

6 Inch

Bringing More Smiles

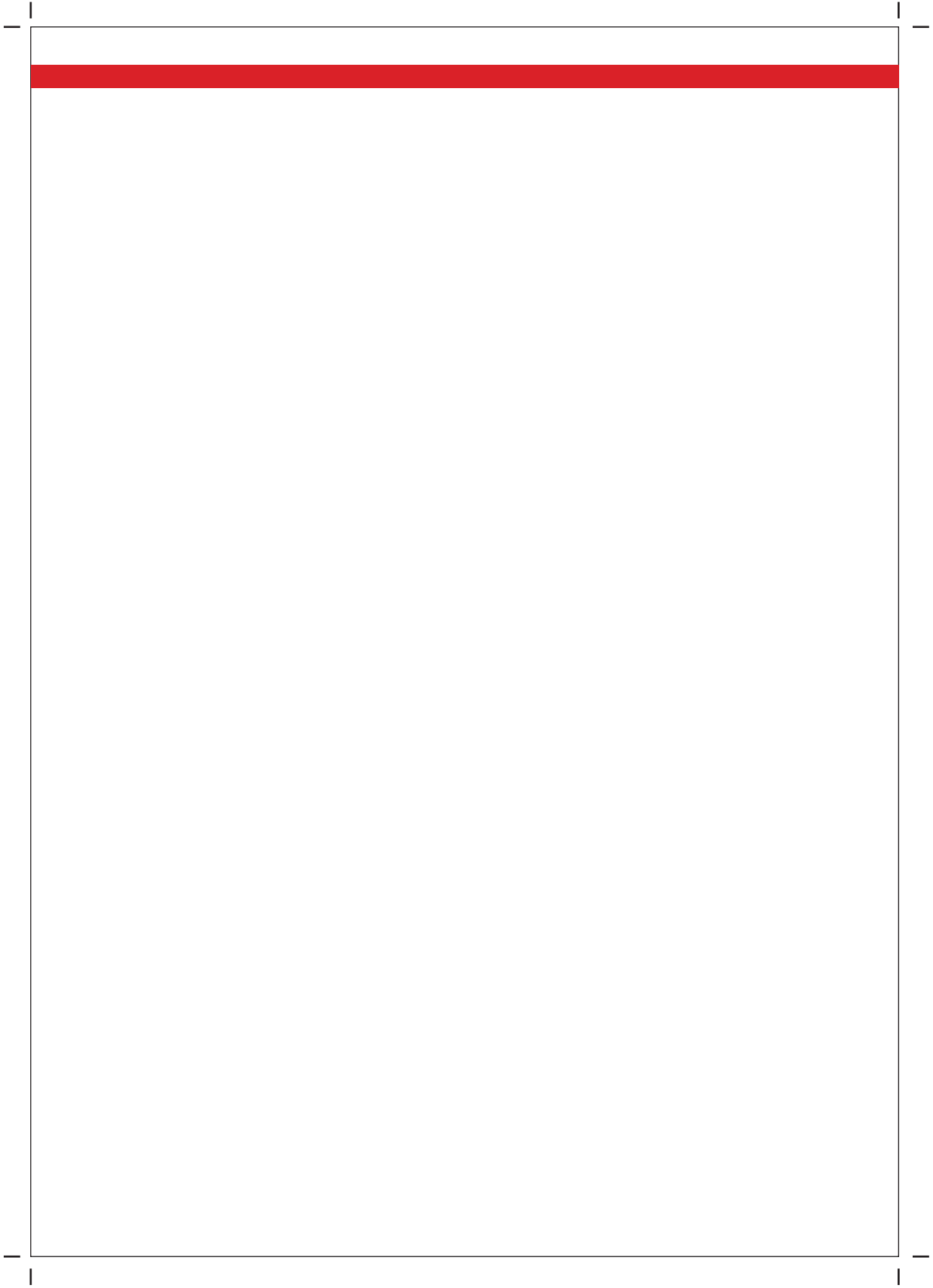
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8.5 Inch



Shield Corporation Limited

[An ISO 9001 and ISO 14001 certified company]



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COMPANY INFORMATION

Board of Directors

Mr. Ebrahim Qassim	Chairman
Mr. M. Haroon Qassim	Managing Director
Mr. Vali Muhammad A. Habib	Director
Mr. Muhammad Hanif Janoo	Director
Ms. Saadia Butt Naveed	Director
Mr. Muhammad Jamil Qassim	Director
Mr. Muhammad Salman Qassim	Director

Audit Committee

Mr. Vali Muhammad A. Habib	Chairman
Mr. Muhammad Jamil Qassim	Member
Mr. Muhammad Salman Qassim	Member

Human Resource & Remuneration Committee

Mr. Muhammad Hanif Janoo	Chairman
Mr. Vali Muhammad A. Habib	Member
Mr. M. Haroon Qassim	Member

Company Secretary & CFO

Mr. M. Zaid Kaliya

Head of Audit

Mr. M. Shakeel Dhanani

Legal Advisors

Messrs. Hassan & Humayun Associates
Advocates & Solicitors

External Auditors

Moochhala Gangat & Co.
Chartered Accountants

Internal Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Bankers

Habib Metropolitan Bank Limited
Meezan Bank Limited
Bank Alfalah Limited

Registrar & Share Registration Office

Central Depository Company of Pakistan
CDC House,
Shahrah-e-Faisal,
Karachi.

