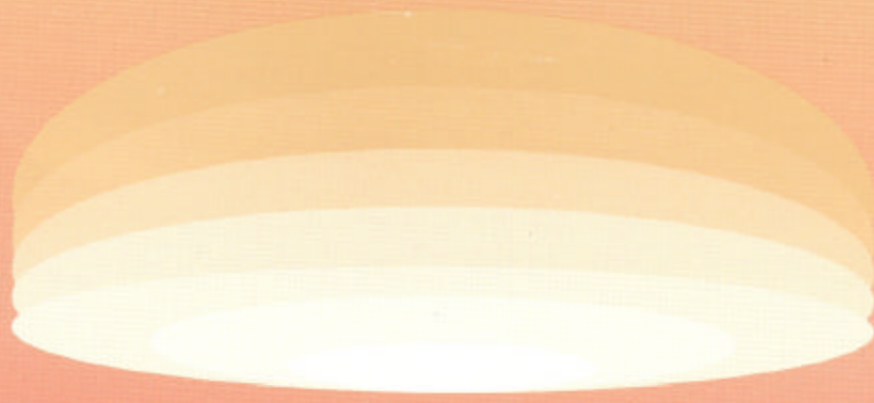


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# **SHAFFI CHEMICAL Industries Limited**

## **ANNUAL REPORT**

# **2009**

### **Shaffi Chemical Industries Limited**

23-Km Multan Road, Mohlanwal, Lahore - Pakistan.

UAN: (0092-42) 111-111-666, 37540336-7 Fax: (0092-42) 37540335



## **ANNUAL REPORT 2009**

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2009

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**CORPORATE PROFILE**

**BOARD OF DIRECTORS:**

MR. WAQAR A. SHAFFI  
Chairman / Chief Executive

MR. SHARIQ IFTIKHAR  
MR. MOHIB HUSSAIN  
MR. MUHAMMAD SAMEER  
MR. ZAHOOR AHMED  
MR. SOHAIL MALIK  
MR. HASHIM ASLAM BUTT

**COMPANY SECRETARY:**

MR. NAZIR AHMED

**AUDITORS:**

M.A TABUSSUM & CO.  
Chartered Accountants

**AUDIT COMMITTEE:**

MR. SOHAIL MALIK  
Chairman  
MR. HASHIM ASLAM BUTT  
MR. MUHAMMAD SAMEER

**LEGAL ADVISOR:**

A.K. MINHAS LAW ASSOCIATES

**BANKERS:**

ALLIED BANK LIMITED  
ASKARI COMMERCIAL BANK LTD.  
HABIB METROPOLITAN BANK LIMITED  
SILKBANK LIMITED  
STANDARD CHARTERD BANK LIMITED

**REGISTERED OFFICE:**

PLOT # 2, GADOON AMAZAI  
INDUSTRIAL ESTATE, SWABI (N.W.F.P.)  
TEL: 0938-270696-97

**FACTORY:**

PLOT # 2, GADOON AMAZAI  
INDUSTRIAL ESTATE, SWABI (N.W.F.P.)  
TEL: 0938-270696-97  
E.mail: scil\_gad@hotmail.com

**PRINCIPAL OFFICE:**

23-KM MULTAN ROAD, MOHLANWAL  
LAHORE.  
TEL: 111-111-666, 37540336-37  
FAX: 92-42-37540335  
Email: [info@diamondfoam.com](mailto:info@diamondfoam.com)

**REGISTRAR OFFICE:**

CORPLINK (PVT) LTD.  
WINGS ARCADE, 1-K, COMMERCIAL  
MODEL TOWN, LAHORE.  
TEL: 92-42-5839182, 5887262  
FAX: 92-42-5869037



**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 15<sup>th</sup> Annual General Meeting of Shaffi Chemical Industries Limited will be held on Saturday 31<sup>st</sup> October, 2009 at 2:00 P.M. at Registered Office of the Company at "Plot # 2, Gadoon Amazai Industrial Estate, Swabi, NWFP" to transact the following business:-

1. To confirm the minutes of last Annual General Meeting held on 10<sup>th</sup> November, 2008.
2. To receive, consider and adopt the Annual Audited Accounts of the Company together with the Directors' and Auditors' Reports thereon for the period ended June 30, 2009.
3. To appoint Auditors for the financial year ending 30<sup>th</sup> June, 2010 and fix their remuneration. M/s. M.A Tabussum & Co. Chartered Accountants have consented to continue as the Auditors of the Company for the next year ending 30<sup>th</sup> June, 2010. The Board of Directors have also recommended to appoint M/s. M.A Tabussum & Co. Chartered Accountants as auditors of the Company for the year ending 30<sup>th</sup> June, 2010.
4. To consider any other business with the permission of the Chair.

BY ORDER OF THE BOARD

NAZIRAHMAD  
COMPANY SECRETARY

Lahore: 10-10-2009

**Notes:**

1. The share transfer books of the company will remain closed from 24<sup>th</sup> October, 2009 to October 31, 2009 (both days inclusive).
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy. The instrument of proxy duly executed in accordance with the Articles of Association of the Company must be deposited at the Registered Office of the Company at "Plot # 2, Gadoon Amazai Industrial Estate, Swabi, NWFP" at least 48 hours before the time of holding the meeting.
3. Shareholders are requested to notify the Company promptly of any change in their addresses.

**Beneficial Owners in Central Depository Company of Pakistan Limited.**

4. a In case of individuals, the account holders / sub-account holders and/or the persons whose securities are in group account shall authenticate their identity by showing original National Identity Cards (NIC) at the time of attending the meeting.  
b In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting
5. The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.



## **DIRECTORS' REPORT**

**Dear Shareholders,**

I feel pleasure to welcome our shareholders on behalf of the board of directors to 15<sup>th</sup> Annual Report of **Shaffi Chemical Industries Ltd.**, together with the Audited Financial Statements for the year ended June 30, 2009.

### **FINANCIAL HIGHLIGHTS...2009**

The financial results of the company are numerated below:

|   |                         |
|---|-------------------------|
| - Profit/Loss After Taxation  | = Rs 40,831,439         |
| - Accumulated Profit Brought Forward  | = <u>Rs. 40,260,144</u> |
|   | Rs 81,091,583           |
| - Incremental Depreciation on Revaluation<br>on Property, Plant & Equipment | = <u>Rs 990,611</u>     |
|   | = Rs. 82,082,194        |

### **YEAR UNDER REVIEW.**

Net Sales during the period under review are Rs.125,500,738/- and operating profit is Rs 7,626,863/- whereas Other Operating Income is Rs. 33,524,373/- as compared to Rs 79,875/- of the preceding year. During the year under consideration, your directors at no point found it feasible to continue products of DOP and expect any gain because of the phenomenon of price fluctuation of raw material which increase dramatically without corresponding effect on the sale prices of Di-Octyle-Ortho-Phthalates (DOP) due to cut-throat and senseless competition between the producers. Therefore the venture to develop the products of Lith, Super Bond and Diltex Binders were opted to purchase locally the required raw material and keep Company's manufacturing activities in operation. So Profit after Taxation of Rs 40,831,439/- as compared to Rs 10,460,290/-of the preceding year was thus achieved which has provided some breathing space to your company.

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

### **COMPLIANCE WITH LISTING REGULATIONS:**

In preparation of annual financial statements, the applicable accounting standards have been followed which give a true and fair view of the state of affairs of the company at the end of the financial year and the profit/loss for the year under review. The financial statements have been prepared on a going concern basis and sufficient care is taken for properly maintaining the accounting records in accordance with the provisions of the Companies Ordinance, 1984 for safeguarding the assets of the company. The Directors are satisfied with the system of internal control and there has been no material departure from the best practice of the listing regulations. The accounting policies and practices are in compliance with listing rules and regulations.



