



# NO LIMITS



1st QUARTER REPORT 2014-15

***“Set forth no limits, keep in mind that your potential is boundless.” - Sal Martinez***

SHIELD CORPORATION LIMITED  
[ An ISO 9001 and ISO 14001 certified company ]



# contents

Company Information 02

Directors' Review 03

Condensed Interim Balance Sheet 04

Condensed Interim Profit and Loss Account 05

Condensed Interim Cash Flow Statement 06

Condensed Interim Statement of Changes in Equity 07

Notes to the Condensed Interim Financial Statements 08

# COMPANY INFORMATION

## Board of Directors

|                            |                 |
|----------------------------|-----------------|
| Mr. Ebrahim Qassim         | Chairman        |
| Mr. M. Haroon Qassim       | Chief Executive |
| Mr. Vali Muhammad A. Habib | Director        |
| Mr. Pir Muhammad           | Director        |
| Mr. Zamiruddin Ahmed       | Director        |
| Mrs. Saadia Butt Naveed    | Director        |
| Mr. Muhammad Salman Qassim | Director        |

## Audit Committee

|                            |          |
|----------------------------|----------|
| Mr. Pir Muhammad           | Chairman |
| Mr. Vali Muhammad A. Habib | Member   |
| Mr. Zamiruddin Ahmed       | Member   |

## Human Resource & Remuneration Committee

|                            |          |
|----------------------------|----------|
| Mr. Zamiruddin Ahmed       | Chairman |
| Mr. Vali Muhammad A. Habib | Member   |
| Mr. M. Haroon Qassim       | Member   |

## Company Secretary & CFO

Mr. M. Zaid Kaliya

## Head of Internal Audit

Mr. M. Shakeel Dhanani

## Legal Advisors

Messrs. Hassan & Humayun Associates  
Advocates & Solicitors

## External Auditors

Moochhala Gangat & Co.  
Chartered Accountants

## Internal Auditors

A.F. Ferguson & Co.  
Chartered Accountants

## Bankers

Meezan Bank Limited  
Bank Al-Habib Limited - Islamic Banking  
Habib Metropolitan Bank 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  
Baldia Road, Karachi.

## Email & URL

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

## 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, 2014.

Sales for the three months were Rs. 310 million with a decrease of 0.73% over the same period last year. The management succeeded in stopping further slide in sales after major restructuring of sales department in the last quarter of the fiscal year ending June, 2014. This restructuring will help increase in the sales this year.

First quarter of our financial year also witnessed political uncertainties and natural disasters which has negative impact on sales of your company.

Increase in utility costs and inflationary pressure is dominating the uncertain economic situation thus resulting in higher cost. Your management is doing it's best to minimize the impact of higher cost.

On behalf of the Board



M. Haroon Qassim  
Chief Executive

Karachi: October 29, 2014

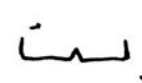
## CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2014

|   | (Un-Audited)<br>September 30, 2014<br>Note (Rupees) | (Audited)<br>June 30, 2014<br>(Rupees) |
|---|---|--|
| <b>ASSETS</b>   |   |  |
| <b>Non-Current Assets</b>   |   |  |
| Property, plant and equipment   | 4 370,731,706                                       | 360,337,970                            |
| Intangible assets - software  | 954,749   | 1,092,424                              |
| Long term deposits  | 4,537,300   | 4,537,300                              |
| Long term loans and advances  | 1,401,084   | 2,900,272                              |
|   | <u>377,624,839</u>                                  | <u>368,867,966</u>                     |
| <b>Current Assets</b>   |   |  |
| Store and spares  | 14,266,554  | 15,467,720                             |
| Stock-in-trade  | 222,090,538   | 286,255,632                            |
| Trade debtors - unsecured, considered good  | 65,741,404  | 1,883,239                              |
| Loans and advances  | 8,755,955   | 8,056,349                              |
| Deposits and short term prepayments   | 3,165,627   | 712,781                                |
| Taxation  | 36,530,307  | 50,995,102                             |
| Cash and bank balances  | 1,424,472   | 1,021,413                              |
|   | <u>351,974,857</u>                                  | <u>364,392,236</u>                     |
| <b>Total Assets</b>   | <u><u>729,599,696</u></u>                           | <u><u>733,260,202</u></u>              |
| <b>EQUITY AND LIABILITIES</b>   |   |  |
| <b>Share Capital and Reserves</b>   |   |  |
| Authorised Capital<br>15,000,000 (June 30, 2014: 15,000,000) ordinary shares of Rs. 10/- each                 | 150,000,000   | 150,000,000                            |
| Issued, subscribed & paid-up capital<br>3,900,000 (June 30, 2014: 3,900,000) ordinary shares of Rs. 10/- each | 39,000,000  | 39,000,000                             |
| Reserves  | 65,000,000  | 65,000,000                             |
| Accumulated profit  | 167,623,467   | 156,898,887                            |
|   | <u>271,623,467</u>                                  | <u>260,898,887</u>                     |
| <b>Non-Current Liabilities</b>  |   |  |
| Deferred liabilities  | 81,631,674  | 78,672,681                             |
| Due to directors  | 63,000,000  | 63,000,000                             |
| Long term financing - secured   | 40,398,721  | 31,742,080                             |
|   | <u>185,030,395</u>                                  | <u>173,414,761</u>                     |
| <b>Current Liabilities</b>  |   |  |
| Trade and other payables  | 137,318,166   | 128,271,725                            |
| Accrued mark-up   | 2,515,164   | 3,542,476                              |
| Current portion of long term financing  | 29,251,057  | 29,622,884                             |
| Short term bank finances - secured  | 103,276,447   | 132,524,469                            |
| Provision for taxation  | 585,000   | 4,985,000                              |
|   | <u>272,945,834</u>                                  | <u>298,946,554</u>                     |
| <b>Contingencies and Commitments</b>  | 5 -   | -                                      |
| <b>Total Equity and Liabilities</b>   | <u><u>729,599,696</u></u>                           | <u><u>733,260,202</u></u>              |

