



NO LIMITS



HALF YEARLY 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]

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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 half year ended December 31, 2014.

Sales for the six months stood at Rs. 643 million. The management succeeded in stopping the slide in sales and is very confident that restructuring of sales department in the last quarter of the fiscal year ending June 2014 will result in increase in the sales this year.

Economic and Political uncertainty is dominating the current situation thus resulting in higher cost and unstable market. Next six months will be more challenging and your management will try it's best to achieve a respectable growth in sales over last year.

On behalf of the Board



M. Haroon Qassim
Chief Executive

Karachi: February 24, 2015



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, 2014 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, 2013 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

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, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Moochhala Gangat & Co.
Chartered Accountants

Name of the audit engagement partner:

Mr. Hussaini Fakhruddin

Karachi

Date: 24 February 2015

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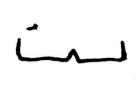
CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2014 (Un-Audited)

	(Un-Audited) December 31, 2014 Note (Rupees)	(Audited) June 30, 2014 (Rupees)
ASSETS		
Non-Current Assets		
Property, plant and equipment	4 363,856,057	360,337,970
Intangible assets - software	817,074	1,092,424
Long term deposits	4,548,800	4,537,300
Long term loans and advances	1,134,263	2,900,272
	<u>370,356,194</u>	<u>368,867,966</u>
Current Assets		
Store and spares	13,965,695	15,467,720
Stock-in-trade	247,180,583	286,255,632
Trade debtors - unsecured, considered good	14,091,795	1,883,239
Loans and advances	8,639,479	8,056,349
Deposits and short term prepayments	2,014,682	712,781
Taxation	43,026,232	50,995,102
Cash and bank balances	23,223,957	1,021,413
	<u>352,142,423</u>	<u>364,392,236</u>
Total Assets	<u><u>722,498,617</u></u>	<u><u>733,260,202</u></u>
EQUITY AND LIABILITIES		
Share Capital and Reserves		
Authorised Capital		
15,000,000 (June 30, 2014: 15,000,000) ordinary shares of Rs. 10/- each	<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed & paid-up capital		
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	173,596,938	156,898,887
	<u>277,596,938</u>	<u>260,898,887</u>
Non-Current Liabilities		
Deferred liabilities	82,234,647	78,672,681
Due to directors - interest free - unsecured	63,000,000	63,000,000
Long term financing - secured	29,899,667	31,742,080
	<u>175,134,314</u>	<u>173,414,761</u>
Current Liabilities		
Trade and other payables	133,729,148	128,271,725
Accrued mark-up on bank finances	2,556,057	3,542,476
Current portion of long term financing	33,056,319	29,622,884
Short term bank finances - secured	94,070,841	132,524,469
Provision for taxation	6,355,000	4,985,000
	<u>269,767,365</u>	<u>298,946,554</u>
Contingencies and Commitments	5 -	-
Total Equity and Liabilities	<u><u>722,498,617</u></u>	<u><u>733,260,202</u></u>

The annexed notes form an integral part of this condensed interim financial information.



M. Haroon Qassim
Chief Executive




Pir Muhammad
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED DECEMBER 31, 2014 (Un-Audited)

	For the Second Quarter ended		For the Half Year ended	
	December 31, 2014 (Rupees)	December 31, 2013 (Rupees)	December 31, 2014 (Rupees)	December 31, 2013 (Rupees)
Net sales	332,660,571	326,421,017	642,787,875	638,813,938
Cost of sales	(227,702,588)	(222,695,664)	(445,280,003)	(443,846,818)
Gross profit	104,957,983	103,725,353	197,507,872	194,967,120
Selling and distribution expenses	(74,001,648)	(74,511,299)	(140,217,044)	(140,621,106)
Administrative and general expenses	(9,711,580)	(7,531,179)	(19,100,716)	(14,611,578)
Other operating expenses	(1,308,925)	(1,156,596)	(2,202,337)	(2,044,262)
Other operating income	630,858	438,757	895,580	1,006,332
Operating profit	20,566,688	20,965,036	36,883,355	38,696,506
Finance costs	(4,422,411)	(6,709,733)	(8,684,498)	(12,464,140)
Profit before taxation	16,144,277	14,255,303	28,198,857	26,232,366
Taxation	(4,320,806)	(7,125,440)	(5,650,806)	(11,701,440)
Profit after taxation	11,823,471	7,129,863	22,548,051	14,530,926
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	11,823,471	7,129,863	22,548,051	14,530,926
Earning per share - basic and diluted	3.03	1.83	5.78	3.73

The annexed notes form an integral part of this condensed interim financial information.


 M. Haroon Qassim
 Chief Executive


 Pir Muhammad
 Director

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2014 (Un-Audited)

