



SHAFFI CHEMICAL INDUSTRIES LIMITED

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SHAFFI CHEMICAL INDUSTRIES LIMITED

CORPORATE PROFILE

BOARD OF DIRECTORS

1. Mr. Iftikhar Shaffi	Chief Executive	(Executive)
2. Mr. Qaiser Sakeem Khan	Director	(Independent)
3. Mr. Imran Kabir	Director	(Independent)
4. Mr. Muhammad Sameer	Director	(Non-Executive)
5. Mr. Abdul Shakoor	Director	(Non-Executive)
6. Mr. Hashim Aslam Butt	Director	(Non-Executive)
7. Mr. Mohib Hussain	Director	(Non-Executive)

COMPANY SECRETARY

- Mr. Zahoor Ahmad

AUDIT COMMITTEE

1. Mr. Imran Kabir	Chairman	(Independent Director)
2. Mr. Muhammad Sameer	Member	(Non-Executive Director)
3. Mr. Hashim Aslam Butt	Member	(Non-Executive Director)

HUMAN RESOURCE & REMUNERATION COMMITTEE

1. Mr. Imran Kabir	Chairman	(Independent Director)
2. Mr. Muhammad Sameer	Member	(Non-Executive Director)
3. Mr. Hashim Aslam Butt	Member	(Non-Executive Director)

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 - 35173260
E.mail: matabussum@hotmail.com

BANKERS

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

REGISTERED OFFICE

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

FACTORY

- Plot No. 2, Gadoon Amazai, Industrial Estate, Swabi, Khyber Pakhtoonkhwa
Tel: 0938-270697
E.mail: scil_gad@hotmail.com



SHAFFI CHEMICAL INDUSTRIES LIMITED

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors of **Shaffi Chemical Industries Ltd.**, I place before you the quarterly financial statements of the company for the quarter ended March, 31, 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. (3.970) M comparing to Rs. (34.119) M of the corresponding quarter ended 31/03/2018. The major reason for sustaining of loss is the share in net assets of associated undertakings. 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, 2018 under the title "Contingencies and Commitments".

FUTURE OUTLOOK:

As explained in director's report of latest annual financial statements, that the company has settled all its longstanding issued / litigations with ABL. The management is continuously monitoring the environment of the country and will resume its manufacturing activities upon clearance of eCIB report, availability of financing facilities and stability of economic situation of country. Meanwhile for the sake of the interest of minority shareholders, the company is in process to delist and to buy back the shares and hope to complete it in near future

EARNING PER SHARE:

The earnings per share of the company for the period under review are Rs. (0.33) as compared to Rs. (2.84) in the corresponding period ended 31st March, 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:- 26th April, 2019



SHAFFI CHEMICAL INDUSTRIES LIMITED

ڈائریکٹرز رپورٹ

شفی کیمیکلز انڈسٹریز کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2019 کو ختم ہونے والے تیسرے چوتھائی کے لئے کمپنی کی غیر متوقع مالیاتی رپورٹ پیش کرتے ہیں۔

مالیاتی تحمیل:

جیسا کہ کمپنی نے تمام صنعتی سرگرمیوں کو معطل کر دیا ہے جس کے نتیجے میں کوئی فروخت / منافع نہیں ہے۔ تاہم کمپنی نے کچھ آپریٹنگ اخراجات کئے ہیں جن کے نتیجے میں تیسرے چوتھائی مدت 2018 کے نقصان (34.119) ملین کے مقابلے میں موجودہ نقصان (3.970) ملین روپے ہوا۔ نقصان میں یہ کمی ایسوسی ایٹڈ کمپنی کے منافع میں سے حصے کی وجہ سے ہوا جس نے الائیڈ بینک کے ساتھ پرانا تنازع حل کر لیا ہے۔ قانونی معاملات جو کہ فرسٹ ABN AMRO ایکویٹی اور شاک آپکھینچ اور دوسرے معاملات کو جو کہ 30 جون 2018 کی فنانشل رپورٹ میں درج کیے گئے ہیں، کمپنی کی طرف سے متواتر حل کرنے کی کوشش کی جا رہی ہے۔

مستقبل:

جیسا کہ سالانہ ڈائریکٹرز رپورٹ میں وضاحت کی گئی ہے کہ کمپنی نے مئی 2018 کے مہینے کے دوران ABL بینک کے ساتھ معاہدہ کیا ہے اور ABL کے ساتھ طویل عرصے سے جاری تنازعات کو قابل ستائش طریقے سے حل کیا ہے۔