**Vision/Mission Statement/Corporate Strategy  
And Statement of Ethics & Business Practices**

**Vision**

To transform the company into a dynamic manufacturing organization to play a meaningful role on sustainable basis in the economy of Pakistan in the best possible manner.

**Mission**

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.

**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.

**Statement of Ethics & Business Practices**

- a) The Company's policy is to conduct business with honesty & integrity and be ethical in its business dealings showing respect to all.
- b) The company runs its business in an environment that is sound and sustainable.
- c) The company complies with all laws & regulations and expects its employees to familiarize & comply with them as well.
- d) The company does not support any political party nor contribute to the funds of any group whose activities promote party interests.
- e) The company is committed to the quality of its products and satisfy customer needs and expectations.
- f) The company believes in adherence to the principles of reliability and credibility in its financial reporting and in transparency of business transactions.
- g) The company is an equal opportunity employer. Its employee recruitment and promotional policies are free of any gender bias and are merit oriented. It believes in maintaining good channels of communications.
- h) The company expects its employees to abide by certain personal ethics whereby company information and assets are not used for any personal advantage or gain.
- i) The company believes in fair competition and support appropriate competition laws.

The Board of Directors has constituted the audit committee, to be supportive of compliance.



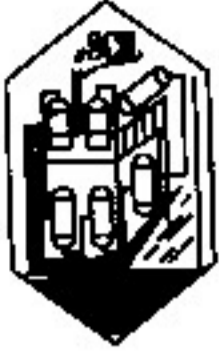
## **Statement of Compliance With the Code of Corporate Governance**

This statement is presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi and Lahore stock exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practice of corporate governance.

The company has applied the principles contained in the code in the following manner:

1. The Company encourages directors representing minority interests on its Board of Directors. At present the Board includes five directors representing minority shareholders and the directors have confirmed that none of them is serving as a director in more than ten listed companies.
2. The resident directors of the company registered as taxpayers, has not defaulted in payment of any loan to a banking company, DFI or NBFIs or being a member of a stock exchange has been declared as a defaulter by that stock exchange.
3. During the year, four casual vacancies occurring on the Board on December 30, 2004 were filled within the prescribed period and copy of EOGM of even date was sent to SECP. The Board welcomes the new Directors and wishes to place on record the valuable contribution of the outgoing Directors
4. The Board has developed mission and vision statements.
5. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms & conditions of employment of the CEO have been taken by the Board.
6. 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 were circulated at least seven days before the meetings and the minutes of the meetings were appropriately recorded.
7. Officers having positions of CFO, Company Secretary and Head of Internal Audit were appointed prior to the implementation of the Code of Corporate Governance. Terms of appointment, including remuneration in case of future appointments on these positions will be approved by the Board.
8. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.





## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **SHAFFI CHEMICAL INDUSTRIES LTD** as at June 30, 2009 and the related profit and loss account, cash flow statement 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 purposes 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 statement. 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. As stated in note 11 and 18 to the financial statements, the company has not made any provision on account of Other Receivables in the sum of Rs. 159.025 million due from First Capital ABN Equities (Pak) Ltd., First Capital ABN Equities (Pak) Ltd., jointly with other petitioner has also filed a claim against the company amounting to Rs. 9.6 Million, (share of Shaffi Chemicals Industries Ltd.) out of Rs. 552 million against the company and 05 other. The company along with its sister concern Diamond Industries Ltd. have counter claimed a sum of Rs. 200 million. The suit is pending and the outcome of which cannot be determined at this stage.
2. The company has closed its DOP plant which indicate the impairment of the plant & machinery. No impairment of the property, plant & equipment has been measured or recognized in these financial statements as required under IAS 36 (Impairment of Assets).
3. As stated in note 9 to the financial statements, the short term borrowings amounting to Rs. 49.9 million due to Allied Bank Ltd., under markup arrangements have been stopped. We have not received the confirmation from Allied Bank Ltd., confirming this balance. Furthermore no markup has been provided on this amount.



4. As stated in Note 18 to the financial statements other receivable includes markup amounting to Rs. 4.6 million paid to Allied Bank Ltd., under protest. This amount was not confirmed to us as at June 30, 2009.
  - 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, except for the effects of matters referred to in paragraphs 1 to 4:
    - 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 accounts, cash flow statement and statement of changes in equity together with the notes forming part thereof confirm with approved accounting standards as applicable in Pakistan, and, give the information required by the 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, 2009 and of the profit, its cash flows and changes in equity for the year then ended' and
  - d) In our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980. (XVIII of 1980).

*M.A. Tabussum*

**M.A. TABUSSUM & CO.**  
Chartered Accountants  
Lahore, October 09, 2009

Audit Engagement Partner:  
Muhammad Aslam Tabussum (FCA)

**BALANCE SHEET  
AS AT JUNE 30, 2009**

| <b>EQUITIES AND LIABILITIES</b>                                | <b>Note</b> | <b>2009<br/>Rupees</b> | <b>2008<br/>Rupees</b> |
|--|-------------|------------------------|------------------------|
| <b>SHARE CAPITAL AND RESERVES</b>                              |             |                        |                        |
| <b>Authorised Capital</b>                                      |             | <u>120,000,000</u>     | <u>120,000,000</u>     |
| 12,000,000 Ordinary shares of Rs. 10/- each                    |             |                        |                        |
| <b>Issued, Subscribed and Paid Up Capital</b>                  |             |                        |                        |
| 12,000,000 Ordinary shares of Rs. 10/- each fully paid in cash | 3           | 120,000,000            | 120,000,000            |
|  |             | 81,347,084             | 40,260,145             |
| <b>Accumulated Profit</b>                                      |             | 201,347,084            | 160,260,145            |
| <b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b> | 4           | 11,279,799             | 12,270,410             |
| <b>NON-CURRENT LIABILITIES</b>                                 |             |                        |                        |
| Long Term Loan   | 5           | 37,940,236             | 37,940,236             |
| Deferred Liabilities   | 6           | 857,608                | 1,120,563              |
|  |             | 38,797,844             | 39,060,799             |
| <b>CURRENT LIABILITIES</b>                                     |             |                        |                        |
| Trade and Other Payables                                       | 7           | 21,234,450             | 22,583,507             |
| Accrued Interest on Borrowings                                 | 8           | 696,000                | 696,000                |
| Short Term Borrowings - Secured                                | 9           | 49,991,574             | 49,991,574             |
| Due to Bank  |             | -                      | 156,318                |
| Provision for Taxation   | 10          | 734,848                | 734,848                |
|  |             | 72,656,872             | 74,162,247             |
| <b>CONTINGENCIES AND COMMITMENTS</b>                           | 11          | -                      | -                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>                            |             | <u>324,081,599</u>     | <u>285,753,601</u>     |

The annexed notes (1 to 38) form an integral part of these financial statements.

Chief Executive

Director

**BALANCE SHEET  
AS AT JUNE 30, 2009**

| <b>ASSETS</b>                 | <b>Note</b> | <b>2009<br/>Rupees</b>    | <b>2008<br/>Rupees</b>    |
|-------------------------------|-------------|---------------------------|---------------------------|
| <b>NON-CURRENT ASSETS</b>     |             |                           |                           |
| Property, Plant and Equipment | 12          | 26,737,578                | 29,061,134                |
| Long Term Deposits            | 13          | 223,560                   | 223,560                   |
| Long Term Investments         | 14          | 87,717,822                | 54,932,041                |
| <b>CURRENT ASSETS</b>         |             |                           |                           |
| Stock in Trade                | 15          | 250,235                   | 7,012,145                 |
| Trade Debts                   | 16          | 20,424,422                | 11,605,113                |
| Loans and Advances            | 17          | 1,254,866                 | 542,043                   |
| Other Receivables             | 18          | 186,860,511               | 181,868,862               |
| Cash and Bank Balances        | 19          | 612,605                   | 508,703                   |
|                               |             | <b>209,402,639</b>        | <b>201,536,866</b>        |
| <b>TOTAL ASSETS</b>           |             | <b><u>324,081,599</u></b> | <b><u>285,753,601</u></b> |

The annexed notes (1 to 38) form an integral part of these financial statements.

