

Bringing More Smiles

Half Yearly Report 2012-13



SHIELD CORPORATION LIMITED

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Shield Corporation Limited

[An ISO 9001 and ISO 14001 certified company]

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4.2 Details of additions and disposals to operating assets are:

	Additions (at cost)		Disposals (at net book value)	
	Dec., 31, 2012 (Rupees)	June 30, 2012	Dec., 31, 2012 (Rupees)	June 30, 2012
Office	7,018,856	-	-	-
Factory building on leasehold land	-	9,197,402	-	-
Plant & machinery	20,376,737	26,854,361	-	-
Furniture & fixtures	15,000	492,912	-	-
Office equipments	259,460	354,750	-	19,133
Computer equipments	445,960	884,700	29,789	99,854
Vehicles	2,234,900	446,457	322,519	1,205,694
	<u>30,350,913</u>	<u>38,230,582</u>	<u>352,308</u>	<u>1,324,681</u>

5. Contingencies & Commitments

5.1 Contingencies

5.1.1 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.

5.1.2 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.

5.2 Commitments

5.2.1 The Company has letter of credit commitments for purchases amounting to Rs. 55.21 millions (June 30, 2012: Rs. 29.59 millions)

5.2.2 The Company has letter of credit and other commitments for capital expenditures amounting to Rs. 11.45 millions (June 30, 2012: Rs. 15.03 millions)

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

	(Un-audited) Dec., 31, 2012 (Rupees)	(Audited) June 30, 2012 (Rupees)
More than one year but less than 3 years	-	467,356
Less than one year	20,541,737	34,365,104
	<u>20,541,737</u>	<u>34,832,460</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 July-Dec., 2012 (Rupees)	For the period July-Dec., 2011 (Rupees)
Associated company	Sale of goods	555,616,236	520,341,883
Staff retirement funds	Contribution to employees provident fund	1,291,945	1,028,380

7. General

7.1 These financial statements were authorised for issue on February 22, 2013 by the Board of directors of the Company .

7.2 Figures have been rounded off to the nearest rupee.

M. Haroon Qassim
Managing Director

Vali Muhammad A. Habib
Director



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 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

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. The figures for the half year ended December 31, 2012 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information 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, 2012.

3. Significant Accounting Policies

Accounting policies adopted for the preparation of these half yearly 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.

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

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

Amendments to published standards effective in current year

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2012 but are considered not 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.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after July 01, 2013 but are considered not 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 except for IAS 19 (Amendment), 'Employee Benefits' which is applicable on accounting periods beginning on or after January 01, 2013. The amendment shall eliminate the corridor approach and calculate finance costs on a net funding basis.

4. Property, Plant & Equipment

Note	(Un-audited) Dec., 31, 2012 (Rupees)	(Audited) June 30, 2012 (Rupees)
Operating assets - at net book value	279,469,310	263,956,337
Capital work in progress - at cost	20,075,375	11,751,040
	<u>299,544,685</u>	<u>275,707,377</u>
4.1 Movement in operating fixed assets:		
Opening - at net book value	263,956,337	259,902,510
Add: Additions during the period / year	30,350,913	38,230,582
	<u>294,307,250</u>	<u>298,133,092</u>
Less: Depreciation charged during the period / year	(14,485,632)	(27,856,077)
Less: Impairment during the period / year	-	(4,995,997)
Less: Disposals during the period / year - at net book value	(352,308)	(1,324,681)
	<u>(14,837,940)</u>	<u>(34,176,755)</u>
Closing - at net book value	<u>279,469,310</u>	<u>263,956,337</u>

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COMPANY INFORMATION

Board of Directors

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

Chairman
Managing Director
Director
Director
Director
Director

Audit Committee

Mr. Vali Muhammad A. Habib
Mr. Muhammad Hanif Janoo
Mr. Muhammad Salman Qassim

Chairman
Member
Member

Human Resource & Remuneration Committee

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

Chairman
Member
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



DIRECTORS' REVIEW

On behalf of the Board of Directors, it is my pleasure to present the un-audited accounts for the half year ended December 31, 2012. Sales for the six months stood at Rs. 585.03 million recording growth of 5.94% over the same period last year.