فی حصص آمدنی:

جائزہ کے تحت مدت کیلئے کمپنی کا فی حصہ آمدنی (0.33) ہے۔ جو کہ گزشتہ سال میں 31 مارچ 2018 کو (2.84) رہا۔

اعتراف:

ڈائریکٹری بورڈ نے اسٹاف، کارکنوں اور دیگر تمام حصول داروں کو اپنی کارکردگی کی اطلاع کے درجے کو حاصل کرنے میں ان کی مسلسل حمایت کے لئے اپنی تعریف کا اظہار کیا۔

بورڈ کے ذریعہ اور کے لئے۔

لاہور

تاریخ: 26 اپریل 2019

افتخار شفیع
چیف ایگزیکٹو



SHAFFI CHEMICAL INDUSTRIES LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

		March 31, 2019 (Un-Audited)		June 30, 2018 (Audited)	
		Book Value	Estimated	Book Value	Estimated
			Realisable/ Settlement Value		Realisable/ Settlement Value
Note					
ASSETS					
	Cash and Bank Balances	566,509	566,509	611,639	611,639
	Loans and Advances	620,951	620,951	553,848	553,848
	Other Receivables	2,288,260	2,213,082	2,148,166	2,072,988
	Security Deposits	223,560	223,560	223,560	223,560
5	Investments	31,388,838	35,098,966	3,893,484	35,109,315
6	Property, Plant and Equipment	14,125,127	13,363,227	14,764,763	13,363,227
TOTAL ASSETS		49,213,244	52,086,294	22,195,460	51,934,577
LIABILITIES					
	Accrued and Other Payables	7,049,323	7,049,323	7,163,770	7,163,770
	Unclaimed Dividend	2,690,056	2,690,056	2,690,056	2,690,056
	Accrued Markup	6,838,712	6,838,712	4,434,053	4,434,053
	Payable to Directors & Sponsors	33,491,574	33,491,574	33,491,574	33,491,574
	Payable to associated company	25,245,350	25,245,350	23,785,350	23,785,350
7	Deferred liabilities	-	-	-	-
	Provision for taxation	-	-	-	-
TOTAL LIABILITIES		75,315,015	75,315,015	71,564,803	71,564,803
NET ASSETS		(26,101,771)	(23,228,721)	(49,369,343)	(19,630,226)
REPRESENTED BY:-					
Authorised 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	120,000,000	120,000,000	120,000,000	120,000,000
	Fair Value Reserve	39,613	39,613	56,261	56,261
	Accumulated Losses	(152,983,886)	(152,983,886)	(176,535,160)	(176,535,160)
	Share Holders' Equity	(32,944,273)	(32,944,273)	(56,478,899)	(56,478,899)
	Surplus on Revaluation of Property, Plant and Equipments	6,842,502	-	7,109,557	-
	Net Surplus on Estimated Realisable/Settlement Value	-	9,715,552	-	36,848,672
9	Contingencies & Commitments	-	-	-	-
		(26,101,771)	(23,228,721)	(49,369,343)	(19,630,226)

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 Period Ended March 31, 2019 (Un-Audited)

Notes	Nine Months Ended		Quarter Ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Rupees	Rupees	Rupees	Rupees
Sales - net	-	-	-	-
Cost of Sales	-	-	-	-
Gross Profit	-	-	-	-
Administrative Expenses	(1,714,928)	(2,669,491)	(668,729)	(515,259)
Other Operating Income	80	(24,484)	32	(25,578)
	(1,714,848)	(2,693,975)	(668,697)	(540,837)
	(1,714,848)	(2,693,975)	(668,697)	(540,837)
Other Operating Expenses	(91,500)	-	(60,000)	30,000
Finance Cost	(2,421,434)	(426,783)	(1,902,753)	(78,190)
	(4,227,782)	(3,120,758)	(2,631,450)	(589,027)
Reversal of Impairment on Long Term Investment	5.1	-	-	-
	(4,227,782)	53,014,467	(2,631,450)	(589,027)
Share of Profit / (Loss) of Associated Company	(796,939)	(86,140,766)	(423,482)	(160,634)
Profit / (Loss) before Taxation	(5,024,721)	(33,126,299)	(3,054,932)	(749,661)
Taxation				
-Current	-	-	-	-
-Share of Tax of Associated Company	1,053,999	(993,585)	117,906	42,192
	1,053,999	(993,585)	117,906	42,192
Profit / (Loss) after Taxation	(3,970,722)	(34,119,884)	(2,937,026)	(707,469)
Earnings per share	10	(0.33)	(2.84)	(0.24)
		(0.06)		