  
Chief Executive

  
Director

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2009**

|  | Note | 2009<br>Rupees      | 2008<br>Rupees      |
|--|------|---------------------|---------------------|
| Sales - net  | 20   | 125,500,738         | 128,624,003         |
| Cost of Sales  | 21   | (105,635,569)       | (100,606,023)       |
| <b>Gross Profit</b>  |      | <u>19,865,169</u>   | <u>28,017,980</u>   |
| <b>Operating Expenses</b>  | 22   | <u>(3,572,630)</u>  | <u>(6,537,751)</u>  |
| Distribution Expenses  | 23   | <u>(8,665,676)</u>  | <u>(9,600,883)</u>  |
| Administrative Expenses  |      | <u>(12,238,306)</u> | <u>(16,138,634)</u> |
| <b>Operating Profit</b>  |      | <u>7,626,863</u>    | <u>11,879,346</u>   |
| Other Operating Income   | 24   | 33,524,373          | 79,875              |
|  |      | <u>41,151,236</u>   | <u>11,959,221</u>   |
| Finance Cost   | 25   | (29,797)            | (69,542)            |
| Other Operating Expenses   | 26   | (290,000)           | (786,269)           |
| <b>Profit before Taxation</b>  |      | <u>40,831,439</u>   | <u>11,103,410</u>   |
| Taxation   | 27   | -                   | (643,120)           |
| <b>Profit after Taxation</b>   |      | <u>40,831,439</u>   | <u>10,460,290</u>   |
| Accumulated Profit Brought Forward                                       |      | 40,260,144          | 42,926,359          |
|  |      | <u>81,091,583</u>   | <u>53,386,649</u>   |
| Incremental Depreciation on Revaluation of Property, Plant and Equipment |      | 990,611             | 1,083,929           |
|  | 28   | <u>82,082,194</u>   | <u>54,470,578</u>   |
| <b>Earning per Share</b>   |      | <u>3.40</u>         | <u>0.87</u>         |

The annexed notes (1 to 38) form an integral part of these financial statements.

  
Chief Executive

  
Director

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2009**

|   | <b>2009</b>        | <b>2008</b>         |
|---|--------------------|---------------------|
|   | <b>Rupees</b>      | <b>Rupees</b>       |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                          |                    |                     |
| Profit before taxation  | 40,831,439         | 11,103,410          |
| <b>Adjustments for :</b>  |                    |                     |
| Depreciation  | 2,323,556          | 2,567,837           |
| Provision for gratuity  | 338,546            | 487,413             |
| Finance Cost  | 29,797             | 69,542              |
| Unrealized (Gain) / Loss on Re-measurement of<br>Associated Company | (33,520,892)       | 636,269             |
| Dividend Income   | (3,481)            | (79,875)            |
|   | <u>9,998,965</u>   | <u>14,784,596</u>   |
| <b>Operating profit before Working Capital Changes</b>              |                    |                     |
|   | 9,998,965          | 14,784,596          |
| <b>Changes in Working Capital</b>                                   |                    |                     |
| <b>(Increase) / Decrease in Current Assets</b>                      |                    |                     |
| Stock in Trade  | 6,761,910          | 7,403,686           |
| Trade Debtors   | (8,819,309)        | (11,047,894)        |
| Loans and Advances  | (30,300)           | 3,000               |
| Other Receivables   | (4,991,649)        | (13,115,447)        |
|   | <u>(7,079,348)</u> | <u>(16,756,655)</u> |
| <b>Increase / (Decrease) in Current Liabilities</b>                 |                    |                     |
| Trade and Other Payables  | (1,343,740)        | 3,548,082           |
|   | <u>(8,423,088)</u> | <u>(13,208,573)</u> |
| <b>Cash Generated from / (used in) Operations</b>                   |                    |                     |
|   | 1,575,877          | 1,576,023           |
| Taxes Paid  | (682,523)          | (25,416)            |
| Finance Cost Paid   | (29,797)           | (69,542)            |
| Gratuity Paid   | (601,500)          |                     |
|   | <u>262,057</u>     | <u>1,481,065</u>    |
| <b>Net Cash Generated from / (Used in)<br/>Operating Activities</b> |                    |                     |



|   | 2009<br>Rupees | 2008<br>Rupees     |
|---|----------------|--------------------|
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                      |                |                    |
| Sale Proceeds of Property, Plant And Equipment                  | -              | -                  |
| Purchase of Property, Plant And Equipment                       | 3,481          | 79,875             |
| Dividend Received   | -              | -                  |
| <b>Net Cash Generated from Investing Activities</b>             | <u>3,481</u>   | <u>79,875</u>      |
| <b>Net Cash Flow Before Financing Activities</b>                | <u>265,538</u> | <u>1,560,940</u>   |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                      |                |                    |
| Short Term Borrowings   | -              | -                  |
| Dividend Paid   | (5,317)        | (1,229,059)        |
| <b>Net Cash Flows From Financing Activities</b>                 | <u>(5,317)</u> | <u>(1,229,059)</u> |
| <b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b> | 260,221        | 331,881            |
| <b>Cash &amp; Cash Equivalents at the Beginning of the Year</b> | 352,385        | 20,505             |
| <b>Cash &amp; Cash Equivalents at the End of the Year</b>       | <u>612,605</u> | <u>352,385</u>     |
| <b>Reconciliation of Cash &amp; Cash Equivalents</b>            |                |                    |
| Cash and Bank Balances  | 612,605        | 508,703            |
| Due to Bank   | -              | (156,318)          |
|   | <u>612,605</u> | <u>352,385</u>     |

**Note 19**

The annexed notes (1-38) form an integral part of these financial statements.

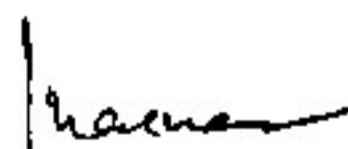
  
Chief Executive

  
Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2009**

|  | Share<br>Capital<br>(Rupees) | Un-appropriated<br>Profit<br>(Rupees) | Surplus on<br>Revaluation of<br>Fixed assets<br>(Rupees) | Total<br>(Rupees)  |
|--|------------------------------|---------------------------------------|--|--------------------|
| Balance as at June 30, 2007                                | 120,000,000                  | 40,439,595                            | 2,486,765  | 162,926,360        |
| Profit for the year  | -                            | 10,460,290                            | -  | 10,460,290         |
| Transferred from surplus on<br>revaluation of fixed assets | -                            | -                                     | 1,083,929  | 1,083,929          |
| Share of surplus released from associate                   | -                            | (2,210,434)                           | -  | (2,210,434)        |
| Dividend @ Rs. 1.00 per share                              | -                            | (12,000,000)                          | -  | (12,000,000)       |
| <b>Balance as at June 30, 2008</b>                         | <u>120,000,000</u>           | <u>36,689,451</u>                     | <u>3,570,694</u>   | <u>160,260,145</u> |
| Profit for the year  | -                            | 40,831,439                            | -  | 40,831,439         |
| Transferred from surplus on<br>revaluation of fixed assets | -                            | -                                     | 990,611  | 990,611            |
| Share of surplus released from associate                   | -                            | (735,111)                             | -  | (735,111)          |
| <b>Balance as at June 30, 2009</b>                         | <u>120,000,000</u>           | <u>76,785,779</u>                     | <u>4,561,305</u>   | <u>201,347,084</u> |

The annexed notes (1 to 38) form an integral part of these financial statements.

