں پچھلے سہ ماہی (0.14) روپے نی حصص کے مقابلے میں 0.0009 روپے نی 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۔

عمران کبیر
ڈائریکٹر

انفار شفیع
(چیف ایگزیکٹو)

لاہور (27 اکتوبر 2020)



SHAFFI CHEMICAL INDUSTRIES LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020

	Note	September 30, 2020		June 30, 2020 (Audited)	
		Book Value	Estimated Realizable/Settlement Value	Book Value	Estimated Realizable/Settlement Value
ASSETS					
Cash and Bank Balances		439,464	439,465	442,973	442,973
Loans and Advances		762,723	762,723	637,393	637,393
Other Receivables		2,502,703	2,502,703	2,450,666	2,450,666
Security Deposits		223,560	223,560	223,560	223,560
Investments	5	30,496,304	46,073	26,443,079	46,073
Property, Plant and Equipment	6	12,946,520	11,142,350	13,127,169	11,142,350
TOTAL ASSETS		47,371,274	15,116,873	43,324,840	14,943,014
LIABILITIES					
Accrued and Other Payables		6,790,117	6,790,117	6,776,222	6,776,222
Unclaimed Dividend		-	-	2,690,056	2,690,056
Accrued Markup		5,619,626	5,619,626	4,489,438	4,489,438
Payable to Director & Sponsors		36,181,630	36,181,630	33,491,574	33,491,574
Payable to associated company		35,675,350	35,675,350	35,105,350	35,105,350
Deferred liabilities		-	-	-	-
Provision for taxation	7	-	-	-	-
TOTAL LIABILITIES		84,266,723	84,266,723	82,552,640	82,552,640
NET ASSETS		(36,895,448)	(69,149,850)	(39,227,800)	(67,609,626)
REPRESENTED BY:-					
Authorized 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					
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		20,754	20,754	26,015	26,015
Accumulated Losses		(163,264,329)	(163,264,329)	(165,678,090)	(165,678,090)
Share Holders' Equity		(43,243,575)	(43,243,575)	(45,652,075)	(45,652,075)
Surplus on Revaluation of Property, Plant and Equipments		6,348,126	-	6,424,275	-
Net Surplus on Estimated Realizable/Settlement Value		-	(25,912,429)	-	(21,957,551)
Contingencies & Commitments	9	-	-	-	-
		(36,895,448)	(69,149,850)	(39,227,801)	(67,609,626)

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, 2020 (Un-Audited)

	Notes	Quarter Ended	
		September 30, 2020	September 30, 2019
		Rupees	Rupees
Sales - net		-	-
Cost of Sales		-	-
Gross Profit		-	-
Administrative Expenses		(589,713)	(535,452)
Other Operating Income/(Expenses)		29	32
		(589,683)	(535,420)
		(589,683)	(535,420)
Finance Cost		(1,131,188)	(852,294)
		(1,720,872)	(1,387,714)
Share of Profit / (Loss) of Associated Company		2,034,091	(400,522)
Profit / (Loss) before Taxation		313,219	(1,788,236)
Taxation			
-Current		-	-
-Share of Tax of Associated Company		(301,984)	117,905
		(301,984)	117,905
Profit / (Loss) after Taxation		11,235	(1,670,331)
Earnings per share	10	0.0009	(0.14)

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, 2020 (Un-Audited)

	Quarter Ended	
	September 30, 2020	September 30, 2019
	Rupees	Rupees
PROFIT / (LOSS) FOR THE PERIOD	11,235	(1,670,331)
OTHER COMPREHENSIVE INCOME		
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	987,066	(1,442,903)
Unrealized gain arising on remeasurement of available for sale investments	(5,261)	(5,261)
Other Comprehensive income for the period	981,805	(1,448,164)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	993,040	(3,118,495)

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, 2020 (Un-Audited)

	Quarter Ended	
	September 30, 2020	September 30, 2019
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (Loss) before taxation	313,219	(1,788,236)
Adjustments for :		
Depreciation	180,649	196,187
Share of profit / (loss) of associated company	(2,034,091)	400,522
Interest income	-	-
Finance cost	1,131,188	852,294
	<u>(722,254)</u>	<u>1,449,003</u>
Operating Profit before Working Capital Changes	(409,035)	(339,233)
Changes in Working Capital		
(Increase) / Decrease in Current Assets		
Loans and Advances	(115,123)	(75,945)
Other Receivables	(52,037)	(168,679)
	<u>(167,160)</u>	<u>(244,624)</u>
Increase / (Decrease) in Current Liabilities		
Trade and Other Payables	13,895	230,266
Changes in Working Capital	(153,265)	(14,358)
Cash Generated from / (used in) Operations	(562,300)	(353,591)
Taxes paid	(10,207)	(5,844)
Finance Cost Paid	(1,000)	-
Net Cash Generated from / (Used in) Operating Activities	(573,507)	(359,435)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Cash Generated from Investing Activities	-	-
Net Cash Flows Before Financing Activities	(573,507)	(359,435)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short Term Borrowings	570,000	331,163
Interest Income	-	-
Net Cash Flows From Financing Activities	570,000	331,163
Net Increase / (Decrease) in Cash & Cash Equivalents	(3,507)	(28,272)
Cash & Cash Equivalents at the Beginning	442,973	479,438
Cash & Cash Equivalents at the End	439,466	451,166

