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CORPORATE PROFILE

BOARD OF DIRECTORS

1.	Mr. Iftikhar Shaffi	Chief Executive	*(Executive)*
2.	Mr. Shariq Iftikhar	Director	*(Executive)*
3.	Mr. Bilal Ejaz	Director	*(Independent)*
4.	Mr. Muhammad Sameer	Director	*(Non-Executive)*
5.	Mr. Hashim Aslam Butt	Director	*(Non-Executive)*
6.	Mr. Zahoor Ahmad	Director	*(Non-Executive)*
7.	Mr. Mohib Hussain	Director	*(Non-Executive)*

COMPANY SECRETARY

- Mr Nazir Ahmed

AUDIT COMMITTEE

1.	Mr. Bilal Ejaz	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. Bilal Ejaz	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

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 Limiated

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

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 Saturday 31st October, 2015 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 minutes of the last Annual General Meeting held on 31st October, 2014.

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, 2015.

3. To appoint External Auditors for next financial year ending June 30, 2016 and to fix their remuneration. The retiring auditors being eligible, have offered themselves for reappointment. Audit Committee of the Board has also recommended for the re-appointment of M/s HLB Ijaz Tabussum & Co. Chartered Accountants, S-8, Ahmad Arcade, 161-Ferozpur Road, Lahore, as Auditors of the company for next financial year ending June 30, 2016.

4. To consider any other transactions with the permission of the chair.

BY ORDER OF THE BOARD

NAZIR AHMED
COMPANY SECRETARY

Lahore: 07-10-2015

Notes:

1. The share transfer books of the Company will remain closed from October 24, 2015 to October 31, 2015 (both days inclusive). Transfers received in order 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, 2015, 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 in order to be 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 will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by Securities & Exchange Commission of Pakistan.

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 Securities & Exchange Commission of Pakistan (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.

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, 2015.

FINANCIAL HIGHLIGHTS…2015

The financial results of the company are numerated below:

		(Rupees in Millions)
-	Sales-net	0.208
-	Gross Profit/(Loss)	-
-	Operating Expenses	(4.835)
-	Operating Profit / (Loss)	(4.835)
-	Profit/(Loss) before Taxation	(37.206)
-	Taxation	(7.952)
-	Profit/(Loss) after Taxation	(45.159)

YEAR IN REVIEW:

Net Sales during the year under review are Rs. 0.208 (M) as compared to Rs . 1.542 (M) during the pre ceding year. The main reason for reduction in sales was discontinuation of production activities and t he company sold the old stock of Lith only . So the Gross Profit/Loss is nil during the year as against G ross Loss of Rs. (0.588) million for the preceding year. Operating Profit/(Loss) is Rs. (4.835) million compared to Operating Profit/(Loss) of Rs. 3.641(M) of the preceding year . Profit/(Loss) after taxation is Rs. (45.159) million as against Profit/(Loss) after taxation of Rs. 33.685 (M) of the preceding year.

Reasons for the low productivity are that the prices of raw material & conversion cost have increased manifold so if the company continued its present Lith manufacturing business it would have been unable to even cover its manufacturing cost. Also our company has been reported in eCIB and due to this reason no financial institution was ready to provide financing facilities thus the company could not fulfill its working capital requirements. Therefore on the face of mult iple hurdles & crucial situation, the company has stopped all kind of manufacturing & trading activities and sold the old stock of lith only during the year under consideration. In view of this situation t he board of directors believes & desires not to deprive the members from a reasonable return and considering taking approval of the shareholders for closing down all manufacturing activities of the company and has decided to prepare & report annual financial statements on the assumption that the company is not a going concern.

As informed in the previous annual report that a n application/complaint was filed with the SECP in the year 2000 against illegal withdrawal of shares by First Capital ABN Amro 'Equities (Pak) Limited ' from our CDC sub account maintai ned with them. Regretfully the SECP since then has not taken any action against First Capital ABN Amro 'Equities (Pak) Limited'.

The Company thus has no option but to create a provision as doubtful recovery of that amount recoverable from First Capital ABN Amro 'Equities (Pak) Limited'. These provisions will be reversed after a positive action from SECP on our application/complaint filed in the year 2000 and recovery against account receivables.

With respect t o 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 30 th June, 201 5 is Rs. (3.76) compared to Rs. 2.81 per share for the preceding year.

PATTERN OF SHAREHOLDING:

Pattern of shareholding is annexed to this report.

BOARD MEETINGS:

Eight meetings of Board of Directors were he ld during the year ended June 30, 2015 and the attendance of the Directors is as follows:

S.#	Name	Position	Attendance
1.	Mr. Iftikhar Shaffi	Chief Executive	08
2.	Mr. Shariq Ifitkhar	Director	05
3.	Mr. Sohail Malik	Director	04
4.	Mr Muhammad Sameer	Director	04
5.	Mr. Hashim Aslam Butt	Director	08
6.	Mr Zahoor Ahmed	Director	08
7.	Mr Mohib Hussain	Director	07

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 audi t 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. The committee held five meetings during the year ended 30th June, 2014 as required by CCG.

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:

As informed earlier in the preceding year report that due to the remote area of Gadoon Amazai industrial estate it is very difficult for the company to cope with the daily increase in prices of raw material, power & fuel, salaries & wages and worst power crises resulting in higher input cost which slowed down the business activities and badly affected overall business & trade of the company has impacted its profitability. Therefore due to persistent recession, increase in the price of raw material and also because of adverse economic factors, the company without any incentive from the Government, is even unable to meet the manufacturing cost of goods & allied expenses.

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 and being eligible offered themselves for their re-appointment. The Audit Committee has also recommended for the appointment of M/s HLB Ijaz Tabussum & Co., Chartered Accountants as the statutory auditors of the Company for the financial year ending June 30, 2016. 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 set out in the Regulation No. 35 of Karachi and Lahore listing regulations 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.

QUALIFICATION OF AUDITORS REPORT:

- With respect to borrowing facilities from Allied Bank limited, the company has neither reviewed nor rescheduled because of the matter has been under litigation and pending before Honourable Lahore High Court Lahore. Hence auditor received no confirmation from said bank.

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:- 06th October, 2015

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.

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 listing regulations of Karachi and Lahore 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. At present the Board includes:

Category	Names
Executive Director	Mr. Iftikhar Shaffi Mr. Shariq Iftikhar
Independent Director	Mr. Bilal Ejaz
Non-Executive Directors	Mr. Muhammad Sameer Mr. Hashim Aslam Butt Mr. Zahoor Ahmad Mr. Mohib Hussain

The independent director meets the criteria of independence under clause i(b) of the 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 vacancy was accrued due to resignation of Mr. Sohail Malik and was duly filled with the appointment of Mr. Bilal Ejaz during the year.

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 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 Ordinance, 1984 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 a well known industrialist with vast and rich experience of about 40 years in managing large industrial units. Also the management of the company carries out orientation of director's education of Corporate Governance Leadership Skills (CGLS).

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 Code of Corporate Governance.

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 Institute of Chartered Accountants of Pakistan.

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 2015, to comply with the Listing Regulations of the respective Stock Exchanges , 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, 2015.