  
Chief Executive

  
Director



**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2009****1 STATUS AND NATURE OF BUSINESS**

The Company was incorporated under the Companies Ordinance, 1984 as Public Limited Company on 27<sup>th</sup> 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 previous years a small quantity of Alkyed Resins was produced and therefore production was stopped on 11.03.2005 since it was not feasible because of higher cost of production. In the current year the company produced Lith, Diltex Binder and Super Bond. The registered office of the company is situated at Gadoon Amazai, Industrial Estate, Sawabi (N.W.F.P)

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of Preparation**

These financial statements have been prepared under the 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 judgements 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 judgement in the process of applying the Company's accounting policies. Estimate and judgements are continually 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 judgements which are significant to the financial statements:

**Staff retirement benefits**

Certain actuarial assumptions have been adopted as disclosed in note 6.1 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 Accounting Standards not yet effective****2.4.1 Standards, Interpretation and amendments to published approved accounting standards that are effective in the current year.**

In the current year, the company has adopted IFRS-7 Financial Instruments: Disclosure. Adoption of this standard only impacts the format and extent of disclosures as presented in note # 16.

**2.4.2 Standards, Interpretation and amendments to published approved accounting standards that are effective but not relevant.**

Other new standards, interpretations and amendments that are mandatory for accounting periods beginning on or after July 01, 2008 are considered not to be relevant or have any significant effect to the company's operations.

**2.4.3 Standards, Interpretation and amendments to published approved accounting standards that are not yet effective:**

The following standards, interpretation and amendments to existing standards have been published that are mandatory and relevant for the accounting periods beginning on the dates

|  |                                  |
|--|----------------------------------|
| IAS -1 Presentation of Financial Statements (Revised September 2007) | effective from January 01, 2009  |
| IAS-23 (Amendment) Borrowing Costs                                   | effective from January 01, 2009  |
| IAS-27 Consolidated and Separate Financial Statements (Revised)      | effective from January 01, 2009. |
| IAS-32 Financial Instrument (Amended)                                | effective from January 01, 2009  |
| IAS-39 Financial Instrument - Recognition and Measurement(Amended)   | effective from January 01, 2009. |
| IFRIC- 17 Distribution of Non-Cash Assets to Owners                  | effective from July01, 2009      |

The company expects that the adoption of the above standards and interpretations will have no material impact on the company's financial statements in the period of initial application other than certain changes and / or enhancements in the presentation and disclosures of financial

**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 12.

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 for sales at fair value through profit or loss

Investments available for sales 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 subsequently reverse, 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 and net realizable value. Cost is determined as follows:

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

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

## 2.8 Stores, Spares and Loose Tools

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

## 2.9 Financial instruments

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

**2.16 Borrowing Cost**

Borrowing costs are recognised 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 Translations**

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 accruals basis and are either added to the carrying amount of the instruments or included in the creditors, accrued and other liabilities to the

**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.

**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 estimated 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, 2008. The valuation uses projected unit credit method and a discount rate of 12% per annum. It assumes that salaries will increase by 11% per annum.

Actuarial gains and losses are accounted for in accordance with the minimum recommended approach under 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.



|  | 2009<br>Rupees     | 2008<br>Rupees     |
|--|--------------------|--------------------|
| <b>3 ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>  |                    |                    |
| 12,000,000 Ordinary shares of Rs.10/ each fully paid in cash   | <u>120,000,000</u> | <u>120,000,000</u> |
| <b>3.1</b> 4,182,240 (2008 : 4,182,240 Nos.) Ordinary shares of Rs 10/- each were held by the Associated company at the year end. Detail is as follows:  |                    |                    |
| Diamond Industries Limited   | 3,754,240          | 3,754,240          |
| Diamond Corporation (Private) Limited  | 173,000            | 173,000            |
| Diamond Home Textile (Private) Limited   | 255,000            | 255,000            |
|  | <u>4,182,240</u>   | <u>4,182,240</u>   |
|  | 2009<br>Rupees     | 2008<br>Rupees     |
| <b>4 SURPLUS ON REVALUATION OF FIXED ASSETS</b>  |                    |                    |
| Opening balance  | 12,270,410         | 13,354,339         |
| Surplus relating to incremental depreciation charged on related assets during the year transferred to changes in equity.   | (990,611)          | (1,083,929)        |
|  | <u>11,279,799</u>  | <u>12,270,410</u>  |
| <b>4.1</b> Building and Plant & Machinery were revalued by M/S Diamen 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. |                    |                    |
| <b>5 LONG TERM LOAN</b>  |                    |                    |
| <b>Related Party - Unsecured</b>   |                    |                    |
| Loan from Director   | <u>37,940,236</u>  | <u>37,940,236</u>  |
| This loans is interest free and there is no agreement between the company and the director regarding the repayment of the loan.  |                    |                    |
| <b>6 DEFERRED LIABILITIES</b>  |                    |                    |
| Gratuity - Defined benefit plan  | 6.1 857,608        | 1,120,563          |
| Provision for deferred taxation  | 6.2 -              | -                  |
|  | <u>857,608</u>     | <u>1,120,563</u>   |
| <b>6.1 Gratuity</b>  |                    |                    |
| The amounts recognized in the financial statements are determined as follows:-   | 6.1.1 857,608      | 1,120,563          |
| <b>6.1.1 Reconciliation of Amounts recognized In the balance sheet</b>   |                    |                    |
| Present value of unfunded defined benefit obligation   | 856,087            | 952,974            |
| Add: Benefits payables (i.e. Benefits due but not paid)  | -                  | 258,852            |
| Less: Actuarial losses charged to current profit and loss  | 1,521              | (91,263)           |
| Liability in the Balance Sheet   | <u>857,608</u>     | <u>1,120,563</u>   |
| <b>8 ACCRUED INTEREST ON BORROWINGS</b>  |                    |                    |
| Accrued Interest on Borrowings   | <u>696,000</u>     | <u>696,000</u>     |



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| 9 | SHORT TERM BORROWINGS<br>From Banking Companies - Secured | 2009<br>Rupees    | 2008<br>Rupees    |
|---|---|-------------------|-------------------|
|   | Running Finance   | 49,991,574        | 49,991,574        |
|   |   | <u>49,991,574</u> | <u>49,991,574</u> |

These finances were available from Allied Bank Limited under mark-up arrangements amounting to Rs.100 Million (2008:Rs.100 Million). Markup is payable quarterly at the rates ranging from paisas 19 to paisas 27 per Rs. 1,000 per day.(2008: paisas 19 to paisas 27 per Rs. 1,000 per day.)

These facilities were stopped by the bank in the previous years and have not yet been renewed since June 2004.

Additionally the Company have the facilities for opening of letters of credit amounting to 30 million (2008: 30 million). The L/C facility in the current financial year remained unutilized. These facilities are secured against the following:

### 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.

| 10 | PROVISION FOR TAXATION                | 2009<br>Rupees | 2008<br>Rupees |
|----|---------------------------------------|----------------|----------------|
|    | Opening Balance                       | 734,848        | 91,728         |
|    | Taxation for the year                 |                | 643,120        |
|    | Adjustment against advance income tax |                |                |
|    |                                       | <u>734,848</u> | <u>734,848</u> |

### 11 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 5 others including this company. This company along with its sister concern M/s Diamond Industries Ltd have also made a counter claim for a sum of Rs.200 Million. The proceedings of the case are 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. The case is still pending adjudication and there is no significant change since the last annual report.

**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. This suit is also pending adjudication and there is no material change in the status of the case since the last annual report.