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



M. Haroon Qassim  
Chief Executive




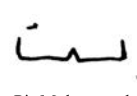
Pir Muhammad  
Director

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED SEPTEMBER 30, 2014 (Un-Audited)

|   | For the First Quarter ended |                             |
|---|-----------------------------|-----------------------------|
|   | September, 2014<br>(Rupees) | September, 2013<br>(Rupees) |
| Net sales                                 | 310,127,304                 | 312,392,921                 |
| Cost of sales                             | (217,577,415)               | (221,151,154)               |
| Gross profit                              | 92,549,889                  | 91,241,767                  |
| Selling and distribution expenses         | (66,215,396)                | (66,109,807)                |
| Administrative and general expenses       | (9,389,136)                 | (7,080,399)                 |
| Other operating expenses                  | (893,412)                   | (887,666)                   |
| Other operating income                    | 264,722                     | 567,575                     |
| Operating profit                          | 16,316,667                  | 17,731,470                  |
| Finance costs                             | (4,262,087)                 | (5,754,407)                 |
| Profit before taxation                    | 12,054,580                  | 11,977,063                  |
| Taxation                                  | (1,330,000)                 | (4,576,000)                 |
| Profit after taxation                     | 10,724,580                  | 7,401,063                   |
| Other comprehensive income                | -                           | -                           |
| Total comprehensive income for the period | 10,724,580                  | 7,401,063                   |
| Earning per share - basic and diluted     | 2.75                        | 1.90                        |

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

  
 M. Haroon Qassim  
 Chief Executive

  
 Pir Muhammad  
 Director

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE PERIOD ENDED SEPTEMBER 30, 2014 (Un-Audited)