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 Period Ended March 31, 2019 (Un-Audited)

	Nine Month Ended		Quarter Ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	Rupees	Rupees	Rupees	Rupees
PROFIT / (LOSS) FOR THE PERIOD	(3,970,722)	(34,119,884)	(2,937,026)	(707,469)
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss				
Gain/ (loss) measurement of staff retirement benefit of associated companies	-	(426,894)	-	-
Items that may be reclassified subsequently to profit or loss:				
Unrealized gain / (loss) arising on remeasurement of available for sale investments of associated companies	162,929	(1,382,712)	(561,495)	(145,953)
Unrealized gain arising on remeasurement of available for sale investments	(16,648)	(24,007)	(1,299)	12,000
Other Comprehensive income for the period	146,281	(1,406,719)	(562,794)	(133,953)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(3,824,441)	(35,953,497)	(3,499,820)	(841,422)

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 Period Ended March 31, 2019 (Un-Audited)

CASH FLOWS FROM OPERATING ACTIVITIES

	Nine Months Ended	
	March 31, 2019	March 31, 2018
	Rupees	Rupees
Profit/ (Loss) before taxation	(5,024,721)	(33,126,299)
Adjustments for :		
Depreciation	639,637	463,758
Reversal of impairment on long term investment	-	(56,135,225)
Share of profit / (loss) of associated company	796,939	85,980,132
Interest income	(80)	-
Finance cost	2,421,434	348,593
	3,857,930	30,657,258
Operating Profit before Working Capital Changes	(1,166,791)	(2,469,041)

Changes in Working Capital

(Increase) / Decrease in Current Assets

Loans and Advances	(39,695)	-
Other Receivables	(140,094)	(166,731)
	(179,789)	(166,731)

Increase / (Decrease) in Current Liabilities

Trade and Other Payables	(114,447)	226,336
Changes in Working Capital	(294,236)	59,605

Cash Generated from / (used in) Operations	(1,461,028)	(2,409,436)
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Taxes paid	(27,407)	(26,519)
Finance Cost Paid	(16,775)	(2,453)
Net Cash Generated from / (Used in) Operating Activities	(1,505,210)	(2,438,408)

CASH FLOWS FROM INVESTING ACTIVITIES

Net Cash Generated from Investing Activities	-	-
Net Cash Flows Before Financing Activities	(1,505,210)	(2,438,408)

CASH FLOWS FROM FINANCING ACTIVITIES

Short Term Borrowings	1,460,000	1,636,855
Interest Income	80	-
Net Cash Flows From Financing Activities	1,460,080	1,636,855
Net Increase / (Decrease) in Cash & Cash Equivalents	(45,130)	(801,553)
Cash & Cash Equivalents at the Beginning	611,639	605,968

Cash & Cash Equivalents at the End	566,510	(195,585)
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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 Period Ended March 31, 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 2017	120,000,000	88,549	(117,545,859)	7,494,966	(117,457,310)		2,542,690	
Effect of items directly credited in equity by the associated companies	-	-	-	-	-	-	-	-
Incremental depreciation on surplus on revaluation of property, plant & equipment	-	-	289,058	(289,058)	289,058		289,058	289,058
Profit for the period	-	-	(34,119,884)	-	(34,119,884)		(34,119,884)	(34,119,884)
Other comprehensive income for the period	-	(24,007)	(1,809,606)	-	(1,833,613)		(1,833,613)	(1,833,613)
Total comprehensive income for the period	-	(24,007)	(35,929,490)	-	(35,953,497)		(35,953,497)	(35,953,497)
Balance as at 31 March 2018	120,000,000	64,542	(153,186,292)	7,205,908	(153,121,750)		(33,121,750)	
Balance as at 01 July 2018	120,000,000	56,261	(176,535,160)	7,109,556	(176,478,899)		(56,478,899)	
Effect of items directly credited in equity by the associated companies	-	-	27,092,013	-	27,092,013		27,092,013	27,092,013
Incremental depreciation on surplus on revaluation of property, plant & equipment	-	-	267,054	(267,054)	267,054		267,054	267,054
Profit for the period	-	-	(3,970,722)	-	(3,970,722)		(3,970,722)	(3,970,722)
Other comprehensive income for the period	-	(16,648)	162,929	-	146,281		146,281	146,281
Total comprehensive loss for the period	-	(16,648)	(3,807,793)	-	(3,824,441)		(3,824,441)	(3,824,441)
Balance as at 31 March 2018	120,000,000	39,613	(152,983,886)	6,842,502	(152,944,273)		(32,944,273)	