Registered Office

509, Business Avenue,
Block 6, P.E.C.H.S.,
Shahrah-e-Faisal,
Karachi.

Factory

Plot No. 368/4 & 5
Landhi Industrial Area,
Balidia Road,
Karachi.

Email & URL

mail@shield.com.pk
www.shield.com.pk

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DIRECTORS' REVIEW

On behalf of the Board of Directors, it is my pleasure to present the un-audited accounts for the three months period ended September 30,2012. Sales for the three months stood at Rs. 296.82 millions recording a growth of 17.71% over the same period last year.

The first quarter had a slow pace due to reorganization of sales structure. With things firmly in place now, we are hoping that sales will pick up in coming months. We have set aggressive sales targets and the team is confident to achieve those. Baby care segment is performing well whereas Oral care has a slow progress. The company has put special focus on Oral care division this year. The sales structure and the marketing spend has been increased and the management is confident that the results will be good in the coming months. We celebrated World Oral Health Day on September 12, 2012 which resulted in significant brand awareness of Shield Toothbrush and Toothpaste. The celebration was a rousing success which led the competition to also step in but Shield managed to keep the lead in celebrating World Oral Health day all across Pakistan.

The economic and inflationary pressures have increased the cost of doing business. Globally commodities prices are showing upward trend due to rise in Oil prices. Locally, utilities costs are also on a rising trend. This will impact the cost of goods sold. The management is conscious of these increases and will try it's best to effectively and efficiently utilize the exiting resources so we can contain the increase in cost as much as we can.

Karachi: October 24, 2012

On behalf of the Board



M. Haroon Qassim
Managing Director




CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2012

		(Un-Audited) September 30, 2012 (Rupees)	(Audited) June 30, 2012 (Rupees)
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	292,865,371	275,707,377
Intangible assets - software		65,326	76,666
Long term deposits		12,491,314	12,491,314
		<u>305,422,011</u>	<u>288,275,357</u>
Current Assets			
Store and spares		7,309,831	7,507,167
Stock-in-trade		250,742,082	285,720,906
Trade debtors - unsecured, considered good		3,161,644	1,953,453
Loans and advances		17,404,850	7,169,775
Deposits and short term prepayments		4,881,335	819,513
Taxation		32,282,037	37,631,465
Cash and bank balances		2,067,874	2,170,750
		<u>317,849,653</u>	<u>342,973,029</u>
Total Assets		<u>623,271,664</u>	<u>631,248,386</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised Capital 15,000,000 (June 30, 2012: 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed & paid-up capital 3,900,000 (June 30, 2012: 3,900,000) ordinary shares of Rs. 10/- each		39,000,000	39,000,000
Reserves		177,251,973	175,014,956
		<u>216,251,973</u>	<u>214,014,956</u>
Non-Current Liabilities			
Deferred liabilities		63,296,430	61,582,636
Due to directors		75,000,000	75,000,000
Long term financing - secured		26,666,091	14,765,190
		<u>164,962,521</u>	<u>151,347,826</u>
Current Liabilities			
Trade and other payables		131,946,278	93,899,826
Accrued mark-up on bank finances		2,847,705	3,775,921
Current portion of long term financing		11,404,994	8,354,744
Short term bank finances - secured		95,473,193	149,310,113
Provision for taxation		385,000	10,545,000
		<u>242,057,170</u>	<u>265,885,604</u>
Contingencies and Commitments	6	-	-
Total Equity and Liabilities		<u>623,271,664</u>	<u>631,248,386</u>

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

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M. Haroon Qassim
Managing Director


Vali Muhammad A. Habib
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED SEPTEMBER 30, 2012 (Un-Audited)

	For the First Quarter ended	
	September 30, 2012 (Rupees)	September 30, 2011 (Rupees)
Net sales	296,816,109	252,152,498
Cost of sales	(215,900,023)	(189,184,165)
Gross profit	80,916,086	62,968,333
Selling and distribution expenses	(67,984,847)	(41,613,409)
Administrative and general expenses	(5,306,175)	(3,870,014)
Other operating expenses	(373,572)	(2,323,185)
Other operating income	491,879	218,507
Operating profit	7,743,371	15,380,232
Finance costs	(4,551,354)	(5,770,903)
Profit before taxation	3,192,017	9,609,329
Taxation	(955,000)	(4,160,000)
Profit after taxation	2,237,017	5,449,329
Other comprehensive income	-	-
Total comprehensive income for the period	2,237,017	5,449,329
Earning per share - basic and diluted	0.57	1.40