	For the Half Year ended	
	December 31, 2014 (Rupees)	December 31, 2013 (Rupees)
Cash Generated from Operations		
Profit before taxation	28,198,857	26,232,366
Adjustments for:		
Depreciation	18,557,385	18,655,698
Amortization	275,350	125,554
Provision for gratuity	5,120,886	3,825,203
(Gain) / Loss on disposal of property, plant & equipment	125,246	100,082
Finance costs	8,684,498	12,464,140
Profit before working capital changes	32,763,365	35,170,677
(Increase) / decrease in Current Assets:		
Stores and spares	1,502,025	(6,715,371)
Stock -in -trade	39,075,049	(25,144,228)
Trade debtors	(12,208,556)	21,100,068
Loans and advances	(583,130)	(3,621,733)
Deposits and short term prepayments	(1,301,901)	(122,223)
	26,483,487	(14,503,487)
Increase / (decrease) in Current liabilities		
Trade & other payables	5,419,636	61,851,198
Cash generated from operations	92,865,345	108,750,754
Payments for:		
Gratuity	(688,920)	(1,061,403)
Long term deposits	(11,500)	(2,972,510)
Long term loans and advances	1,766,009	-
Finance costs	(9,670,917)	(11,252,175)
Taxes	2,818,064	(15,460,550)
Net cash from operating activities	87,078,081	78,004,116
Cash Flow From Investing Activities		
Fixed capital expenditure including capital work-in-progress	(22,295,373)	(40,152,172)
Sales proceeds from disposal of property, plant & equipment	94,655	843,442
Net cash used in investing activities	(22,200,718)	(39,308,730)
Cash Flow From Financing Activities		
Dividend paid	(5,812,213)	(5,609,057)
Long term financing - diminishing musharakah receipts	16,402,462	31,063,717
Long term financing - diminishing musharakah payments	(14,811,440)	(14,965,766)
Net cash generated from financing activities	(4,221,191)	10,488,894
Net increase in cash and cash equivalents	60,656,172	49,184,280
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	A (70,846,884)	(133,504,063)
A. Cash and Cash Equivalents		
Cash and bank balances	23,223,957	961,165
Short term bank finances	(94,070,841)	(134,465,228)
	(70,846,884)	(133,504,063)

The annexed notes form an integral part of this condensed interim financial information.



M. Haroon Qassim
Chief Executive



Pir Muhammad
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2014 (Un-Audited)

	Share Capital (Rupees)	Capital Reserve Share Premium (Rupees)	Revenue Reserve		Total (Rupees)
			General Reserve (Rupees)	Accumulated Profit (Rupees)	
Balance as at July 01, 2013	39,000,000	10,000,000	55,000,000	141,707,659	245,707,659
Dividend for the year June 30, 2013 - Final - @ Rs. 1.50 per share	-	-	-	(5,850,000)	(5,850,000)
Total comprehensive income for the half year ended December 31, 2013	-	-	-	14,530,926	14,530,926
Balance as at December 31, 2013	39,000,000	10,000,000	55,000,000	150,388,585	254,388,585
Balance as at July 01, 2014	39,000,000	10,000,000	55,000,000	156,898,887	260,898,887
Dividend for the year June 30, 2014 - Final - @ Rs. 1.50 per share	-	-	-	(5,850,000)	(5,850,000)
Total comprehensive income for the half year ended December 31, 2014	-	-	-	22,548,051	22,548,051
Balance as at December 31, 2014	39,000,000	10,000,000	55,000,000	173,596,938	277,596,938

The annexed notes form an integral part of this condensed interim financial information.


 M. Haroon Qassim
 Chief Executive


 Pir Muhammad
 Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 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. The figures for the half year ended December 31, 2014 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, 2014.

3 Significant Accounting Policies

Accounting policies adopted for the preparation of these half yearly 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 Accounting estimates and judgements

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of this condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the audited annual financial statements for the year ended June 30, 2014.

4 Property, Plant & Equipment

	Note	(Un-audited) Dec. 31, 2014 (Rupees)	(Audited) June 30, 2014 (Rupees)
Operating fixed assets - at net book value	4.1	360,473,114	353,153,699
Capital work in progress - at cost		3,382,943	7,184,271
		<u>363,856,057</u>	<u>360,337,970</u>
4.1 Movement in operating fixed assets:			
Opening - at net book value		353,153,699	315,679,352
Add: Additions during the period	4.2	26,096,701	77,918,178
		379,250,400	393,597,530
Less: Depreciation charged during the period		(18,557,385)	(38,205,982)
Less: Disposals during the period - at net book value	4.2	(219,901)	(2,237,849)
		(18,777,286)	(40,443,831)
Closing - at net book value		<u>360,473,114</u>	<u>353,153,699</u>

4.2 Details of additions and disposals to operating assets are:

	Additions (at cost)		Disposals (at net book value)	
	Dec. 31, 2014 (Rupees)	June 30, 2014	Dec. 31, 2014 (Rupees)	June 30, 2014
Factory Building	270,418	4,557,001	-	-
Plant & machinery	25,298,588	70,724,026	-	1,185,846
Furniture & fixtures	88,000	367,632	18,282	4,951
Office equipments	184,195	1,238,077	157,668	822,833
Computer equipments	255,500	692,642	43,951	94,219
Vehicles	-	338,800	-	130,000
	<u>26,096,701</u>	<u>77,918,178</u>	<u>219,901</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 case 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 Special 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. 54.58 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. 19.54 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) Dec. 31, 2014 (Rupees)	(Audited) June 30, 2014 (Rupees)
Later than one year but not later than three years	5,383,186	2,421,312
Not later than one year	2,056,635	5,463,471
	7,439,821	7,884,783

6 Transactions with related parties

Related parties comprise of associated undertakings, employees provident fund, directors and key management personnel of the Company.


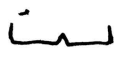
There are no transactions with key management personnel other than under the terms of employment. Details of transactions with related parties during the period were as follows:

Relationship	Nature of transactions	For the period July-Dec., 2014 (Rupees)	For the period July-Dec., 2013 (Rupees)
Associated company	Sale of goods	615,269,295	612,141,462
Staff retirement funds	Contribution to employees provident fund	1,788,973	1,593,802

7 General

7.1 This condensed interim financial information was authorised for issue on February 24, 2015 by the board of directors of the Company.

7.2 Figures have been rounded off to the nearest rupee.



 M. Haroon Qassim Pir Muhammad
 Chief Executive Director



SHIELD CORPORATION LIMITED

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