HLB IJAZ TABUSSUM & CO.
Chartered Accountants
Engagement Partner:
Muhammad Aslam Tabussum

Dated:
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, 2015 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. We have not received confirmation from Allied Bank of Pakistan Limited for short term borrowings amounting to Rs. 49,991,574/-
   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) 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) 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 give a true and fair view of the state of the company's affairs as at June 30, 2015 and of the loss, its comprehensive income, its cash flows and the changes in equity for the year then ended; 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:
Muhammad Aslam Tabussum (FCA)

Dated:
Place: Lahore

SHAFFI CHEMICAL INDUSTRIES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2015

ASSETS	Note	2015 (Audited) Book value	2015 (Audited) Estimated Realisable/ settlement value	2014 (Audited) Book value	2014 (Audited) Estimated Realisable/ settlement value
Cash and bank balances	3	539,246	539,246	647,799	647,799
Trade Debts	4	-	-	-	-
Loan and Advances	5	198,251	198,251	241,537	241,537
Other Receivables	6	1,452,942	1,377,764	1,435,731	1,360,553
Stock in trade	7	-	-	207,569	207,569
Security Deposits	8	223,560	223,560	223,560	223,560
Investments	9	40,671,283	38,398,910	56,301,364	56,301,364
Property, Plant and Equipment	10	67,721,087	61,977,019	73,482,532	61,977,019
TOTAL ASSETS		**110,806,369**	**102,714,750**	**132,540,092**	**120,959,400**
LIABILITIES					
Accrued and other payables	11	9,755,420	9,755,420	10,341,264	10,341,264
Accrued Markup	12	2,932,687	2,932,687	1,014,283	1,014,283
Borrowings	13	60,114,050	60,114,050	60,114,050	60,114,050
Employee benefit	14.1	-	-	307,092	307,092
Deferred income tax	14.2	-	-	-	-
Provision for taxation	15	2,076	2,076	59,795	59,795
TOTAL LIABILITIES		**72,804,233**	**72,804,233**	**71,836,485**	**71,836,485**
NET ASSETS		**38,002,137**	**29,910,518**	**60,703,607**	**49,122,916**
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	16	120,000,000	120,000,000	120,000,000	120,000,000
Fair Value Reserves		7,477	7,477	4,832	4,832
Accumulated Losses		(140,153,339)	(140,153,339)	(122,469,263)	(122,469,263)
Share Holders' Equity		(20,145,862)	(20,145,862)	(2,464,431)	(2,464,431)
Surplus on Revaluation of property, Plant and equipment	17	58,147,998	-	63,168,038	-
Net surplus on estimated realisable/settlement value		-	**50,056,379**	-	**51,587,347**
Contingencies & Commitments	18	-	**-**	-	**-**
		38,002,137	**29,910,518**	**60,703,607**	**49,122,916**

Chief Executive

Certified True Copy

SHAFFI CHEMICAL INDUSTRIES LTD.

Director

SHAFFI CHEMICAL INDUSTRIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales - net	19	207,565	1,542,050
Cost of Sales	20	(207,569)	(2,129,873)
Gross Profit / (Loss)		(4)	(587,823)
Operating Expenses			
Distribution Expenses	21	-	(68,726)
Administrative Expenses	22	(7,866,464)	(4,860,324)
Other Operating Income	23	3,031,380	9,157,857
		(4,835,084)	4,228,808
Operating Profit / (Loss)		(4,835,088)	3,640,985
Other Operating Expenses	24	(290,000)	(290,000)
		(5,125,088)	3,350,985
Finance Cost	25	(1,944,226)	(338,075)
		(7,069,314)	3,012,910
(Impairment)/Reversal of impairment on long term investment	9.1	(20,168,975)	36,976,093
		(27,238,289)	39,989,003
Share of Profit/ (Loss) from associated company	9.1	(9,967,920)	(7,139,603)
Profit / (loss) before Taxation		(37,206,209)	32,849,400
Taxation			
Taxation	26	(2,076)	(360,795)
Share of tax of associated company	9.1	(7,950,358)	1,196,518
		(7,952,434)	835,723
Profit / (loss) after Taxation		(45,158,643)	33,685,123
Earning/(loss) per Share	27	(3.76)	2.81

The annexed notes form an integral part of these financial statements.

Certified True Copy

SHAFFI CHEMICAL INDUSTRIES LTD.

Chief Executive **Director**

SHAFFI CHEMICAL INDUSTRIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
PROFIT / (LOSS) FOR THE YEAR		**(45,158,643)**	**33,685,123**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Gain/ (Loss) on remeasurement of staff retirement benefit		-	**1,505,118**
Items that may be reclassified subsequently to profit or loss:			
Unrealized gain / (loss) arising on remeasurement of available for sale investments of associated companies	**9.1**	1,120,863	(4,117,844)
Unrealized loss arising on remeasurement of available for sale investments	**9.2**	2,645	1,717
Other Comprehensive income for the period		**1,123,508**	**(4,116,127)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(44,035,135)**	**31,074,114**

The annexed notes form an integral part of these financial statements.

Chief Executive **Director**

SHAFFI CHEMICAL INDUSTRIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	28	369,736	(11,202,203)
Taxes paid		(59,795)	(357,325)
Finance cost paid		(25,822)	(707,658)
Gratuity paid / adjusted		(392,671)	(1,487,489)
Net Cash generated from operating activities		(108,553)	(13,754,675)
CASH FLOW FROM INVESTING ACTIVITIES			
Disposal of investment available for sale		-	9,340,000
Net Cash Generated from /(used in) Investing Activities		-	9,340,000
CASH FLOW FROM FINANCING ACTIVITIES			
Short Term Borrowings		-	14,780,000
Loan from Director		-	(11,250,764)
Net Cash generated from /(used in) financing activities		-	3,529,236
Net Increase / (Decrease) in Cash & Cash Equivalents		(108,553)	(885,439)
Cash & Cash Equivalents at the Beginning of the Year		647,799	1,533,238
Cash & Cash Equivalents at the End of the Year		539,246	647,799

The annexed notes form an integral part of these financial statements.