|  | For the First Quarter ended |                             |
|--|-----------------------------|-----------------------------|
|  | September, 2014<br>(Rupees) | September, 2013<br>(Rupees) |
| <b>Cash Generated from Operations</b>                        |                             |                             |
| Profit before taxation                                       | 12,054,580                  | 11,977,063                  |
| Adjustments for:   |                             |                             |
| Depreciation   | 9,009,097                   | 8,887,845                   |
| Amortization   | 137,675                     | 7,982                       |
| Provision for gratuity                                       | 2,560,443                   | 1,912,603                   |
| (Gain) / Loss on disposal of property, plant & equipment     | 82,676                      | (90,371)                    |
| Finance costs  | 4,262,087                   | 5,754,407                   |
| Profit before working capital changes                        | 16,051,978                  | 16,472,466                  |
| (Increase) / decrease in Current Assets:                     |                             |                             |
| Stores and spares  | 1,201,166                   | 442,448                     |
| Stock -in -trade   | 64,165,094                  | 10,600,871                  |
| Trade debtors  | (63,858,165)                | (17,499,409)                |
| Loans and advances   | (699,606)                   | (3,407,128)                 |
| Deposits and short term prepayments                          | (2,452,846)                 | (1,545,263)                 |
|  | (1,644,357)                 | (11,408,481)                |
| Increase / (decrease) in Current liabilities                 |                             |                             |
| Trade & other payables                                       | 9,049,981                   | 55,825,457                  |
| Cash generated from / (used in) operations                   | 35,512,182                  | 72,866,505                  |
| Payments for:  |                             |                             |
| Gratuity   | (346,450)                   | (172,748)                   |
| Long term deposits   | -                           | (2,972,510)                 |
| Long term loans and advances                                 | 1,499,188                   | (1,474,002)                 |
| Finance costs  | (5,289,399)                 | (5,811,349)                 |
| Taxes  | 9,479,795                   | (8,153,074)                 |
| Net cash from operating activities ( A )                     | 40,855,316                  | 54,282,822                  |
| <b>Cash Flow From Investing Activities</b>                   |                             |                             |
| Fixed capital expenditure including capital work-in-progress | (19,545,309)                | (27,257,740)                |
| Sales proceeds from disposal of property, plant & equipment  | 59,800                      | 421,100                     |
| Net cash used in investing activities ( B )                  | (19,485,509)                | (26,836,640)                |
| <b>Cash Flow From Financing Activities</b>                   |                             |                             |
| Dividend paid  | (3,540)                     | (12,830)                    |
| Long term financing - diminishing musharakah receipts        | 16,402,462                  | 24,831,712                  |
| Long term financing - diminishing musharakah payments        | (8,117,648)                 | (10,167,336)                |
| Net cash generated from financing activities ( C )           | 8,281,274                   | 14,651,546                  |
| Net increase in cash and cash equivalents (A+B+C)            | 29,651,081                  | 42,097,728                  |
| Cash and cash equivalents at the beginning of the period     | (131,503,056)               | (182,688,343)               |
| Cash and cash equivalents at the end of the period           | (101,851,975)               | (140,590,615)               |
| <b>A. Cash and Cash Equivalents</b>                          |                             |                             |
| Cash and bank balances                                       | 1,424,472                   | 1,921,437                   |
| Short term bank finances                                     | (103,276,447)               | (142,512,052)               |
|  | (101,851,975)               | (140,590,615)               |

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

  
M. Haroon Qassim  
Chief Executive


  
Pir Muhammad  
Director

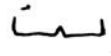


## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED SEPTEMBER 30, 2014 (Un-Audited)

|   | Share<br>Capital<br>(Rupees) | Capital Reserve<br>Share Premium<br>(Rupees) | Revenue Reserve             |                                   | Total<br>(Rupees) |
|---|------------------------------|--|-----------------------------|-----------------------------------|-------------------|
|   |                              |  | General Reserve<br>(Rupees) | Unappropriated Profit<br>(Rupees) |                   |
| Balance as at July 01, 2013   | 39,000,000                   | 10,000,000                                   | 55,000,000                  | 141,707,659                       | 245,707,659       |
| Total comprehensive income for the period<br>ended September 30, 2013 | -                            | -  | -                           | 7,401,063                         | 7,401,063         |
| Balance as at September 30, 2013                                      | 39,000,000                   | 10,000,000                                   | 55,000,000                  | 149,108,722                       | 253,108,722       |
| Balance as at July 01, 2014   | 39,000,000                   | 10,000,000                                   | 55,000,000                  | 156,898,887                       | 260,898,887       |
| Total comprehensive income for the period<br>ended September 30, 2014 | -                            | -  | -                           | 10,724,580                        | 10,724,580        |
| Balance as at September 30, 2014                                      | 39,000,000                   | 10,000,000                                   | 55,000,000                  | 167,623,467                       | 271,623,467       |

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

  
 M. Haroon Qassim  
 Chief Executive

  
 Pir Muhammad  
 Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2014 (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

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial statements does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended June 30, 2014.

### 3 Significant Accounting Policies

Accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2014.

### 3.1 Initial application of standards, amendments or an interpretation to existing standards

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning from July 01, 2014 but are not considered to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

### 4 Property, Plant & Equipment

|   | Note | (Un-audited)<br>Sep. 30, 2014<br>(Rupees) | (Audited)<br>June 30, 2014<br>(Rupees) |
|---|------|---|--|
| Operating fixed assets - at net book value            | 4.1  | 369,555,016                               | 353,153,699                            |
| Capital work in progress - at cost                    |      | 1,176,690                                 | 7,184,271                              |
|   |      | <u>370,731,706</u>                        | <u>360,337,970</u>                     |
| <b>4.1 Movement in operating fixed assets:</b>        |      |   |  |
| Opening - at net book value                           |      | 353,153,699                               | 315,679,352                            |
| Add: Additions during the period                      | 4.2  | 25,552,890                                | 77,918,178                             |
|   |      | 378,706,589                               | 393,597,530                            |
| Less: Depreciation charged during the period          |      | (9,009,097)                               | (38,205,982)                           |
| Less: Disposals during the period - at net book value | 4.2  | (142,476)                                 | (2,237,849)                            |
|   |      | (9,151,573)                               | (40,443,831)                           |
| Closing - at net book value                           |      | <u>369,555,016</u>                        | <u>353,153,699</u>                     |