**d. Muhammed 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. The referred suit is pending adjudication and there is no material change occurred in the status of the case since the last annual report.

## **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 along with other guarantors/mortgagors before the Lahore High Court, Lahore (Banking Jurisdiction). The Honorable Single Bench of Lahore High Court, Lahore passed an order for interim decree of Rs.37,689,574/- against the company in violation of the provision of law on 27-11-2006.

The said Order was further challenged by the Company by preferring Regular First Appeal 89/2007. However, the Honorable Court rectified its order and granted Leave to appear and defend the suit to the Company on the condition that the Company will withdraw its appeal in this context. Therefore, the referred appeal was withdrawn by the Company. Now, the proceedings of the case are pending at the stage of evidence.

**b. ABL Vs Shaffi Chemicals (Execution Petition)**

An execution arising out of the referred interim decree is also pending before the Single Bench, in which the Honorable court has appointed court auctioneer in order to auction the mortgaged property of the company. The Company has filed an Objection Petition in order to seek direction of the Court to the decree holder bank to certify the amounts paid by the Company after the institution of the Suit. Now, the proceedings of the case are pending at the stage of arguments.





- 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 whereby CDC Sub Account No. 684 of the company maintained with Muhammad Tanveer Malik Member LSE was attached and the company was restrained from operating the same. The said revision petition is still pending adjudication before Honourable Lahore High Court, Lahore and no material change occurred in the status of the case since the last annual report.

- d. **Shaffi Chemical Industries Limited V/s Province of Punjab**  
(Writ Petition No.4470/07)

The issue relates to illegal imposition of Professional Tax for the Period 2002-2003 and 2004-2005. The company filed an appeal before Director (Appeals) Excise & Taxation, which was dismissed vide order dated 06-03-2007. The company challenged the said dismissal order in writ petition and the Honorable Court have granted status quo order in favor of the Company and now the case is pending adjudication before Honorable Lahore High Court, Lahore.

### **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 suit arises out of dispute between LSE and Mr. Iftikhar Shaffi (Ex Chief Executive of Company) and the company is impleaded as a party with ulterior motives and malafide intention. There is no material change in status of proceedings for the last annual report.

- 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. There is no material change in status of proceedings for the last annual report.

### **Commitments**

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



|  | 2009<br>Rupees    | 2008<br>Rupees    |
|--|-------------------|-------------------|
| <b>13 LONG TERM DEPOSITS</b>   |                   |                   |
| Security deposits against :  |                   |                   |
| Utilities  | 70,760            | 70,760            |
| Gas  | 127,800           | 127,800           |
| Central Depository Co. Ltd.  | 25,000            | 25,000            |
|  | <u>223,560</u>    | <u>223,560</u>    |
| <b>14 LONG TERM INVESTMENTS</b>  |                   |                   |
| <b>Associated Company-Quoted Equity Method</b>   |                   |                   |
| Diamond Industries Limited.  |                   |                   |
| 1,422,450 fully paid ordinary shares of Rs.10 each   |                   |                   |
| Equity held 15.80 % (2008: 15.80 %)  |                   |                   |
| Market value as on June 30-2009, Rs. 71,125,000  |                   |                   |
| (2008: Rs. 86,058,225)   | <u>87,717,822</u> | <u>54,932,041</u> |
| <b>15 STOCK IN TRADE</b>   |                   |                   |
| Raw Materials  | 765,986           | 2,777,331         |
| Less: Provision for slow moving stock  | <u>(765,986)</u>  | <u>(765,986)</u>  |
|  | -                 | 2,011,345         |
| Finished Goods   | 250,235           | 5,000,800         |
|  | <u>250,235</u>    | <u>7,012,145</u>  |
| <b>16 TRADE DEBTS</b>  |                   |                   |
| Considered Good- unsecured   | 20,424,422        | 11,605,113        |
| Considered Doubtful  | 144,675           | 144,675           |
|  | <u>20,569,097</u> | <u>11,749,788</u> |
| Provision for Doubtful Debts   | <u>(144,675)</u>  | <u>(144,675)</u>  |
|  | <u>20,424,422</u> | <u>11,605,113</u> |
| Trade debtors include Rs. 5.3 million (2008: rs. Nil/-) receivables from M/s Diamond Industries Limited.                         |                   |                   |
| As at June 30, 2009, trade debts of Rupees 15.153 million (June 30, 2008: Rupees 14.987 million) were past due but not impaired. |                   |                   |
| Upto one month   | -                 | 1,453,226         |
| 1 to 6 months  | 4,069,009         | 3,657,894         |
| More than six months   | 11,084,719        | 9,876,087         |
|  | <u>15,153,728</u> | <u>14,987,207</u> |
| <b>17 LOANS AND ADVANCES</b>   |                   |                   |
| Advances : Considered goods  |                   |                   |
| Staff  | 81,600            | 51,300            |
| Advance Income Tax   | 1,173,266         | 490,743           |
|  | <u>1,254,866</u>  | <u>542,043</u>    |



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|           |  | 2009<br>Rupees     | 2008<br>Rupees     |
|-----------|--|--------------------|--------------------|
| <b>18</b> | <b>OTHER RECEIVABLES</b>                         |                    |                    |
|           | Sales Tax Receivable                             | <b>22,302,384</b>  | 15,521,906         |
|           | Mark up paid to Allied Bank Ltd. (under protest) | <b>4,657,524</b>   | 4,657,524          |
|           | Receivable from KMC                              | -                  | 1,788,829          |
|           | Accrued Interest                                 | <b>75,178</b>      | 75,178             |
|           | Other Receivable                                 | <b>159,025,425</b> | 159,025,425        |
|           | Margin against Bank Guarantee (Sui Gas)          | <b>700,000</b>     | 700,000            |
|           | Security Deposits - Suppliers                    | <b>100,000</b>     | 100,000            |
|           |  | <b>186,860,511</b> | <b>181,868,862</b> |

18.1 The Honorable Sindh High Court has decided the case in the favour of company and the company received amount during the year.

18.2 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 has filed an application before the Securities & Exchange Commission of Pakistan for recovery of the same and proceedings of the case is still pending.

|           |                                 | 2009<br>Rupees     | 2008<br>Rupees     |
|-----------|---------------------------------|--------------------|--------------------|
| <b>19</b> | <b>CASH &amp; BANK BALANCES</b> |                    |                    |
|           | Cash in hand                    | <b>125,198</b>     | 12,750             |
|           | <b>Cash at banks:</b>           |                    |                    |
|           | Current Accounts                | <b>487,407</b>     | 495,954            |
|           |                                 | <b>612,605</b>     | <b>508,703</b>     |
| <b>20</b> | <b>SALES</b>                    |                    |                    |
|           | Sales                           | <b>126,139,817</b> | 128,624,003        |
|           | Less: Sales Tax                 | <b>(639,079)</b>   | -                  |
|           |                                 | <b>125,500,738</b> | <b>128,624,003</b> |
| <b>21</b> | <b>COST OF SALES</b>            |                    |                    |
|           | Raw Material Consumed           | <b>95,469,731</b>  | 92,929,780         |
|           | Salaries, Wages & Benefits      | <b>2,181,080</b>   | 1,697,093          |
|           | Fuel & Power                    | <b>548,970</b>     | 566,229            |
|           | Repair & Maintenance            | <b>185,625</b>     | 10,857             |
|           | Gas & Water Charges             | <b>219,296</b>     | 140,885            |
|           | Misc. Expenses                  | <b>130,802</b>     | 41,014             |
|           | Depreciation                    | <b>2,149,500</b>   | 2,356,292          |
|           |                                 | <b>100,885,004</b> | 97,742,150         |
|           | Add : Finished Goods-Opening    | <b>5,000,800</b>   | 7,864,673          |
|           |                                 | <b>105,885,804</b> | 105,606,823        |
|           | Less : Finished Goods-Closing   | <b>(250,235)</b>   | (5,000,800)        |
|           |                                 | <b>105,635,569</b> | <b>100,606,023</b> |