Chief Executive **Director**

SHAFFI CHEMICAL INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	SHARE CAPITAL	CAPITAL RESERVES	REVENUE RESERVES	TOTAL RESERVES	TOTAL EQUITY
		Fair Value Reserve	(Accumulated Loss) / Unappropriated Profit		
	---------- (Rupees) ----------				
Balance as at 01 July 2013	120,000,000	3,340,115	(153,663,082)	(150,322,967)	(30,322,967)
Effect of items directly credited in equity by the associated companies	-	-	(500,267)	(500,267)	(500,267)
Incremental depreciation on surplus on revaluation of property, plant & equipment	-	-	621,689	621,689	621,689
Transfer of fair reserve to unappropriated profit & loss on disposal of long term investment available for sale	-	(3,337,000)	-	(3,337,000)	(3,337,000)
Profit for the year	-	-	33,685,123	33,685,123	33,685,123
Other comprehensive income for the year	-	1,717	(2,612,726)	(2,611,009)	(2,611,009)
Total comprehensive loss for the year	-	1,717	31,072,397	31,074,114	31,074,114
Balance as at 30 June 2014	**120,000,000**	**4,832**	**(122,469,263)**	**(122,464,431)**	**(2,464,431)**
Balance as at 01 July 2014	120,000,000	4,832	(122,469,263)	(122,464,431)	(2,464,431)
Effect of items directly credited in equity by the associated companies	-	-	21,333,664	21,333,664	21,333,664
Incremental depreciation on surplus on revaluation of property, plant & equipment	-	-	5,020,040	5,020,040	5,020,040
Profit for the year	-	-	(45,158,643)	(45,158,643)	(45,158,643)
Other comprehensive income for the year	-	2,645	1,120,863	1,123,508	1,123,508
Total comprehensive loss for the year	-	2,645	(44,037,780)	(44,035,135)	(44,035,135)
Balance as at 30 June 2015	**120,000,000**	**7,477**	**(140,153,339)**	**(140,145,862)**	**(20,145,862)**

The annexed notes form an integral part of these financial statements.

Chief Executive **Director**

SHAFFI CHEMICAL INDUSTRIES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

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 produced Lith and Diltex Binder. The registered office of the company is situated at Gadoon Amazai, Industrial Estate, Swabi (Kyberpakhtoonkhwan).

1.2 GOING CONCERN ASSUMPTION

During the year ended June 30, 2015, the company reported gross loss of Rupees **=4**. The company has accumulated losses and shareholders' equity Rupees **140.153 Million** and Rupees **(20.146) Million** respectively as on June 30, 2015. During the year Sales of company have decreased from **1.542 Million** to **0.208 Million**. Company remained closed for 12 months. Management of the company has decided to go for delisting therefore all the employees are being laid off. 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

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take the precedence.

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 as disclosed in **note 14.1** to 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 equipments 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.

2.4 Changes / Amendments in Accounting Standards

2.4.1 The Company has adopted the following revised standards, amendments and interpretations of IFRSs which became effective for the current year:

IAS 19	Employee Benefits - (Amendment) - Defined Benefit Plans: Employees Contributions
IAS 32	Financial Instruments: Presentation - (Amendment) - Offsetting Financial Assets and Financial Liabilities
IAS 36	Impairment of Assets - (Amendment) - Recoverable Amount Disclosures for Non-Financial
IAS 39	Financial Instruments: Recognition and Measurement - (Amendment) - Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

Improvements to Accounting Standards Issued by the IASB

IFRS 2	Share Based Payments - Definitions of vesting conditions
IFRS 3	Business Combinations - Accounting for a contingent consideration in a business combination
IFRS 3	Business Combinations - Scope exceptions for joint ventures
IFRS 8	Operating Segments - Aggregation of operating segments
IFRS 8	Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets
IFRS 13	Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
IAS 16 and IAS 38	Property, Plant and Equipment and Intangible Assets - Revaluation method - proportionate restatement of accumulated depreciation/amortization
IAS 24	Related Party Disclosures - Key management personnel
IAS 40	Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above revisions and amendments to accounting standards and interpretations did not have any material effect on the financial statements.

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

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

		Effective date (annual periods beginning or after)
IFRS 10, IFRS 12 and IAS 27	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements - (Amendment) - Investment Entities	1st January 2015
IFRS 10, IFRS 12 and IAS 27	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements - (Amendment) - Investment Entities: Applying the Consolidation Exception	1st January 2016
IFRS 10 and IAS 28	Consolidated Financial Statements and Investment in Associates and Joint Ventures - (Amendment) - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1st January 2016
IFRS 11	Joint Arrangements	1st January 2015

IFRS 11	Joint Arrangements - (Amendment) - Accounting for Acquisition of Interest in Joint Operation	1st January 2016
IFRS 12	Disclosure of Interests in Other Entities	1st January 2015
IFRS 13	Fair Value Measurement	1st January 2015
IAS 1	Presentation of Financial Statements - (Amendment) - Disclosure Initiative	1st January 2016
IAS 16 and IAS 38	Property, Plant and Equipment and Intangible Assets - (Amendments) - Clarification of Acceptable Method of Depreciation and Amortization	1st January 2016
IAS 16 and IAS 41	Property, Plant and Equipment and Agriculture - (Amendments) - Agriculture: Bearer Plants	1st January 2016
IAS 27	Separate Financial Statements - (Amendments) - Equity Method in Separate Financial Statements	1st January 2016

The Company expects that the adoption of the above amendments and interpretations of the standards will not affect the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

		Effective date (annual periods beginning or after)
IFRS 09	Financial Instruments: Classification and Measurement	1st January 2018
IFRS 14	Regulatory Deferral Accounts	1st January 2016
IFRS 11	Revenue from Contracts with Customers	1st January 2018

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 10**.

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 al 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 conducted to calculate the actuarial present value of gratuity obligation as at June 30, 2014. The detail of the scheme are referred to i**note 14.1** to the financial statements.

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.

			2015 Rupees	2014 Rupees
3	**CASH & BANK BALANCES**			
	Cash in hand		86,185	170,186
	Cash at banks:			
	Current Accounts		453,061	477,613
			539,246	647,799
4	**TRADE DEBTS**			
	Considered Good- unsecured		-	-
	Considered Doubtful		12,888,847	15,190,273
			12,888,847	15,190,273
	Provision for Doubtful Debts		(12,888,847)	(15,190,273)
			-	-
	Provision against bad debts has been provided in the accounts against accounts receivable beyond a period of three years.			
	Upto 3 Months		-	-
	3 to 6 Months		-	-
	6 to 12 Months		-	-
	More than 1 Year		12,888,847	15,190,273
			12,888,847	15,190,273
5	**LOANS AND ADVANCES**			
	Advances : Considered good			
	Advance to employees		-	12,700
	Other Advances		2,740	7,849
	Advance income tax		195,511	220,988
			198,251	241,537
6	**OTHER RECEIVABLES**			
	Sales Tax Receivable		677,763	560,552
	Accrued Interest		75,178	75,178
	Receivables from First Capital ABN AMRO Equities (Pak) Ltd.	6.1	-	-
	Margin against Bank Guarantee (Sui Gas)		700,001	700,001
	Security Deposits - Suppliers		-	100,000
	Prepaid Expenses		-	-
			1,452,942	1,435,731
6.1	**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	6.2	(157,950,240)	(157,950,240)
	Amount Recovered		-	-
			(157,950,240)	(157,950,240)
	Cost of investment in Gadoon Textile Mills Limited		-	-
	Cost of investment in Sui Northern Gas Pipelines Limited		-	-
			-	-

6.2 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 in action on the part of Security and Exchange Commission of Pakistan the company has made a provision against doubtful debt.

7 STOCK IN TRADE

Raw Materials	-	1,637,264
Less: Provision for slow moving stock	-	(1,637,264)
	-	-
Finished Goods	-	207,569
	-	207,569

8 SECURITY DEPOSITS

	2015 Rupees	2014 Rupees
Utilities	70,760	70,760
Gas	127,800	127,800
Central Depositary Co. Ltd.	25,000	25,000
	223,560	223,560

9 INVESTMENTS

Investment in Associated Company - Equity Method	9.1	40,653,621	56,286,347
Investment Available for Sale	9.2	17,662	15,017
		40,671,283	56,301,364

9.1 Associated Company-Quoted Equity Method

Diamond Industries Limited.