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


M. Haroon Qassim
Managing Director


Vali Muhammad A. Habib
Director



CONDENSED INTERIM CASH FLOW STATEMENT FOR THE PERIOD ENDED SEPTEMBER 30, 2012 (Un-Audited)

	For the First Quarter ended	
	September 30, 2012 (Rupees)	September 30, 2011 (Rupees)
Cash Generated from Operations		
Profit before taxation	3,192,017	9,609,329
Adjustments for:		
Depreciation	7,264,533	6,680,952
Amortization	11,342	204,895
Provision for gratuity	1,427,325	1,016,616
(Gain) / Loss on disposal of property, plant & equipment	(355,688)	(58,067)
Finance costs	4,551,354	5,770,903
Profit before working capital changes	12,898,866	13,615,299
(Increase) / Decrease in Current Assets:		
Stores and spares	197,336	330,657
Stock-in-trade	34,978,824	1,643,666
Trade debtors	(1,208,191)	(1,911,562)
Loans and advances	(10,235,075)	(7,027,412)
Deposits and short term prepayments	(4,061,822)	(3,796,484)
	19,671,072	(10,761,135)
Increase / (Decrease) in Current liabilities		
Trade & other payables	41,097,302	48,447,229
Cash generated from / (used for) operations	76,859,257	60,910,722
Payments for:		
Gratuity	(283,531)	(677,578)
Finance costs	(5,479,570)	(4,871,025)
Taxes	(5,195,574)	(3,542,421)
Net cash from / (used in) operating activities	65,900,582	51,819,698
Cash Flow From Investing Activities		
Fixed capital expenditure including capital work-in-progress	(24,690,114)	(6,286,501)
Long term deposits	-	139,950
Sales proceeds from disposal of property, plant & equipment	623,275	956,351
Net cash used in investing activities	(24,066,839)	(5,190,200)
Cash Flow From Financing Activities		
Dividend paid	(600)	-
Long term financing - Diminshing Musharakah	11,900,901	(781,365)
Net cash used in financing activities	11,900,301	(781,365)
Net (decrease) / increase in cash and cash equivalents	53,734,044	45,848,133
Cash and cash equivalents at the beginning of the period	(147,139,363)	(161,457,869)
Cash and cash equivalents at the end of the period	A (93,405,319)	(115,609,736)
A. Cash and Cash Equivalents		
Cash and bank balances	2,067,874	1,712,416
Short term bank finances	(95,473,193)	(117,322,152)
	(93,405,319)	(115,609,736)

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


M. Haroon Qassim
Managing Director


Vali Muhammad A. Habib
Director

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED SEPTEMBER 30, 2012 (Un-Audited)

	Share Capital (Rupees)	Capital Reserve Share Premium (Rupees)	Revenue Reserve		Total (Rupees)
			General Reserve (Rupees)	Unappropriated Profit (Rupees)	
Balance as at July 01, 2011	39,000,000	10,000,000	55,000,000	76,471,134	180,471,134
Total comprehensive income for the period ended September 30, 2011	-	-	-	5,449,329	5,449,329
Balance as at September 30, 2011	39,000,000	10,000,000	55,000,000	81,920,463	185,920,463
Balance as at July 01, 2012	39,000,000	10,000,000	55,000,000	110,014,956	214,014,956
Total comprehensive income for the period ended September 30, 2012	-	-	-	2,237,017	2,237,017
Balance as at September 30, 2012	39,000,000	10,000,000	55,000,000	112,251,973	216,251,973

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



M. Haroon Qassim
Managing Director



Vali Muhammad A. Habib
Director



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012 (Un-Audited)

1. Status and Nature of Business

Shield Corporation Limited (the Company) was incorporated in Pakistan on January 10, 1975 and is quoted on Karachi, Lahore and Islamabad Stock Exchanges in Pakistan. The registered office of the Company is situated at 509, Business Avenue, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi. The company is mainly engaged in the manufacturing, trading and sales of oral and baby care products.

2. Basis of Preparation

These condensed interim financial statements for the period ended September 30, 2012 are un-audited and have been prepared in compliance with the requirement of IAS 34 Interim Financial Reporting and are being circulated to the members as per the requirements of section 245 of the Companies Ordinance 1984.

3. Significant Accounting Policies

Accounting policies adopted for the preparation of these first quarter condensed interim financial statements are the same as applied in the preparation of the preceding annual published Financial Statements of the company for the year ended June 30, 2012.