|  | 2009<br>Rupees    | 2008<br>Rupees    |
|--|-------------------|-------------------|
| <b>21.1 RAW MATERIAL CONSUMED</b>  |                   |                   |
| Opening Stock  | 2,777,331         | 6,551,158         |
| Purchases  | 93,458,386        | 89,155,953        |
|  | <u>96,235,717</u> | <u>95,707,111</u> |
| Closing Stock  | (765,986)         | (2,777,331)       |
|  | <u>95,469,731</u> | <u>92,929,780</u> |
| 21.2 This includes gratuity amounting to Rs. 131,427/- (2008: Rs. 107,508/-) |                   |                   |
| <b>22 DISTRIBUTION COST</b>  |                   |                   |
| Salaries, Wages & Benefits   | 406,461           | 347,396           |
| Travelling & Conveyance  | 239,265           | 447,779           |
| Commission   | 18,109            | 1,623,712         |
| Publicity  | 2,544,675         | 3,812,593         |
| Bad Debts  | -                 | 133,280           |
| Freight & Forwarding   | 364,120           | 172,991           |
|  | <u>3,572,630</u>  | <u>6,537,751</u>  |
| 22.1 This includes gratuity amounting to Rs. 26,885/- (2008: Rs. 22,007/-)   |                   |                   |
| <b>23 ADMINISTRATIVE EXPENSES</b>  |                   |                   |
| Salaries, Wages & Benefits   | 23.1 6,261,019    | 5,649,684         |
| Insurance  | -                 | 3,457             |
| Communications   | 27,071            | 78,717            |
| Travelling and Conveyance  | 55,664            | 2,310,456         |
| Fees & Taxes   | 382,000           | 111,660           |
| Legal & Professional Charges   | 1,663,601         | 1,000,000         |
| Repair & Maintenance   | 4,800             | 77,322            |
| Miscellaneous  | 97,465            | 158,042           |
| Depreciation   | 12.3 174,056      | 211,545           |
|  | <u>8,665,676</u>  | <u>9,600,883</u>  |
| 23.1 This includes gratuity amounting to Rs. 439,085/- (2008: Rs.357,898/-)  |                   |                   |
| <b>24 OTHER OPERATING INCOME</b>   |                   |                   |
| Income from Financial Assets   |                   |                   |
| Dividend Income  | 3,481             | 79,875            |
| Unrealized Gain on Re-measurement of<br>Investment in Associated Company     | 33,520,892        | -                 |
|  | <u>33,524,373</u> | <u>79,875</u>     |
| <b>25 FINANCE COST</b>   |                   |                   |
| Bank Charges   | 29,797            | 69,542            |
|  | <u>29,797</u>     | <u>69,542</u>     |



# SHAFFI CHEMICAL INDUSTRIES LIMITED

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|   | 2009<br>Rupees      | 2008<br>Rupees |
|---|---------------------|----------------|
| <b>26 OTHER OPERATING EXPENSES</b>                                    |                     |                |
| Unrealised Loss on Re-measurement of Investment in Associated Company | -                   | 636,269        |
| Auditors Remuneration   | 26.1 <b>290,000</b> | 150,000        |
|   | <b>290,000</b>      | <b>786,269</b> |
| <b>26.1 Auditors' Remuneration</b>                                    |                     |                |
| Audit Fee   | <b>250,000</b>      | 100,000        |
| Out of pocket   | <b>10,000</b>       | 20,000         |
| Half yearly review  | <b>30,000</b>       | 30,000         |
|   | <b>290,000</b>      | <b>150,000</b> |
| <b>27 TAXATION</b>  |                     |                |
| Taxation for the year   | -                   | 643,120        |
|   | -                   | <b>643,120</b> |

The income tax assessment of Shaffi Chemical Industries Ltd has been finalized upto and including tax year 2008 by deeming provisions of Income Tax Ordinance 2001.

No provision for income tax made during the year because the company is having assessed taxable losses and provision of minimum turnover tax is not applicable for tax year 2009

## 27.1 Relationship between tax expenses and accounting profit

No reconciliation is required between the accounting profit and tax profit in the current year.

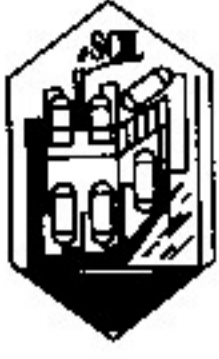
## 28 EARNING PER SHARE BASIC

|                                    |           |                   |             |
|------------------------------------|-----------|-------------------|-------------|
| Profit for the year after taxation | (Rupees)  | <b>40,831,439</b> | 10,460,290  |
| Average No. of ordinary shares     | (Numbers) | <b>12,000,000</b> | 12,000,000  |
|                                    |           | <b>3.40</b>       | <b>0.87</b> |

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.

## 29 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

No remuneration/other allowances were paid to the Chief Executive (No. 1) and Directors (No. 6) of the company.



### 30 FINANCIAL INSTRUMENTS & RELATED DISCLOSURES

|                         | Interest/mark up bearing |                        | Non-Interest/mark up bearing |                         | Total             |                   |                   |
|-------------------------|--------------------------|------------------------|------------------------------|-------------------------|-------------------|-------------------|-------------------|
|                         | Mark up rate %           | Maturity upto one year | Maturity upto one year       | Maturity after one year | Sub Total         | 2009              | 2008              |
| <b>Financial Assets</b> |                          |                        |                              |                         |                   |                   |                   |
| Trade debts             | -                        | -                      | 20,424,422                   | -                       | 20,424,422        | 20,424,422        | 11,605,113        |
| Loan and advances       | -                        | -                      | 1,254,866                    | -                       | 1,254,866         | 1,254,866         | 542,043           |
| Other receivables       | -                        | -                      | 23,177,562                   | -                       | 23,177,562        | 23,177,562        | 16,397,084        |
| Security deposits       | -                        | -                      | -                            | 223,560                 | 223,560           | 223,560           | 223,560           |
| Cash & bank balances    | -                        | -                      | 612,605                      | -                       | 612,605           | 612,605           | 508,703           |
| <b>Total (Rupees.)</b>  | -                        | -                      | <b>45,469,455</b>            | <b>223,560</b>          | <b>45,693,015</b> | <b>45,693,015</b> | <b>29,276,503</b> |

### Financial Liabilities

|  |         |                     |                   |                |                   |                     |                     |
|--|---------|---------------------|-------------------|----------------|-------------------|---------------------|---------------------|
| Short term Borrowing                     | 7 to 14 | 49,991,574          | -                 | -              | 49,991,574        | 49,991,574          | 49,991,574          |
| Trade and Other Payables                 |         | -                   | 21,234,450        | -              | 21,234,450        | 21,234,450          | 22,583,507          |
| Due to bank                              |         | -                   | -                 | -              | -                 | -                   | 156,318             |
| Accrued Interest on loans and borrowings |         | -                   | 696,000           | -              | 696,000           | 696,000             | 696,000             |
| <b>Total (Rupees)</b>                    |         | <b>49,991,574</b>   | <b>21,930,450</b> | <b>-</b>       | <b>21,930,450</b> | <b>71,922,024</b>   | <b>73,427,399</b>   |
| On Balance Sheet Gap                     |         | <b>(49,991,574)</b> | <b>23,539,005</b> | <b>223,560</b> | <b>23,762,565</b> | <b>(26,229,009)</b> | <b>(44,150,896)</b> |

### 31 CONCENTRATION OF CREDIT RISK

The company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits company's exposure to credit risk through monitoring of client credit exposure. Review and conservative estimates of provisions for doubtful receivables. If any, and through the prudent use of collateral policy. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in organization of sound financial standing covering various segments.