1,422,450 fully paid ordinary shares of Rs.10 each
Equity held 15.80 % (2014: 15.80 %)
Market value as on June 30-2015, Rs. 40,653,621/-
(2014: Rs. 56,286,347/-)

Share in net assets at the end of the year	98,525,871	93,989,622
Less: Impairment loss at the end of the period	(57,872,250)	(37,703,275)
	40,653,621	56,286,347
Share in net assets at the beginning of the year	93,989,622	104,550,818
Add: Share in profit / (loss) before taxation	(9,967,920)	(7,139,603)
Share in taxation	(7,950,358)	1,196,518
Change in surplus on revaluation of fixed assets	19,706,087	(629,465)
Share of transfer from Surplus on revaluation of fixed assets on account of incremental depreciation	819,920	629,465
Effect of prior year adjustments/other adjustments	807,657	(516,752)
Share of gain/(loss) arising on measurement of available for sale investment	1,120,863	(4,117,844)
Other Items directly credited in changes in equity	-	16,485
	4,536,249	(10,561,196)
	98,525,871	93,989,622
Accumulated impairment loss at the beginning of the year	(37,703,275)	(74,679,368)
Impairment loss charged during the year	(20,168,975)	-
Reversal of impairment loss during the year	-	36,976,093
Net (impairment loss)/reversal for the year	(20,168,975)	36,976,093
Accumulated impairment loss at the end of the year	(57,872,250)	(37,703,275)
Share in net assets at the end of the year	40,653,621	56,286,347

9.1.1 **Summarized financial information of associated company**

Name of associated company	Audited / Un-audited	Assets	Liabilities	Net assets	Revenue	Profit / (Loss)
2015						
Diamond Industries Ltd	Un-Audited 31-03-15	1,065,122,487	441,738,297	623,384,190	461,305,721	(84,052,724)
2014						
Diamond Industries Ltd	Un-Audited 31-03-14	812,352,458	217,669,625	594,682,833	371,357,321	(15,501,706)

9.1.2 There was no significant transaction or event occurred in associated company between March 31, 2015 and June 30, 2015, therefore there is no need to take any adjustment.

9.2 Investment Available for Sale

		2015 Rupees	2014 Rupees
Gadoon Textile Mills Limited			
35,500 (2014: 35,500) Ordinary shares of Rupees 10 each		-	4,402,000
Add: Fair Value Adjustment	9.2.1	-	-
Less: Adjustment on Disposal		-	(4,402,000)
		-	**-**
Sui Northern Gas Pipelines			
663 (2014: 663) Ordinary shares of Rupees 10 each		15,017	13,300
Add: Fair Value Adjustment	9.2.1	2,645	1,717
		17,662	**15,017**

9.2.1 **Fair Value Adjustment**

	2015 Rupees	2014 Rupees
Opening Balance	4,832	3,340,115
Surplus on re-measurement of available for sale investment	2,645	1,717
	7,477	**3,341,832**
Adjustment on disposal of investment:		
Fair value reserve transferred to retained earnings	-	(3,337,000)
	7,477	**4,832**

10 **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 2013							
Cost	1,000,000	17,810,748	44,649,095	582,842	943,878	8,005,309	72,991,872
Accumulated depreciation	-	(9,331,646)	(35,191,814)	(488,472)	(782,146)	(7,791,197)	(53,585,275)
Net book value	1,000,000	8,479,102	9,457,281	94,370	161,732	214,112	19,406,597
Year ended 30 June 2014							
Opening net book value	1,000,000	8,479,102	9,457,281	94,370	161,732	214,112	19,406,597
Additions/Revaluation	-	22,023,603	33,490,447	-	-	-	55,514,050
Adjustment							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Disposal							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Depreciation charge	-	(423,955)	(945,728)	(9,437)	(16,173)	(42,822)	(1,438,115)
Closing net book value	1,000,000	30,078,750	42,002,000	84,933	145,559	171,290	73,482,532
As at 30 June 2014							
Cost	1,000,000	39,834,351	78,139,542	582,842	943,878	8,005,309	128,505,922
Accumulated depreciation	-	(9,755,601)	(36,137,542)	(497,909)	(798,319)	(7,834,019)	(55,023,390)
Net book value	1,000,000	30,078,750	42,002,000	84,933	145,559	171,290	73,482,532
As at 01 July 2014							
Cost	1,000,000	39,834,351	78,139,542	582,842	943,878	8,005,309	128,505,922
Accumulated depreciation	-	(9,755,601)	(36,137,542)	(497,909)	(798,319)	(7,834,019)	(55,023,390)
Net book value	1,000,000	30,078,750	42,002,000	84,933	145,559	171,290	73,482,532
Year ended 30 June 2015							
Opening net book value	1,000,000	30,078,750	42,002,000	84,933	145,559	171,290	73,482,532
Additions/Revaluation	-	-	-	-	-	-	-
Adjustment							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Disposal							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Depreciation charge	-	(1,503,938)	(4,200,200)	(8,493)	(14,556)	(34,258)	(5,761,445)
Closing net book value	1,000,000	28,574,812	37,801,800	76,440	131,003	137,032	67,721,087
As at 30 June 2015							
Cost	1,000,000	39,834,351	78,139,542	582,842	943,878	8,005,309	128,505,922
Accumulated depreciation	-	(11,259,539)	(40,337,742)	(506,402)	(812,875)	(7,868,277)	(60,784,835)
Net book value	1,000,000	28,574,812	37,801,800	76,440	131,003	137,032	67,721,087
Annual rate of depreciation	-	5%	10%	10%	10%	20%	

10.1 Building and Plant & Machinery were revalued by RBS ASSOCIATES (Private) Limited as on June 28, 2014on the basis of Current replacement values. Previously, it was revalued by M/S Dimen Associates (Pvt.) Ltd. on April 15 , 2003.