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, 2020 (Un-Audited)

	CAPITAL RESERVES		REVENUE RESERVES		Surplus on revaluation of property, plant and equipment	TOTAL RESERVES	TOTAL EQUITY
	Fair Value Reserve	(Accumulated Loss) / Unappropriated Profit	(Accumulated Loss) / Unappropriated Profit				
Balance as at 01 July 2019	120,000,000	35,887	(155,758,217)	6,753,484	(155,722,330)	(35,722,330)	
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)	82,302	82,302	
Profit for the period	-	-	(1,670,331)	(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)	(1,448,164)	
Total comprehensive income for the period	-	(5,261)	(3,113,234)	(3,118,495)	(3,118,495)	(3,118,495)	
Balance as at 30 September 2019	120,000,000	30,626	(158,789,149)	6,671,182	(158,758,523)	(38,758,523)	
Balance as at 01 July 2020	120,000,000	26,015	(165,678,090)	6,424,275	(159,227,800)	(39,227,800)	
Incremental depreciation on surplus on revaluation of property, plant & equipment	-	-	76,149	(76,149)	(76,149)	(76,149)	
Profit for the period	-	-	11,235	11,235	11,235	11,235	
Share from associated company regarding prior year adjustment	-	-	1,339,312	1,339,312	1,339,312	1,339,312	
Other comprehensive income for the period	-	(5,261)	987,066	981,805	981,805	981,805	
Total comprehensive loss for the period	-	(5,261)	2,337,613	2,332,352	2,332,352	2,332,352	
Balance as at 30 September 2020	120,000,000	20,754	(163,284,328)	6,348,126	(156,819,299)	(36,819,299)	

(Rupees)

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, 2020 (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, 2020, the company reported gross loss of Rupees =Nil. The company has accumulated losses and shareholders' equity Rupees 163.258 Million and Rupees (43.237) Million respectively as on September 30, 2020. During the year Sales of company was 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.

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 September 30, 2020 Rupees	Audited June 30, 2020 Rupees
5.1	30,465,363	26,406,878
	30,941	36,201
	<u>30,496,304</u>	<u>26,443,079</u>



SHAFFI CHEMICAL INDUSTRIES LIMITED

5.1 Long term investment in associated company under equity method

Long term investment in associated company under equity method	30,465,363	26,406,878
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	-	-
	30,465,363	26,406,878

6 PROPERTY, PLANT AND EQUIPMENT

Book value at the beginning of the period	13,127,168	14,054,684
Less: Depreciation charged during the period	6.1 (180,649)	(927,516)
	12,946,520	13,127,168

6.1 Allocation of Depreciation

Administrative Expenses	180,649	927,516
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7 DEFERRED INCOME TAX

	Sep-2020		
	Balance at the beginning of the period	Recognized in profit & loss account	Balance at the end of the period
Accelerated tax depreciation allowance	1,265,229	(203,170)	1,062,059
Surplus on revaluation of property, plant and equipment	-	(1,412,643)	1,412,643
Net temporary differences	1,265,229	(1,615,813)	(350,584)
Effect of accumulated tax losses	(4,270,074)	(1,423,657)	(5,693,731)
	(3,004,845)	(3,039,470)	(6,044,315)
Non-recognition of deferred tax asset	7.1 3,004,845	3,039,470	6,044,315
	-	-	-

7.1 Deferred tax asset of Rs. 6.044 million (2020: 3.005 million; 2019: 2.496 million) has not been recognised because the company is continuously sustaining losses and in the future years sufficient taxable profits will not be available against which they can be utilized.

8 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Number of shares		Un-Audited	Audited
September 30, 2020	June 30, 2020	September 30, 2020	June 30, 2020
		Rupees	Rupees
12,000,000	12,000,000	120,000,000	120,000,000
	Cash		
12,000,000	12,000,000	120,000,000	120,000,000

9 CONTINGENCIES AND COMMITMENTS

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

Un-Audited	Un-Audited
September 30, 2020	September 30, 2019
Rupees	Rupees



SHAFFI CHEMICAL INDUSTRIES LIMITED

10 EARNINGS PER SHARE

Profit / (loss) after taxation	11,235	(1,670,331)
	Number of shares	
Issued, Subscribed and Paid up Capital	12,000,000	12,000,000
	September 30, 2020	September 30, 2019
	Rupees	Rupees
Earnings per share	0.00094	(0.14)

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:

	Un-Audited	Audited
	September 30, 2020	June 30, 2020
	Rupees in Millions	
Loan from related party		
Capital Industrial Enterprises (Private) Limited	(35.676)	(35.105)
Mark-up on loan from related party		
Capital Industrial Enterprises (Private) Limited	(5.620)	(4.489)

12 Figures have been rounded off to the nearest rupee.

13 These condensed set of interim financial information was authorised for issue on October 27, 2020 by the board of directors of the Company.

Chief Executive

Chief Financial Officer

Director