### 32 FAIR VALUE OF FINANCIAL INSTRUMENT

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

### 33 Capital Risk Management

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate 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, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.



# SHAFFI CHEMICAL INDUSTRIES LIMITED

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|  | 2009<br>Rupees     | 2008<br>Rupees     |
|--|--------------------|--------------------|
| Total borrowings                                 | 87,931,810         | 88,088,128         |
| Cash and bank balances                           | (612,605)          | (508,703)          |
| Total equity                                     | 87,319,205         | 87,579,425         |
|  | <b>201,347,084</b> | <b>160,260,145</b> |
|  | <b>288,666,289</b> | <b>247,839,570</b> |
| Gearing ratio                                    | <b>30.25%</b>      | 35.34%             |
| <b>34 NUMBER OF EMPLOYEES</b>                    | <b>2009</b>        | <b>2008</b>        |
| Number of employees as at year end               | <b>122</b>         | 138                |
| <b>35 INSTALLED CAPACITY</b>                     |                    |                    |
|  | <u>Tons</u>        | <u>Tons</u>        |
| <b>DOP PLANT</b>                                 |                    |                    |
| Installed Capacity Per Annum                     | 17,500             | 17,500             |
| Actual Capacity Utilized                         | -                  | -                  |
| <b>LITH - DILTEX BINDER PLANT AND SUPER BOND</b> |                    |                    |
| Installed Capacity Per Annum                     | 2,060              | 2,060              |
| Actual Capacity Utilized                         | 1,874              | 1,933              |

Non utilisation of DOP Plant is mainly due to no further orders and switching of the company to produce other kind of chemical.

### 36 TRANSACTIONS WITH RELATED PARTIES.

36.1 Transactions with related parties comprise associated undertaking and other related parties through directorship and close family members of the directors of the company.

Transactions with related parties undertaken were as follows:

|  | 2009        | 2008       |
|--|-------------|------------|
| <b>Purchases from related parties:</b>   |             |            |
| Capital Industrial Enterprises (Pvt) Ltd | 65,515,583  | 57,001,089 |
| Symbol Industries (Pvt) Ltd              | 20,484,546  | 25,661,216 |
| <b>Sales to associated companies:</b>    |             |            |
| Diamond Industries Limited               | 114,026,666 | -          |
| <b>Sales to related parties:</b>         |             |            |
| Capital Industrial Enterprises (Pvt) Ltd | 4,159,360   | -          |

### 37 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **October 09, 2009** by the board of directors of the company.

### 38 GENERAL

Figures have been rounded off to the nearest Rupee.

  
Chief Executive

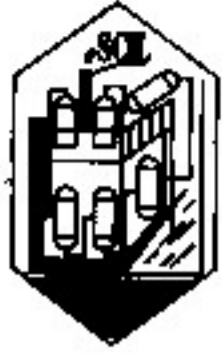
  
Director



**Operating Highlights**

|                               |       | (Rupees ' 000) |         |          |          |          |         |         |
|-------------------------------|-------|----------------|---------|----------|----------|----------|---------|---------|
|                               |       | 2003           | 2004    | 2005     | 2006     | 2007     | 2008    | 2009    |
| <b>KEY INDICATORS</b>         |       |                |         |          |          |          |         |         |
| <b>OPERATING</b>              |       |                |         |          |          |          |         |         |
| GROSS MARGIN                  | %     | (124.42)       | (0.23)  | (79.11)  | (82.26)  | 1.77     | 21.78   | 15.83   |
| OPERATING MARGIN              | %     | (144.94)       | (19.75) | (89.79)  | (102.63) | (13.15)  | 9.24    | 6.08    |
| PRE TAX MARGIN                | %     | (197.05)       | (68.07) | (375.55) | (422.60) | 827.03   | 8.63    | 32.53   |
| NET MARGIN                    | %     | (197.58)       | (68.71) | (330.19) | (337.89) | (105.40) | 8.13    | 32.53   |
| <b>PERFORMANCE</b>            |       |                |         |          |          |          |         |         |
| RETURN ON ASSETS              | %     | (13.35)        | (3.24)  | 14.80    | 7.66     | 0.67     | 3.66    | 12.60   |
| ASSETS TURNOVER               | Times | 0.07           | 0.05    | 0.05     | 0.02     | 0.05     | 0.45    | 0.39    |
| FIXED ASSETS TURNOVER         | Times | 0.22           | 0.29    | 0.31     | 0.15     | 0.40     | 4.43    | 4.69    |
| INVENTORY TURNOVER            | Times | 0.71           | 0.45    | 0.86     | 0.46     | (6.89)   | 18.34   | 34.56   |
| RETURN ON EQUITY              | %     | (35.93)        | (13.66) | 30.51    | 13.09    | 0.98     | 6.06    | 19.20   |
| RETURN ON CAPITAL EMPLOYED    | %     | (19.38)        | (6.57)  | 22.13    | 10.16    | 0.81     | 5.89    | 16.24   |
| <b>LEVERAGE</b>               |       |                |         |          |          |          |         |         |
| DEBT EQUITY                   | %     | 1.68           | 3.18    | 1.07     | 0.07     | 0.55     | 0.66    | 0.52    |
| <b>LIQUIDITY</b>              |       |                |         |          |          |          |         |         |
| CURRENT QUICK                 | %     | 2.10           | 1.55    | 2.34     | 3.18     | 3.12     | 2.72    | 2.88    |
|                               | %     | 1.81           | 1.34    | 2.17     | 2.99     | 2.87     | 2.62    | 2.88    |
| <b>VALUATION</b>              |       |                |         |          |          |          |         |         |
| EARNING PER SHARE (PRE TAX)   | RS.   | (3.34)         | (0.66)  | 2.84     | 1.45     | 0.15     | 0.93    | 3.40    |
| EARNING PER SHARE (AFTER TAX) | RS.   | (3.35)         | (0.67)  | 2.83     | 1.45     | 0.14     | 0.87    | 3.40    |
| BREAK UP VALUE                | RS.   | 9.33           | 4.88    | 9.29     | 18.14    | 14.69    | 14.38   | 17.72   |
| <b>HISTORICAL TRENDS</b>      |       |                |         |          |          |          |         |         |
| <b>TRADING RESULTS</b>        |       |                |         |          |          |          |         |         |
| TURNOVER                      | RS.   | 20,365         | 11,638  | 11,474   | 5,004    | 12,514   | 128,624 | 125,501 |
| GROSS PROFIT / (LOSS)         | RS.   | (25,338)       | (27)    | (9,077)  | (4,116)  | 221      | 28,018  | 19,865  |
| OPERATING PROFIT / (LOSS)     | RS.   | (29,516)       | (2,298) | (10,302) | (5,136)  | (1,646)  | 11,879  | 7,627   |
| PROFIT/( LOSS) BEFORE TAX     | RS.   | (40,128)       | (7,922) | 34,089   | 17,396   | 1,827    | 11,103  | 40,831  |
| PROFIT/(LOSS) AFTER TAX       | RS.   | (40,236)       | (7,996) | 34,018   | 17,354   | 1,735    | 10,460  | 40,831  |
| <b>FINANCIAL POSITION</b>     |       |                |         |          |          |          |         |         |
| SHAREHOLDERS' FUNDS           | RS.   | 111,977        | 58,518  | 111,491  | 132,571  | 176,281  | 172,531 | 212,627 |
| PROPERTY, PLANT & EQUIPMENT   | RS.   | 91,189         | 40,182  | 36,738   | 33,673   | 31,629   | 29,061  | 26,738  |
| NET CURRENT ASSETS            | RS.   | 102,166        | 67,384  | 102,537  | 122,757  | 125,223  | 127,374 | 136,746 |
| LONG TERM ASSETS              | RS.   | 105,418        | 54,408  | 51,186   | 47,898   | 89,631   | 83,993  | 114,455 |
| LONG TERM LIABILITIES         | RS.   | 95,608         | 62,610  | 37,940   | 37,940   | 37,940   | 37,940  | 37,940  |