If there had been no revaluation, the cost, accumulated depreciation and book value of the revalued assets at June 30, 2015 would have been as follows:

	2015			2014		
Particulars	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**	6,635,423	**3,936,287**	**10,571,710**	6,428,250	**4,143,460**
Plant and Machinery	**31,398,708**	27,106,381	**4,292,327**	**31,398,708**	26,629,456	**4,769,252**
R u p e e s	**41,970,418**	**33,741,804**	**8,228,614**	**41,970,418**	**33,057,706**	**8,912,712**

10.2 The depreciation charged for the year has been allocated as follows:

	2015 Rupees	2014 Rupees
Cost of sales	-	456,561
Administrative expenses	5,761,445	981,554
	5,761,445	1,438,115

10.3 Realisable value of property, plant and equipment as on June 30, 2015 is Rupees 61,977,019/- (2014: 61,977,019/-)

			2015 Rupees	2014 Rupees
11	**Trade and Other Payables**			
	Unsecured :			
	Trade creditors and other payables		**462,841**	**445,189**
	Other Liabilities		**7,523**	**4,549**
	Accrued Expenses		**75,480**	**681,951**
	Payable to sponsors and associates		**6,519,520**	**6,519,520**
	Unclaimed Dividend		**2,690,056**	**2,690,056**
			9,755,420	**10,341,264**
12	**ACCRUED INTEREST ON BORROWINGS**			
	Accrued Interest on Borrowings		**2,932,687**	**1,014,283**
13	**SHORT TERM BORROWINGS**			
	From Banking Companies - Secured	13.1	45,334,050	45,334,050
	From Associated Companies - Un-Secured	13.2	14,780,000	14,780,000
			60,114,050	**60,114,050**
13.1	**From Banking Companies - Secured**			
	Running Finance		**49,991,574**	**49,991,574**
	Mark up paid to Allied Bank Ltd.(under protest)		**(4,657,524)**	**(4,657,524)**
			45,334,050	**45,334,050**

These finances were available from Allied Bank Limited under mark-up arrangements amounting to Rs. 100 Million (2014: Rs. 100 Million). Markup is payable quarterly at the rates ranging from paisas 19 to paisas 27 per Rs. 1,000 per day.(2014: paisas 19 to paisas 27 per Rs. 1,000 per day.)

Additionallythe Company have the facilities for opening of letters of credit amounting to Rs. 30 million (2014: 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.

13.2	**From Related Parties - Un-Secured**		**14,780,000**	**14,780,000**

This Represents the short term unsecured loan received from related party. This Carries Markup rate 3 Months Kibor+2.5% with floor of 13% and no cap.

14.1	**Gratuity**			
	The amounts recognized in the financial statements are determined as follows:-	14.1.1	**-**	**307,092**
14.1.1	**Reconciliation of Amounts recognized in the balance sheet**			
	Present value of unfunded defined benefit obligation		**-**	**307,092**
	Add: Benefits payables (i.e. Benefits due but not paid)		**-**	**-**
	Less: Actuarial gains / (losses) to be charged in later periods		**-**	**-**
	Liability in the Balance Sheet		**-**	**307,092**
	The amounts recognized in the profit and loss account are as follows:-			
	Current service cost/provision for the year		**55,387**	**964,574**
	Interest cost		**30,192**	**191,168**
	Actuarial gain recognized		**-**	**-**
	Total included in salaries benefits		**85,579**	**1,155,742**
	Movement in liability recognized in the balance sheet			

Present value of defined benefit obligation at the beginning of the year	307,092	2,143,958
Current service cost	55,387	964,574
Interest cost for the year	30,192	191,168
Liability transferred to Associated Companies	-	(840,864)
Benefits due but not paid (payables)	-	-
Benefits paid during the year	(392,671)	(646,625)
Gains and losses arising on plan settlements	-	-
Remeasurements:		
Actuarial (gains)/losses from changes in demographic assumptions	-	-
Total included in salaries benefits	85,579	1,155,742

Movement in liability recognized in the balance sheet	2015 Rupees	2014 Rupees
Present value of defined benefit obligation at the beginning of the year	307,092	2,143,958
Current service cost	55,387	964,574
Interest cost for the year	30,192	191,168
Liability transferred to Associated Companies	-	(840,864)
Benefits due but not paid (payables)	-	-
Benefits paid during the year	(392,671)	(646,625)
Gains and losses arising on plan settlements	-	-
Remeasurements:		
Actuarial (gains)/losses from changes in demographic assumptions	-	-
Actuarial (gains)/losses from changes in financial assumptions	-	-
Experience adjustments	-	(1,505,118)
Present value of unfunded defined benefit obligation	-	307,092

Changes in Net Liability		
Liability recognized in the balance sheet at the beginning of the year	307,092	2,403,512
Expenses chargeable to	85,579	1,155,742
Remeasurements chargeable in other comprehensive income	-	(1,505,118)
Liability transferred to associated companies	-	(1,100,418)
Benefits paid	(392,671)	(646,625)
Benefits payable transferred to short term liability	-	-
Liability recognized in the balance sheet at the year end	-	307,092

The principal actuarial assumptions used were as follows

Discount rate used for Interest Cost in P & L Charged	N/A	10.50% per annum
Discount rate used for year end obligation	N/A	13.25% per annum
Salary increase used for year end obligation		
Salary Increase FY2014	N/A	N/A
Salary Increase FY2015	N/A	12.25% per annum
Salary Increase FY2016	N/A	12.25% per annum
Salary Increase FY2017	N/A	12.25% per annum
Salary Increase FY2018	N/A	12.25% per annum
Salary Increase FY2019	N/A	12.25% per annum
Salary Increase FY2020 onward	N/A	12.25% per annum
Next salary is increased at	N/A	01-Mar-2015
Mortality Rates	N/A	SLIC 2001-2005
	N/A	Set back 1 Year
Withdrawal Rates	N/A	Age-Based
Retirement Assumption	N/A	60 years

Year end Sensitivity Analysis (+-100 bps) on defined benefit obligation		2013-14
Discount Rate +100 bps	N/A	303,711
Discount Rate +100 bps	N/A	311,118
Salary Increase +100 bps	N/A	310,992
Salary Increase -100 bps	N/A	303,771

14.2 Provision for Deferred Taxation

		2015		
		Balance at the beginning of the year	Recognized in profit & loss account	Balance at end of the year
Deferred taxation liability comprises as follows :				
Taxable temporary differences				
Accelerated tax depreciation allowance		20,158,556	(18,850,457)	1,308,099
Surplus arising on revaluation of property, plant and equipment		2,685,112	16,503,727	19,188,839
		22,843,668	(2,346,730)	20,496,938
Deductible temporary differences				
Provision for doubtful debts		(5,164,693)	911,374	(4,253,319)
Provision for slow moving stock		(556,670)	556,670	-
Provision for gratuity		(104,411)	104,411	-
		(5,825,774)	1,572,455	(4,253,319)
Net temporary differences		17,017,894	(774,275)	16,243,619
Effect of accumulated tax losses		(66,698,051)	291,186	(66,406,865)
		(49,680,157)	(483,090)	(50,163,247)
Non recognition of Deferred tax asset	14.2.1	49,680,157	483,090	50,163,247
		-	-	-

		2014		
		Balance at the beginning of the year	Recognized in profit & loss account	Balance at end of the year
Deferred taxation liability comprises as follows :				
Taxable temporary differences				
Accelerated tax depreciation allowance		1,414,415	18,744,141	20,158,556
Surplus arising on revaluation of property, plant and equipment		2,896,487	(211,375)	2,685,112
		4,310,902	18,532,766	22,843,668
Deductible temporary differences				
Provision for doubtful debts		(5,229,690)	64,997	(5,164,693)
Provision for slow moving stock		(268,095)	(288,575)	(556,670)
Provision for gratuity		(750,385)	645,974	(104,411)
		(6,248,170)	422,396	(5,825,774)
Net temporary differences		(1,937,268)	18,955,162	17,017,894
Effect of accumulated tax losses		(67,055,112)	357,061	(66,698,051)
		(68,992,381)	19,312,224	(49,680,157)
Non recognition of Deferred tax asset	14.2.1	68,992,381	(19,312,224)	49,680,157
		-	-	-

14.2.1 Deferred tax asset of Rs. 50.163 million (2014: 49.680 million; 2013: 68.992 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.

