

6 Inch

Bringing More Smiles

3rd Quarter Report 2012-13

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
 Mr. M. Haroon Qassim
 Mr. Vali Muhammad A. Habib
 Mr. Muhammad Hanif Janoo
 Ms. Saadia Butt Naveed
 Mr. Zamiruddin Ahmed
 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 nine months period ended March 31, 2013. Sales for the nine months stood at Rs. 895.84 million recording growth of 10.16% over the same period last year.

There was no price increase in the last nine months, all the growth had been volume growth. There was price increase in baby care products in March, 2013 and increase in sales value due to price increase will be reflected in the annual report.

Oral care category is a challenge while we are going through reorganization and the management is giving significant attention to this category. The management is confident that the situation will definitely improve in next three months. Baby care category is on track and the management is optimistic that this category will significantly contribute to the operations of your company.

Karachi: April 29, 2013

On behalf of the Board




M. Haroon Qassim
Managing Director

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2013

	Note	(Un-Audited) March 31, 2013 (Rupees)	(Audited) June 30, 2012 (Rupees)
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	327,272,622	275,707,377
Intangible assets - software		42,887	76,666
Long term deposits		1,589,790	12,491,314
		328,905,299	288,275,357
Current Assets			
Store and spares		5,659,952	7,507,167
Stock-in-trade		243,853,265	285,720,906
Trade debtors - unsecured, considered good		3,360,664	1,953,453
Loans and advances		16,370,449	7,169,775
Deposits and short term prepayments		13,448,482	819,513
Taxation		37,194,621	37,631,465
Cash and bank balances		5,704,416	2,170,750
		325,591,849	342,973,029
Total Assets		654,497,148	631,248,386
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		179,176,411	175,014,956
		218,176,411	214,014,956
Non-Current Liabilities			
Deferred liabilities		67,225,877	61,582,636
Due to directors		63,000,000	75,000,000
Long term financing - secured		37,735,760	14,765,190
		167,961,637	151,347,826
Current Liabilities			
Trade and other payables		123,687,603	93,899,826
Accrued mark-up on bank finances		2,977,277	3,775,921
Current portion of long term financing		12,982,499	8,354,744
Short term bank finances - secured		127,556,721	149,310,113
Provision for taxation		1,155,000	10,545,000
		268,359,100	265,885,604
Contingencies and Commitments	5	-	-
Total Equity and Liabilities		654,497,148	631,248,386

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


M. Haroon Qassim
Managing Director



Vali Muhammad A. Habib
Director



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2013 (Un-Audited)

	For the Third Quarter ended		For the Period ended	
	March 31, 2013 (Rupees)	March 31, 2012 (Rupees)	March 31, 2013 (Rupees)	March 31, 2012 (Rupees)
Net sales	310,809,656	260,979,271	895,838,012	813,205,073
Cost of sales	(221,435,932)	(176,505,540)	(650,560,605)	(590,162,900)
Gross profit	89,373,724	84,473,731	245,277,407	223,042,173
Selling and distribution expenses	(68,981,925)	(54,686,630)	(201,104,100)	(148,780,307)
Administrative and general expenses	(5,341,918)	(5,785,779)	(16,239,112)	(14,163,805)
Other operating expenses	(946,114)	(2,597,979)	(1,593,886)	(6,031,717)
Other operating income	35,711	467,563	1,625,438	1,155,677
Operating profit	14,139,478	21,870,906	27,965,747	55,222,021
Finance costs	(4,830,387)	(4,010,370)	(13,666,660)	(14,953,565)
Profit before taxation	9,309,091	17,860,536	14,299,087	40,268,456
Taxation	(2,138,134)	(2,075,630)	(4,287,632)	(8,040,630)
Profit after taxation	7,170,957	15,784,906	10,011,455	32,227,826
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	7,170,957	15,784,906	10,011,455	32,227,826
Earning per share - basic and diluted	1.84	4.05	2.57	8.26

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 CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2013 (Un-Audited)