# SHAFFI CHEMICAL INDUSTRIES LIMITED

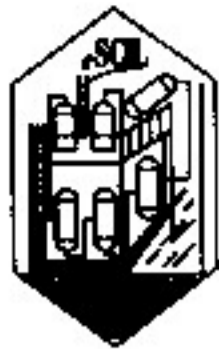
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## FORM 34

### 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 **30-06-2009**

| 4. No. of Shareholders | -----Shareholding----- |         | Total Shares Held |
|------------------------|------------------------|---------|-------------------|
|                        | From                   | To      |                   |
| 260                    | 1                      | 100     | 22,112            |
| 307                    | 101                    | 500     | 146,319           |
| 79                     | 501                    | 1000    | 76,760            |
| 117                    | 1001                   | 5000    | 331,830           |
| 39                     | 5001                   | 10000   | 301,419           |
| 8                      | 10001                  | 15000   | 98,200            |
| 3                      | 15001                  | 20000   | 59,500            |
| 1                      | 20001                  | 25000   | 22,000            |
| 1                      | 30001                  | 35000   | 32,000            |
| 1                      | 35001                  | 40000   | 40,000            |
| 1                      | 40001                  | 45000   | 40,500            |
| 1                      | 80001                  | 85000   | 83,000            |
| 2                      | 95001                  | 100000  | 200,000           |
| 1                      | 125001                 | 130000  | 130,000           |
| 1                      | 175001                 | 180000  | 176,000           |
| 1                      | 195001                 | 200000  | 198,000           |
| 1                      | 250001                 | 255000  | 255,000           |
| 1                      | 390001                 | 395000  | 394,500           |
| 1                      | 415001                 | 420000  | 419,360           |
| 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                      | 1330001                | 1335000 | 1,331,000         |
| 1                      | 3650001                | 3655000 | 3,651,240         |
| 833                    |                        |         | 12,000,000        |



| 5. Categories of shareholders   | Share held | Percentage |
|---|------------|------------|
| 5.1 Directors, Chief Executive Officers, and their spouse and minor children      | 2,656,460  | 22.1372%   |
| 5.2 Associated Companies, undertakings and related parties.                       | 3,751,240  | 31.2603%   |
| 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%   | 5,057,240  | 42.1437%   |
| 5.8 General Public  |            |            |
| a. Local  | 4,869,880  | 40.5823%   |
| b. Foreign  | --         | --         |
| 5.9 Others (to be specified)  |            |            |
| <b>Joint Stock Companies</b>  | 721,920    | 6.0160%    |

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 2009



# SHAFFI CHEMICAL INDUSTRIES LIMITED

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## CATEGORIES OF SHAREHOLDERS REQUIRED UNDER C.C.G.

As on 30th June, 2009

| S. No.   | NAME   | %AGE HOLDING   |                   |
|--|--|----------------|-------------------|
| <b><u>ASSOCIATED COMPANIES</u></b>                           |  |                |                   |
| 1  | DIAMOND INDUSTRIES LTD.                      | 30.427         | 3,651,240         |
| 2  | DIAMOND INDUSTRIES LTD.(CDC)                 | 0.833          | 100,000           |
|  |  | <b>31.260</b>  | <b>3,751,240</b>  |
| <b><u>DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN</u></b> |  |                |                   |
| 1  | MR. WAQAR A. SHAFFI                          | 4.566          | 547,960           |
|  | MR. WAQAR A. SHAFFI (CDC VALUE STOCK)        | 0.417          | 50,000            |
| 2  | MR. SHARIQ IFTIKHAR                          | 10.883         | 1,306,000         |
|  | MR. SHARIQ IFTIKHAR (CDC VALUE STOCK)        | 0.417          | 50,000            |
| 3  | MR. SOHAIL MALIK                             | 0.004          | 500               |
| 4  | MR. MUHAMMAD SAMEER                          | 0.004          | 500               |
| 5  | MR. HASHIM ASLAM BUTT                        | 0.004          | 500               |
| 6  | MR. ZAHOOR AHMAD                             | 0.004          | 500               |
| 7  | MR. MOHIB HUSSAIN                            | 0.004          | 500               |
| 8  | MRS. ASMA SHARIQ W/O MR. SHARIQ IFTIKHAR     | 5.833          | 700,000           |
|  |  | <b>22.137</b>  | <b>2,656,460</b>  |
| <b><u>NIT and ICP</u></b>                                    |  |                |                   |
| 1  | INVESTMENT CORP. OF PAKISTAN                 | 0.004          | 500               |
| <b><u>PUBLIC SECTOR COMPANIES &amp; CORPORATIONS</u></b>     |  |                |                   |
| 1  | (H) WTL SERVICES (PRIVATE) LIMITED.(CDC)     | 0.001          | 100               |
| 2  | ESCORTS INVESTMENT BANK LIMITED.(CDC)        | 0.033          | 4,000             |
| 3  | ADEEL & NADEEM SECURITIES (PVT) LTD.(CDC)    | 0.002          | 180               |
| 4  | AMER SECURITIES (PVT) LIMITED (CDC)          | 0.008          | 1,000             |
| 5  | DOSSLANI'S SECURITIES (PVT) LTD. (CDC)       | 0.004          | 500               |
| 6  | DARSON SECURITIES (PVT) LIMITED (CDC)        | 0.017          | 2,090             |
| 7  | DARSON SECURITIES (PVT) LIMITED (CDC)        | 0.021          | 2,500             |
| 8  | STOCK MASTER SECURITIES (PVT) LTD. (CDC)     | 0.001          | 90                |
| 9  | DIAMOND CORPORATION (PVT) LTD.               | 1.467          | 176,000           |
| 10   | DARVESH SECURITIES (PVT) LTD.(CDC)           | 0.021          | 2,500             |
| 11   | VALUE STOCK SECURITIES (PVT.) LTD. (CDC)     | 1.092          | 131,000           |
| 12   | DIAMOND HOME TEXTILE(PVT)LTD.                | 2.125          | 255,000           |
| 13   | Y. S. SECURITIES & SERVICES (PVT) LTD. (CDC) | 0.088          | 10,500            |
| 14   | JAVED OMER VOHRA & CO.                       | 0.038          | 4,500             |
| 15   | FIRST CAPITAL SECURITIES CORPORATION LTD.    | 0.016          | 1,960             |
| 16   | MIAN NAZIR SONS IND. (PVT) LTD.              | 1.083          | 130,000           |
|  |  | <b>6.016</b>   | <b>721,920</b>    |
| <b><u>SHARES HELD BY THE GENERAL PUBLIC</u></b>              |  | <b>40.582</b>  | <b>4,869,880</b>  |
| <b>TOTAL:</b>  |  | <b>100.000</b> | <b>12,000,000</b> |

**SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL**

| <b>S. No.</b> | <b>Name</b>             | <b>Percentage</b> | <b>Holding</b>   |
|---------------|-------------------------|-------------------|------------------|
| 1             | MR. SHARIQ IFTIKHAR     | 10.883            | 1,306,000        |
| 2             | DIAMOND INDUSTRIES LTD. | 31.260            | 3,751,240        |
|               |                         | <b>42.144</b>     | <b>5,057,240</b> |

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows

NIL