### 4.2 Details of additions and disposals to operating assets are:

|                      | Additions<br>(at cost)    |                           | Disposals<br>(at net book value) |                           |
|----------------------|---------------------------|---------------------------|----------------------------------|---------------------------|
|                      | Sep. 30, 2014<br>(Rupees) | June 30, 2014<br>(Rupees) | Sep. 30, 2014<br>(Rupees)        | June 30, 2014<br>(Rupees) |
| Factory Building     | -                         | 4,557,001                 | -                                | -                         |
| Plant & machinery    | 25,143,590                | 70,724,026                | -                                | 1,185,846                 |
| Furniture & fixtures | 88,000                    | 367,632                   | -                                | 4,951                     |
| Office equipments    | 144,500                   | 1,238,077                 | 130,092                          | 822,833                   |
| Computer equipments  | 176,800                   | 692,642                   | 12,384                           | 94,219                    |
| Vehicles             | -                         | 338,800                   | -                                | 130,000                   |
|                      | <u>25,552,890</u>         | <u>77,918,178</u>         | <u>142,476</u>                   | <u>2,237,849</u>          |

## 5 Contingencies & Commitments

### 5.1 Contingencies

**5.1.1** Contingent liability in respect of guarantees and counter guarantees is Rs. 7.64 million (June 30, 2014: Rs. 7.64 million). Out of this Rs. 5 million (June 30, 2014: Rs. 5 million) represents guarantee provided in relation to defending a trade mark in the High Court for Rs. 42 million (June 30, 2014: Rs. 42 million). The management is hopeful that case will be decided in Company's favour, as such no provision has been made in these financial statements.

**5.1.2** The Company has filed a constitutional petition in High Court of Sindh against registration of FIR by tax authorities for alleged inadmissibility of input tax on the ground that the suppliers were not bonafide suppliers amounting to Rs. 1.3 million (June 30, 2014: Rs. 1.3 million). The honourable High Court Sindh in its judgement has given detailed guideline to FBR determining the procedure to follow in this case. The matter is pending with Sepcial Judge of Custom Court. The management based on entity's legal counsel is hopeful that the case will be decided in Company's favour and hence no provision has been made in these financial statements.

**5.1.3** The Company has issued post dated cheques in favour of collector of customs amounting to Rs. 6.06 million (June 30, 2014: Rs. 6.06 million) under SRO 565 (I)/2006 dated June 5, 2006 for the reduction of duty as an indemnity guarantee. The collector of customs will refund these cheques upon satisfactory compliance of the requirements of SRO.

### 5.2 Commitments

**5.2.1** The Company has letter of credit commitments for purchases amounting to Rs. 44.81 million (June 30, 2014: Rs. 12.94 million).

**5.2.2** The Company has letter of credit and other commitments for capital expenditures amounting to Rs. 8.37 million (June 30, 2014: Rs. 23.62 million)

**5.2.3** The Company has commitments in respect of Rent of Diminishing Musharakah as follows:

|  | (Un-audited)<br>Sep. 30, 2014<br>(Rupees) | (Audited)<br>June 30, 2014<br>(Rupees) |
|--|---|--|
| Later than one year but not later than three years | 3,211,730                                 | 2,421,312                              |
| Not later than one year                            | 6,568,269                                 | 5,463,471                              |
|  | <u>9,779,999</u>                          | <u>7,884,783</u>                       |

## 6 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<br>July-Sep., 2014<br>(Rupees) | For the period<br>July-Sep., 2013<br>(Rupees) |
|------------------------|--|---|---|
| Associated company     | Sale of goods - Premier Agencies         | 306,462,678                                   | 303,143,682                                   |
| Staff retirement funds | Contribution to employees provident fund | 900,463                                       | 796,005                                       |

## 7 General

**7.1** These financial statements were authorised for issue on October 29, 2014 by the Board of directors of the Company .

**7.2** Figures have been rounded off to the nearest rupee.

  
 M. Haroon Qassim  
 Chief Executive

  
 Pir Muhammad  
 Director



**SHIELD CORPORATION LIMITED**

509, Business Avenue, Block-6, P.E.C.H.S.

Shahrah-e-Faisal, Karachi-75400, Pakistan.

Tel: [92-21] 34385003-4 Fax: [92-21] 34556344

Web: [www.shield.com.pk](http://www.shield.com.pk) Email: [mail@shield.com.pk](mailto:mail@shield.com.pk)

 ShieldBabies |  Shieldmuskurahat  Call Free: **0800-BABYS(22297)**

Designed by: [dna.com.pk](http://dna.com.pk)