15 PROVISION FOR TAXATION

Opening Balance	59,795	56,325
Taxation for the year	2,076	360,795
Paid / Adjusted against advance income tax	(59,795)	(357,325)
	2,076	59,795

15.1 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.

15.2 The appeals of the Income Tax Department are pending before Income Tax Appellate Tribunal, Lahore for the years 2010 & 2011. These appeals are against Orders of Commissioner Inland Revenue (Appeals) wherein Orders 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 is Rs. 4.8 million.

16 ISSUED, SUBSCRIBED & PAID UP CAPITAL

2015	2014		2015	2014
Number of shares			Rupees	Rupees
12,000,000	12,000,000	Ordinary shares of Rupees 10 each fully paid up in cash	120,000,000	120,000,000
12,000,000	12,000,000		120,000,000	120,000,000

16.1 **4,336,242** (2014 : 4,336,242 Nos.) Ordinary shares of Rs 10/- each were held by Associated companies at the year end. Detail is as follows:

	2015	2014
	Nos.	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

17 SURPLUS ON REVALUATION OF FIXED ASSETS

		2015	2014
		Rupees	Rupees
Surplus on Buildings			
Opening balance		29,262,641	7,239,038
Add: Revaluation during the year	17.1	-	22,023,603
Total revaluation surplus on building		29,262,641	29,262,641
Less: Incremental depreciation charged in previous years		3,327,351	3,121,473
Less: Incremental depreciation charged in current years		1,296,765	205,878
		4,624,116	3,327,351
Revaluation surplus on building net off incremental depreciation		24,638,525	25,935,290
Surplus on Plant and Machinery			
Opening balance		46,740,834	13,250,387
Add: Revaluation during the year	17.1	-	33,490,447
Total revaluation surplus on plant and machinery		46,740,834	46,740,834
Less: Incremental depreciation charged in previous years		9,508,086	9,092,275
Less: Incremental depreciation charged in current years		3,723,275	415,811
		13,231,361	9,508,086
Revaluation surplus on plant and machinery net off incremental depreciation		33,509,473	37,232,748
Closing balance		58,147,998	63,168,038

17.1 Building and Plant & Machinery were revalue RBS Associates (Pvt.) Ltd. as on June 28, 2014. Previously it was revalued by M/S Dimen Associates (Pvt.) Ltd. on April 15 , 2003 on the basis of current replacement values. Revaluation surplus was credited to surplus on revaluation of Fixed Assets account.

18 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 Dhadhi 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. ABL Vs Shaffi Chemical etc(C.O.S. 25/2005)

Allied Bank Limited filed a Suit for Recovery of Rs.96,709,921.19 against the company before Lahore High Court, Lahore. The Honorable Court passed an order for interim decree of Rs.37,689,574/- against the company and granted Leave to appear and defend the suit vide order dated 3-3-2008. Later on, the bank filed an application before Honorable Court and offered to forego its remaining claim beyond interim decree and prayed that the cost of fund be allowed. The said application was vigorously contested by filing written reply. The Honorable Court vide order dated 16.06.2015 accepted the application of the plaintiff bank and allowed the claim of cost of fund. The Company is preparing the said order only to the extent of Cost of Funds.

b. ABL Vs Shaffi Chemicals (Execution Petition)

An execution arising out of the referred interim decree is also pending before the Lahore High Court, Lahore. Now, the proceedings of the case are fixed for arguments on a proposal filed by the company.

c. 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. 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 is still pending adjudication before the court.

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.

			2015 Rupees	2014 Rupees
19	**SALES**			
	Sales		**242,851**	**1,819,621**
	Less: Sales Tax		**(35,286)**	**(277,570)**
			207,565	**1,542,050**
20	**COST OF SALES**			
	Raw Material Consumed	20.1	**-**	**735,812**
	Salaries, Wages & Benefits	20.2	**-**	**796,834**
	Fuel & Power		**-**	**143,136**
	Repair & Maintenance		**-**	**10,652**
	Gas & Water Charges		**-**	**68,282**
	Misc. Expenses		**-**	**33,178**
	Depreciation	10.2	**-**	**456,561**
			-	**2,244,455**
	Add : Finished Goods-Opening		**207,569**	**92,987**
			207,569	**2,337,442**
	Less : Finished Goods-Closing		**-**	**(207,569)**
			207,569	**2,129,873**
20.1	**RAW MATERIAL CONSUMED**			
	Opening Stock		**1,637,264**	**1,833,076**
	Purchases		**-**	**540,000**
	Raw Material Sold off	20.3	**(1,637,264)**	**-**
			-	**2,373,076**
	Closing Stock		**-**	**(1,637,264)**
			-	**735,812**

20.2 This includes gratuity amounting to Rs. Nil/- (2014: Rs. 288,935/-)

20.3 The slow moving raw material stock has been sold off at net realisable value.

21	**DISTRIBUTION COST**			
	Salaries, Wages & Benefits	21.1	**-**	**-**
	Travelling & Conveyance		**-**	**2,360**
	Freight & Forwarding		**-**	**16,500**
	Miscellaneous Expenses		**-**	**49,866**
			-	**68,726**

21.1 This includes gratuity amounting to Rs. Nil/- (2014: Rs. Nil/-)

22	**ADMINISTRATIVE EXPENSES**			
	Salaries, Wages & Benefits	22.1	**609,488**	**1,762,770**
	Communications		**56,261**	**66,385**
	Travelling and Conveyance		**21,150**	**38,313**
	Fees & Taxes		**195,583**	**191,264**
	Legal & Professional Charges		**105,000**	**80,000**
	Utilities		**769,741**	**398,542**
	Provision for Slow Moving Stock		**-**	**871,278**
	Provision for Bad Debts		**-**	**248,302**
	Miscellaneous		**347,796**	**221,916**
	Depreciation	10.2	**5,761,445**	**981,554**
			7,866,464	**4,860,324**

22.1 This includes gratuity amounting to Rs. 85,578/- (2014: 866,807/-)

22.2 The manufacturing expenses reclassified as administrative expenses are disclosed in **Note 33**

23	**OTHER OPERATING INCOME**		
	Provisions written back	**3,938,690**	**-**
	Loss on disposal of slow moving stock	**(1,462,343)**	**-**
	Liabilities written off	**552,912**	**431,714**
	Interest Income	**2,121**	**7,393**
	Dividend Income	**-**	**443,750**
	Gain on Disposal of Long Term Investment	**-**	**8,275,000**
		3,031,380	**9,157,857**

			2015 Rupees	2014 Rupees
24	**OTHER OPERATING EXPENSES**			
	Auditors' Remuneration	24.1	**290,000**	**290,000**
			290,000	**290,000**
24.1	**Auditors' Remuneration**			
	Audit Fee		**250,000**	**250,000**
	Out of pocket		**10,000**	**10,000**
	Half yearly review		**30,000**	**30,000**
			290,000	**290,000**
25	**FINANCE COST**			
	Markup on Short Term Loans		**1,918,404**	**318,283**
	Bank Charges		**25,822**	**19,792**
			1,944,226	**338,075**
26	**TAXATION**			
	Current tax for the year	26.1	**2,076**	**59,795**
	Tax for prior periods		**-**	**301,000**
	Share of Tax of associated company		**7,950,358**	**(1,196,518)**
			7,952,434	**(835,723)**

26.1 Due to carry forward tax losses, tax liability computed under normal tax regime and alternative corporate taxation is less than tax liability under section 113 of the Income Tax Ordinance, 2001, therefore tax provision under section 113 of the Ordinance has been provided. The tax liability on dividend under FTR has also been provided for.