The first half had a very slow pace. Keeping in view the current situation prevailing in the country, next 6 months will be very tumultuous. The management is cognizant of the fact and taking steps to minimize the impact on the overall operations of your company.

The management is confident that the steps taken in last six months specially restructuring of the sales department will definitely show results soon. Also marketing activities carried in the last six months will pave the way for the sales force to take the benefit.

Oral care category is a challenge and the management is giving significant attention to this category. The team is confident that the situation will definitely improve in next six months. Baby care category is on track and the team is optimistic that this category will significantly contribute to the operations of your company.

As mentioned above the management is conscious of the prevailing situation in the country and we will try our best to come up to the expectations.

On behalf of the Board



M. Haroon Qassim
Managing Director

Karachi: February 22, 2013

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 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
Dividend for the year June 30, 2011 - Final - @ Rs. 1.00 per share	-	-	-	(3,900,000)	(3,900,000)
Total comprehensive income for the half year ended December 31, 2011	-	-	-	16,442,920	16,442,920
Balance as at December 31, 2011	39,000,000	10,000,000	55,000,000	89,014,054	193,014,054
Balance as at July 01, 2012	39,000,000	10,000,000	55,000,000	110,014,956	214,014,956
Dividend for the year June 30, 2012 - Final - @ Rs. 1.50 per share	-	-	-	(5,850,000)	(5,850,000)
Total comprehensive income for the half year ended December 31, 2012	-	-	-	2,840,498	2,840,498
Balance as at December 31, 2012	39,000,000	10,000,000	55,000,000	107,005,454	211,005,454

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 HALF YEAR ENDED DECEMBER 31, 2012 (Un-Audited)

	For the Half Year ended	
	December 31, 2012 (Rupees)	December 31, 2011 (Rupees)
Cash Generated from Operations		
Profit before taxation	4,989,996	22,407,920
Adjustments for:		
Depreciation	14,485,633	13,476,686
Amortization	22,683	409,051
Provision for gratuity	2,854,648	2,273,839
(Gain) on disposal of property, plant & equipment	(1,302,887)	(26,434)
Finance costs	8,836,273	10,943,195
Profit before working capital changes	24,896,350	27,076,337
(Increase) / decrease in Current Assets:		
Stores and spares	1,762,344	326,486
Stock-in-trade	69,490,686	65,573,847
Trade debtors	(5,550,278)	(5,909,037)
Loans and advances	(7,525,208)	(6,896,988)
Deposits and short term prepayments	(14,179,356)	(2,213,232)
	43,998,188	50,881,076
Increase / (decrease) in Current liabilities		
Trade & other payables	(21,426,873)	(6,339,517)
Cash generated from operations	52,457,661	94,025,816
Payments for:		
Gratuity	(654,412)	(1,762,513)
Finance costs	(9,573,690)	(11,935,813)
Taxes	(1,792,626)	(5,669,935)
Net cash from operating activities	40,436,933	74,657,555
Cash Flow From Investing Activities		
Fixed capital expenditure including capital work-in-progress	(38,675,249)	(15,552,006)
Software	-	(70,000)
Long term deposits	11,475,524	139,950
Sales proceeds from disposal of property, plant & equipment	1,655,195	968,351
Net cash (used) in investing activities	(25,544,530)	(14,513,705)
Cash Flow From Financing Activities		
Dividend paid	(5,839,980)	(3,876,709)
Long term financing - Diminshing Musharakah	12,784,688	93,715
Net cash generated from / (used in) financing activities	6,944,708	(3,782,994)
Net increase in cash and cash equivalents	21,837,111	56,360,856
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 (125,302,252)	(105,097,013)
A. Cash and Cash Equivalents		
Cash and bank balances	5,566,010	2,005,745
Short term bank finances	(130,868,262)	(107,102,758)
	(125,302,252)	(105,097,013)

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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AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction


We have reviewed the accompanying condensed interim balance sheet of Shield Corporation Limited (the "Company") as at December 31, 2012 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2012.


Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.


Mochhala Gangat & Co.
Chartered Accountants

Name of the audit engagement partner:
Mr. Najeeb Mochhala 

Karachi: February 22, 2013

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CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2012

Note	(Un-Audited) December 31, 2012 (Rupees)	(Audited) June 30, 2012 (Rupees)
ASSETS		
Non-Current Assets		
	299,544,685	275,707,377
Property, plant and equipment	53,983	76,666
Intangible assets - software	1,015,790	12,491,314
Long term deposits	300,614,458	288,275,357
Current Assets		
	5,744,823	7,507,167
Store and spares	216,230,220	285,720,906
Stock-in-trade	7,503,731	1,953,453
Trade debtors - unsecured, considered good	14,694,983	7,169,775
Loans and advances	14,998,869	819,513
Deposits and short term prepayments	28,751,593	37,631,465
Taxation	5,566,010	2,170,750
Cash and bank balances	293,490,229	342,973,029
Total Assets	594,104,687	631,248,386
EQUITY AND LIABILITIES		
Share Capital and Reserves		
	150,000,000	150,000,000
Authorised Capital 15,000,000 (June 30, 2012: 15,000,000) ordinary shares of Rs. 10/- each		
	39,000,000	39,000,000
Issued, subscribed & paid-up capital 3,900,000 (June 30, 2012: 3,900,000) ordinary shares of Rs. 10/- each	172,005,454	175,014,956
Reserves	211,005,454	214,014,956
Non-Current Liabilities		
	64,949,872	61,582,636
Deferred liabilities	75,000,000	75,000,000
Due to directors	21,188,246	14,765,190
Long term financing - secured	161,138,118	151,347,826
Current Liabilities		
	72,482,973	93,899,826
Trade and other payables	3,038,504	3,775,921
Accrued mark-up on bank finances	14,716,376	8,354,744
Current portion of long term financing	130,868,262	149,310,113
Short term bank finances - secured	855,000	10,545,000
Provision for taxation	221,961,115	265,885,604
Contingencies and Commitments	-	-
Total Equity and Liabilities	594,104,687	631,248,386

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 HALF YEAR ENDED DECEMBER 31, 2012 (Un-Audited)

	For the Second Quarter ended		For the Half Year ended	
	December 31, 2012 (Rupees)	December 31, 2011 (Rupees)	December 31, 2012 (Rupees)	December 31, 2011 (Rupees)
Net sales	288,212,247	300,073,304	585,028,356	552,225,802
Cost of sales	(213,224,650)	(224,473,195)	(429,124,673)	(413,657,360)
Gross profit	74,987,597	75,600,109	155,903,683	138,568,442
Selling and distribution expenses	(64,137,328)	(52,480,268)	(132,122,175)	(94,093,677)
Administrative and general expenses	(5,591,019)	(4,508,012)	(10,897,194)	(8,378,026)
Other operating expenses	(274,200)	(1,110,553)	(647,772)	(3,433,738)
Other operating income	1,097,848	469,607	1,589,727	688,114
Operating profit	6,082,898	17,970,883	13,826,269	33,351,115
Finance costs	(4,284,919)	(5,172,292)	(8,836,273)	(10,943,195)
Profit before taxation	1,797,979	12,798,591	4,989,996	22,407,920
Taxation	(1,194,498)	(1,805,000)	(2,149,498)	(5,965,000)
Profit after taxation	603,481	10,993,591	2,840,498	16,442,920
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	603,481	10,993,591	2,840,498	16,442,920
Earning per share - basic and diluted	0.15	2.82	0.73	4.22

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


M. Haroon Qassim
Managing Director


Vali Muhammad A. Habib
Director