4. Standard, interpretations and amendments to published approved accounting standards

Amendments to published standards effective in current year

Following new and amended standards and interpretations mandatory for the first time for the financial year beginning on or after July 1, 2011 that are either not relevant to the company's current operations or do not have a significant impact on the company's financial statements other than certain additional disclosures:

IFRS 7 (Amendment), Financial instruments: disclosures;
IAS 1 (Amendment), Presentation of financial instruments;
IAS 24 (Revised), Related party disclosures;
IAS 32 (Amendment), Financial instruments: presentation;
IFRIC 14, IAS 19 (Amendment), Limit on a defined benefit asset, minimum funding requirements and their interaction;
IFRIC 19, Extinguishing financial liabilities with equity instruments;

Standard, amendments and interpretations

Following amendments are interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after July 01, 2012 or later periods, and the company has not early adopted them, however, these are not expected to have any material impact on the company's financial statements:

IFRS 7 (Amendment), Financial instruments: disclosures;
IFRS 9 (Classification), Financial instruments;
IFRS 10, Consolidated financial statements;
IFRS 11, Joint arrangements;
IFRS 12, Disclosures of interests in other entities;
IFRS 13, Fair value measurement;
IAS 1 (Amendment), Presentation of financial instruments;
IAS 12 (Amendment), Income taxes;
IAS 19 (Amendment), Employee benefits

5. Property, Plant & Equipment

	(Un-audited) Sept. 30, 2012 (Rupees)	(Audited) June 30, 2012 (Rupees)
Operating assets - at net book value	274,869,764	263,956,337
Capital work in progress - at cost	17,995,607	11,751,040
	<u>292,865,371</u>	<u>275,707,377</u>

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5.1 Details of additions and disposals to operating assets are:

	Additions (at cost)		Disposals (at net book value)	
	Sept. 30, 2012	June 30, 2012	Sept. 30, 2012	June 30, 2012
	(Rupees)		(Rupees)	
Office	7,018,856	-	-	-
Factory building on leasehold land	-	9,197,402	-	-
Plant & machinery	10,895,579	26,854,361	-	-
Furniture & fixtures	-	492,912	-	-
Office equipments	148,750	354,750	-	19,133
Computer equipments	249,460	884,700	7,988	99,854
Vehicles	132,900	446,457	259,599	1,205,694
	<u>18,445,545</u>	<u>38,230,582</u>	<u>267,587</u>	<u>1,324,681</u>

6. Contingencies & Commitments

6.1 Contingencies

6.1.1 Contingent liability in respect of guarantee and counter guarantee is Rs. 6.69 millions (June 30, 2012: Rs. 6.69 millions). Out of this Rs. 5 millions (June 30, 2012: Rs. 5 millions) represents surety provided in relation to defending a trade mark case in the High Court for Rs. 42 millions (June 30, 2012: Rs. 42 millions). The management is hopeful that the case will be decided in the Company's favour, as such no provision has been made in these financial statements.

6.2.1 The Company is defending a law suit amounting to Rs. 2.89 millions (June 30, 2012: Rs. 2.89 millions) in respect of input sales tax claim disallowed by the tax authorities. The case is pending at the High Court. The management is hopeful that the same will be allowed, as such no provision has been made in these financial statements.

6.2 Commitments

6.2.1 The Company has letter of credit commitments for purchases amounting to Rs. 13.63 millions (June 30, 2012: Rs. 29.59 millions)

6.2.2 The Company has letter of credit and other commitments for capital expenditures amounting to Rs. 3.71 millions (June 30, 2012: Rs. 15.03 millions)

6.2.3 The Company has commitments in respect of Ijarah as follows:

	(Un-audited) Sept. 30, 2012 (Rupees)	(Audited) June 30, 2012 (Rupees)
More than one year but less than 3 years	388,817	467,356
Less than one year	29,578,291	34,365,104
	<u>29,967,108</u>	<u>34,832,460</u>

7. Transactions with related parties

Related parties comprise of associated undertakings, employees provident fund, directors and key management personnel of the Company. There are no transactions with key management personnel other than under the terms of employment.

Details of transactions with related parties during the period were as follows:

Relationship	Nature of transactions	For the period July-Sept., 2012 (Rupees)	For the period July-Sept., 2011 (Rupees)
Associated company	Sale of goods	284,827,303	228,421,338
Staff retirement funds	Contribution to employees provident fund	643,821	507,026

8. General

8.1 These Financial Statements were authorised for issue by the Board of Directors of the Company on October 24, 2012.

8.2 Figures have been rounded off to the nearest rupee.


M. Haroon Qassim
Managing Director


Vali Muhamamd A. Habib
Director





SHIELD CORPORATION LIMITED

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