26.2 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 made income tax provision under section 113 of Income Tax Ordinance 2001.

27	**EARNING/ (LOSS) PER SHARE-BASIC**		**2015**	**2014**
	(Loss) for the year after taxation	(Rupees)	**(45,158,643)**	**33,685,123**
	Average No. of ordinary shares	(Numbers)	**12,000,000**	**12,000,000**
			(3.76)	**2.81**

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.

28	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		**(37,206,209)**	**32,849,400**
	Adjustments for:			
	Depreciation on property, plant and equipment		**5,761,445**	**1,438,115**
	Impairment/(Reversal) of impairment on long term investment		**20,168,975**	**(36,976,093)**
	Liabilities written off		**-**	**(431,714)**
	Gain on disposal of long term investment available for sale		**-**	**(8,275,000)**
	Share of profit/(loss) of associated company		**9,967,920**	**7,139,603**
	Provision for bad debts		**-**	**248,302**
	Provision for gratuity		**85,579**	**1,155,742**
	Provision for slow moving stock		**-**	**871,278**
	Finance cost		**1,944,226**	**338,075**
	Working capital changes	28.1	**(352,200)**	**(9,559,911)**
			37,575,945	**(44,051,604)**
			369,736	**(11,202,204)**

28.1 Working Capital Changes

(Increase) / Decrease in Current Assets		
Stock in Trade	**207,569**	**952,508**
Trade Debtors	**-**	**1,988,399**
Loans and Advances	**43,286**	**172,889**
Other Receivables	**(17,211)**	**72,540**
	233,644	**3,186,336**
Increase / (Decrease) in Current Liabilities		
Trade and Other Payables	**(585,844)**	**(12,746,247)**
Changes in Working Capital	**(352,200)**	**(9,559,911)**

29 FINANCIAL RISK MANAGEMENT

29.1 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.

29.1.1 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 29.4** 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:

	2015 Rupees	2014 Rupees
Floating rate instruments		
Financial liabilities		
Short Term Borrowings - Secured	60,114,050	60,114,050

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.

29.1.2 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:

	2015	2014
	Rupees	Rupees
Long Term Deposits	223,560	223,560
Loans and Advances	198,251	241,537
Other Receivables	1,452,942	1,435,731
Cash and Bank Balances	539,246	647,799
	2,413,999	2,548,627

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			2015	2014
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	76,236	89,107
Allied Bank Limited	A1+	AA+	PACRA	4,616	108,806
Silk Bank	A-2	A-	JCR-VIS	366,447	273,756
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	-	182
Askari Bank Limited	A-1+	AA	JCR-VIS	2,094	2,094
Bank Alfalah Limited	A1+	AA	PACRA	970	970
Summit Bank	A-1	A	JCR-VIS	2,698	2,698
				453,061	477,613

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in **Note 4.**

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 2015

	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	14,780,000	14,780,000	-	-	-	14,780,000
Trade and Other Payables	9,755,420	9,755,420	9,755,420	-	-	-
	24,535,420	**24,535,420**	**9,755,420**	**-**	**-**	**14,780,000**

Contractual maturities of financial liabilities as at 30 June 2014

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
			(Rupees)			
Non-derivative financial liabilities:						
Long Term Loan	14,780,000	14,780,000	-	-	-	14,780,000
Employee Benefit	307,092	307,092	-	-	-	307,092
Trade and Other Payables	10,341,264	10,341,264	10,341,264	-	-	-
	25,428,356	**25,428,356**	**10,341,264**	**-**	**-**	**15,087,092**

29.2 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:

29.3 Financial instruments by categories

	Loans and receivables	Available for sale	Total
	Rupees	Rupees	Rupees
As at 30 June 2015			
Assets as per balance sheet			
Long Term Deposits	223,560	-	223,560
Loans and Advances	198,251	-	198,251
Other Receivables	1,452,942	-	1,452,942
Bank Balances	453,061	-	453,061
	2,327,814	-	2,327,814

	Financial liabilities at amortized cost
	Rupees
Liabilities as per balance sheet	
Long Term Loan from related party	14,780,000
Mark-up on loan from related party	2,236,687
Trade and other payables	9,755,420
	26,772,107

	Loans and receivables	Available for sale	Total
	Rupees	Rupees	Rupees
As at 30 June 2014			
Assets as per balance sheet			
Long Term Deposits	223,560	-	223,560
Loans and Advances	241,537	-	241,537
Other Receivables	1,435,731	-	1,435,731
Bank Balances	477,613	-	477,613
	2,378,441	**-**	**2,378,441**

	Financial liabilities at amortized cost
	Rupees
Liabilities as per balance sheet	
Long Term Loan from related party	14,780,000
Mark-up on loan from related party	318,283
Gratuity payable	307,092
Trade and other payables	10,341,264
	25,746,639

29.4 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	**60,114,050**	**60,114,050**
Cash and bank balances	**(539,246)**	**(647,799)**
	59,574,804	**59,466,251**
Total equity	**38,002,137**	**60,703,607**
	97,576,940	**120,169,858**
Gearing ratio	**156.77%**	**97.96%**

30 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:

	2015 Rupees	2014 Rupees
Remuneration	10,000	10,000

31 NUMBER OF EMPLOYEES

Number of employees as at year end	Nil	3

	2015	2014
32 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)	-	15

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

	Rupees	Rupees
33 RECLASSIFICATION OF EXPENSES		
The following manufacturing expenses are reclassified as administrative expenses:		
Salaries, Wages & Other Benefits	489,488	392,677
Utilities	769,741	398,542
Insurance Expenses	11,517	7,701
Telephone Expenses	4,036	4,554
Fee & Taxes	-	9,101
Miscellaneous	490	-
Depreciation	5,704,138	913,122
	6,979,410	1,725,697

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

34 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:

	2015 (Rupees in Million)	2014 (Rupees in Million)
Sales		
Diamond Products (Private) Limited	(0.243)	-
Symbol Industries (Private) Limited	(0.205)	-
Other Payables		
Capital Industrial Enterprises (Private) Limited	-	(0.011)
Loan from Related Party		
Capital Industrial Enterprises (Private) Limited	(14.780)	(14.780)
Mark-up on loan from Related Party		
Capital Industrial Enterprises (Private) Limited	(2.237)	(0.318)

35 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **October 06, 2015** by the board of directors of the company.