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 Period Ended March 31, 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 nine months period ended March 31, 2019, the company reported gross loss of Rupees =Nil. The company has accumulated losses and shareholders' equity Rupees 152.984 Million and Rupees (32.944) Million respectively as on March 31, 2019. During the half year Sales of company was Nil. Company remained closed for the six months. Management of the company had decided to go for delisting therefore all the employees were laid off in the year ended June 30, 2015. These factors have raised uncertainties that the company may not be able to continue as a going concern. Therefore these financial statements have been prepared on the basis of estimated realisable/ settlement values of assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in these financial statements have been presented in the order of liquidity.

3 BASIS OF PREPARATION

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

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

These condensed interim financial statements are un-audited and are submitted to the shareholders as required under Section 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.

Un-Audited	Audited
March 31, 2019	June 30, 2018
Rupees	Rupees

5 INVESTMENTS

Long term investment in associated company under equity method	5.1	31,339,040	3,827,038
Long term investment available for sale		49,798	66,446
		31,388,838	3,893,484



SHAFFI CHEMICAL INDUSTRIES LIMITED

5.1 Long term investment in associated company under equity method

Long term investment in associated company under equity method	31,339,040	3,827,038
Less: Impairment loss		
At the beginning of the period	-	56,135,225
Reversal of impairment loss during the period	-	(56,135,225)
Impairment loss for the period	-	-
At the end of the period	-	-
	31,339,040	3,827,038

6 PROPERTY, PLANT AND EQUIPMENT

Book value at the beginning of the period	14,764,763	15,692,279
Less: Depreciation charged during the period	6.1 (639,637)	(927,516)
	14,125,126	14,764,763

6.1 Allocation of Depreciation

Administrative Expenses	6.2 639,637	927,516
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7 DEFERRED INCOME TAX

	March-2019		
	Balance at the beginning of the period	Recognized in profit & loss account	Balance at the end of the period
Accelerated tax depreciation allowance	1,602,713	(294,019)	1,308,694
Surplus on revaluation of property, plant and equipment	1,592,867	(130,541)	1,462,326
Net temporary differences	3,195,580	(424,560)	2,771,020
Effect of accumulated tax losses	(5,574,940)	185,831	(5,389,109)
	(2,379,360)	(238,729)	(2,618,089)
Non-recognition of deferred tax asset	7.1 2,379,360	238,729	2,618,089
	-	-	-

7.1 Deferred tax asset of Rs. 2.618 million (2018: 2.379 million; 2017: 3.96 million) has not been recognised because the company is continuously sustaining losses and in the future years sufficient taxable profits will not be available against which they can be utilized.

8 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Number of shares		Un-Audited	Audited
March 31, 2019	June 30, 2018	March 31, 2019	June 30, 2018
		Rupees	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

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

	Nine Month Ended		Quarter Ended	
	Un-Audited March 31, 2019 Rupees	Un-Audited March 31, 2018 Rupees	Un-Audited March 31, 2019 Rupees	Un-Audited March 31, 2018 Rupees
Profit / (loss) after taxation	(3,970,722)	(34,119,884)	(2,937,026)	(707,469)
	Number of shares		Number of shares	
	12,000,000	12,000,000	12,000,000	12,000,000
Issued, Subscribed and Paid up Capital				
	Nine Month Ended		Quarter Ended	
	March 31, 2019 Rupees	March 31, 2018 Rupees	March 31, 2019 Rupees	March 31, 2018 Rupees
Earnings per share	(0.33)	(2.84)	(0.24)	(0.06)

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 March 31, 2019 Rupees in Millions	Audited June 30, 2018 Rupees in Millions
Loan from related party		
Capital Industrial Enterprises (Private) Limited	(25.245)	(4.475)
Mark-up on loan from related party		
Capital Industrial Enterprises (Private) Limited	(6.839)	(3.634)
Loan from Director	(33.492)	-

12 Figures have been rounded off to the nearest rupee.

13 These condensed set of interim financial information was authorised for issue on **April 26, 2019** by the board of directors of the Company.


Chief Executive


Chief Financial Officer


Director