36 CORRESPONDING FIGURES

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

37 GENERAL

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

Chief Executive **Director**

Operating Highlights

(Rupees ' 000)

		2010	2011	2012	2013	2014	2015
KEY INDICATORS							
OPERATING							
GROSS MARGIN	%	28.5586	31.9528	2.9535	(23.2415)	(38.1196)	(0.0019)
OPERATING MARGIN	%	2.3576	(397.5915)	(22.4074)	(42.8090)	236.1133	(2,329.4332)
PRE TAX MARGIN	%	12.1637	(399.6529)	(102.1416)	(644.6373)	2,130.2421	(17,925.0880)
NET MARGIN	%	11.6637	(400.0023)	(102.9892)	(658.0394)	2,184.4376	(21,756.3860)
PERFORMANCE							
RETURN ON ASSETS	%	4.7147	(121.3865)	(0.0112)	(0.1225)	0.0254	(0.0408)
ASSETS TURNOVER	Times	0.4042	0.3035	0.0108	0.0002	0.0000	0.0000
FIXED ASSETS TURNOVER	Times	5.5576	1.8767	0.6704	0.5805	0.0210	0.0031
INVENTORY TURNOVER	Times	30.4210	21.0261	3.3907	3.9088	3.1147	2.0000
RETURN ON EQUITY	%	7.0198	(300.3487)	(39.4247)	244.4608	(1,366.8519)	224.1584
RETURN ON CAPITAL EMPLOYED	%	5.9900	(245.3276)	(23.4121)	137.4852	(25.9101)	41.5764
LEVERAGE							
DEBT : EQUITY	Times	0.4900	1.4745	1.2380	(2.5665)	0.9903	1.5819
LIQUIDITY							
CURRENT	Times	2.9578	0.2484	0.5053	0.2770	0.2219	0.1726
QUICK	Times	2.9500	0.2187	0.2745	0.2284	0.2037	0.1726
VALUATION							
EARNING PER SHARE (PRE TAX)	Rs.	1.3876	(14.2014)	(1.1975)	(6.0515)	0.0027	(0.0031)
EARNING PER SHARE (AFTER TAX)	Rs.	1.3306	(14.2137)	(1.2075)	(6.1773)	0.0028	(0.0038)
BREAK UP VALUE	Rs.	18.9500	4.7325	4.0715	(0.0025)	(0.0002)	(0.0017)
HISTORICAL TRENDS							
TRADING RESULTS							
TURNOVER	Rs.	136,894	42,641	14,069	11,265	1,542	208
GROSS PROFIT / (LOSS)	Rs.	39,095	13,625	416	(2,618)	(588)	(0.004)
OPERATING PROFIT / (LOSS)	Rs.	3,227	(169,537)	(3,152)	(4,822)	3,641	(4,835)
PROFIT/(LOSS) BEFORE TAX	Rs.	16,651	(170,416)	(14,370)	(72,618)	32,849	(37,206)
PROFIT/(LOSS) AFTER TAX	Rs.	15,967	(170,565)	(14,490)	(74,128)	33,685	(45,159)
FINANCIAL POSITION							
SHAREHOLDERS' FUNDS	Rs.	227,457	56,789	36,752	(30,323)	(2,464)	(20,146)
PROPERY, PLANT & EQUIPMENT	Rs.	24,632	22,722	20,986	19,407	73,483	67,721
NET CURRENT ASSETS	Rs.	141,306	(88,651)	(12,744)	(17,235)	(8,883)	(10,500)
LONG TERM ASSETS	Rs.	125,183	122,877	116,854	53,917	130,007	108,616
LONG TERM LIABILITIES	Rs.	37,940	12,735	58,403	58,729	60,421	60,114

FORM 34

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

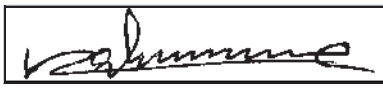
1. Incorporation Number **B-01398**

2. Name of the Company **SHAFFI CHEMICAL INDUSTRIES LIMITED**

3. Pattern of holding of the shares held by the shareholders as at **30-06-2015**

	------Shareholding------		
4. No. of Shareholders	**From**	**To**	**Total Shares Held**
295	1	100	22,281
316	101	500	150,740
83	501	1000	80,446
136	1001	5000	414,976
51	5001	10000	414,776
11	10001	15000	140,746
5	15001	20000	95,000
4	20001	25000	90,002
1	30001	35000	32,000
2	35001	40000	79,000
1	40001	45000	42,000
1	45001	50000	47,000
2	50001	55000	102,000
1	55001	60000	60,000
1	75001	80000	79,500
1	80001	85000	83,500
2	90001	95000	185,723
3	95001	100000	300,000
1	125001	130000	130,000
1	145001	150000	150,000
1	175001	180000	176,000
1	195001	200000	198,000
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	695001	700000	700,000
1	750001	755000	752,300
1	1305001	1310000	1,306,000
1	3650001	3655000	3,654,240
930			12,000,000

5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor childern	3,304,250	27.5354%
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	5,060,240	42.1687%
5.8 General Public	4,193,473	34.9456%
5.9 Others (to be specified) **Joint Stock Companies**	165,535	1.3795%

6. Signature of Company Secretary	
7. Name of Signatory	NAZIR AHMED
8. Designation	Company Secretary
9. NIC Number	35202-0733525-5
10 Date	30 / 06 / 2015

SHAFFI CHEMICAL INDUSTRIES LIMITED
Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2015

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. SHARIQ IFTIKHAR	1,306,000	10.8833
3	MR. MUHAMMAD SAMEER	500	0.0042
4	MR. HASHIM ASLAM BUTT	500	0.0042
5	MR. ZAHOOR AHMAD	500	0.0042
6	MR. MOHIB HUSSAIN	500	0.0042
7	MR. BILAL IJAZ	1,800	0.0150
8	MRS. SEEMA IFTIKHAR W/O MR. IFTIKHAR A SHAFFI	394,500	3.2875
9	MRS. ASMA SHARIQ W/O MR. SHARIQ IFTIKHAR	700,000	5.8333
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	1,306,000	10.8833
3	MR. IFTIKHAR A. SHAFFI	899,950	7.4996
4	MR. MUBASHAR IFTIKHAR	752,300	6.2692
5	MRS. ASMA SHARIQ W/O MR. SHARIQ IFTIKHAR	700,000	5.8333

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:

NIL

FORM OF PROXY

SHAFFI CHEMICAL INDUSTRIES LIMITED

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 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 Saturday 31st October, 2015 at 10:00 a.m. and any adjournment thereof.

As witnessed given under my/our hand(s) _____ day of _____ 2015.

1) Witness:

Signature _____
Name _____
_____

Signature of Member
Address _____

_____ _____

2) Witness:
Signature _____ Shares Held _____
Name _____ Shareholder's Folio No._____
Address _____ CDC A/c No. _____
_____ CNIC No. _____

Note :

- Proxies, in order to be effective, must be received at the Company's Regist rar 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 bene ficial owners and the proxy s hall 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 submitte d (unless it has been provided earlier) along with proxy form to the Company.