	For the Period ended	
	March 31, 2013 (Rupees)	March 31, 2012 (Rupees)
Cash Generated from Operations		
Profit before taxation	14,299,087	40,268,456
Adjustments for:		
Depreciation	21,953,788	20,523,716
Amortization	33,779	614,984
Provision for gratuity	4,269,072	3,410,800
(Gain) on disposal of property, plant & equipment	(645,114)	(109,278)
Finance costs	13,666,660	14,953,565
Profit before working capital changes	39,278,185	39,393,787
(Increase) / decrease in Current Assets:		
Stores and spares	1,847,215	(1,190,125)
Stock-in-trade	41,867,641	17,579,764
Trade debtors	(1,407,211)	(91,675)
Loans and advances	(9,200,674)	(8,195,326)
Deposits and short term prepayments	(12,628,969)	(867,016)
	20,478,002	7,235,622
Increase / (decrease) in Current liabilities		
Trade & other payables	29,786,614	(9,271,665)
Cash generated from operations	103,841,888	77,626,200
Payments for:		
Gratuity	(1,615,831)	(2,436,846)
Finance costs	(14,465,304)	(15,884,272)
Taxes	(10,250,788)	(10,771,793)
Net cash from operating activities	77,509,965	48,533,289
Cash Flow From Investing Activities		
Fixed capital expenditure including capital work-in-progress	(75,479,114)	(35,855,976)
Software	-	(95,000)
Long term deposits	10,901,524	139,950
Sales proceeds from disposal of property, plant & equipment	2,605,195	1,348,585
Net cash (used) in investing activities	(61,972,395)	(34,462,441)
Cash Flow From Financing Activities		
Dividend paid	(5,848,837)	(3,883,076)
Long term financing - Diminshing Musharakah	27,598,325	9,791,115
Loan from director	(12,000,000)	-
Net cash generated from / (used in) financing activities	9,749,488	5,908,039
Net increase in cash and cash equivalents	25,287,058	19,978,887
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 (121,852,305)	(141,478,982)
A. Cash and Cash Equivalents		
Cash and bank balances	5,704,416	8,373,469
Short term bank finances	(127,556,721)	(149,852,451)
	(121,852,305)	(141,478,982)

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


M. Haroon Qassim
Managing Director


Vali Muhammad A. Habib
Director



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2013 (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 period ended March 31, 2012	-	-	-	32,227,826	32,227,826
Balance as at March 31, 2012	39,000,000	10,000,000	55,000,000	104,798,960	208,798,960
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 period ended March 31, 2013	-	-	-	10,011,455	10,011,455
Balance as at March 31, 2013	39,000,000	10,000,000	55,000,000	114,176,411	218,176,411

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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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2013 (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.

3. Significant Accounting Policies

Accounting policies adopted for the preparation of these third quarter ended 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

		(Un-audited) Mar. 31, 2013 (Rupees)	(Audited) June 30, 2012 (Rupees)
Operating assets - at net book value	4.1	282,896,747	263,956,337
Capital work in progress - at cost		44,375,875	11,751,040
		327,272,622	275,707,377

4.1 Movement in operating fixed assets:

		(Un-audited) Mar. 31, 2013 (Rupees)	(Audited) June 30, 2012 (Rupees)
Opening - at net book value		263,956,337	259,902,510
Add: Additions during the period / year	4.2	42,854,279	38,230,582
		306,810,616	298,133,092
Less: Depreciation charged during the period / year		(21,953,788)	(27,856,077)
Less: Impairment during the period / year		-	(4,995,997)
Less: Disposals during the period / year - at net book value	4.2	(1,960,081)	(1,324,681)
		(23,913,869)	(34,176,755)
Closing - at net book value		282,896,747	263,956,337



4.2 Details of additions and disposals to operating assets are:

	Additions (at cost)		Disposals (at net book value)	
	Mar. 31, 2013 (Rupees)	June 30, 2012	Mar. 31, 2013 (Rupees)	June 30, 2012
Office	7,018,856	-	-	-
Factory building on leasehold land	-	9,197,402	-	-
Plant & machinery	32,796,258	26,854,361	560,590	-
Furniture & fixtures	15,000	492,912	1,047,183	-
Office equipments	319,805	354,750	-	19,133
Computer equipments	469,460	884,700	29,789	99,854
Vehicles	2,234,900	446,457	322,519	1,205,694
	<u>42,854,279</u>	<u>38,230,582</u>	<u>1,960,081</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 million (June 30, 2012: Rs. 6.69 million). Out of this Rs. 5 million (June 30, 2012: Rs. 5 million) represents surety provided in relation to defending a trade mark case in the High Court for Rs. 42 million (June 30, 2012: Rs. 42 million). 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 million (June 30, 2012: Rs. 2.89 million) 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. 46.37 million (June 30, 2012: Rs. 29.59 million)

5.2.2 The Company has letter of credit and other commitments for capital expenditures amounting to Rs. 50.99 million (June 30, 2012: Rs. 15.03 million)

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

	(Un-audited)	(Audited)
	Mar. 31, 2013 (Rupees)	June 30, 2012 (Rupees)
More than one year but less than 3 years	-	467,356
Less than one year	11,292,158	34,365,104
	<u>11,292,158</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	For the period
		July-Mar., 2013 (Rupees)	July-Mar., 2012 (Rupees)
Associated company	Sale of goods	855,607,309	772,924,534
Staff retirement funds	Contribution to employees provident fund	1,930,142	1,540,744

7. General

7.1 These financial statements were authorised for issue on April 29, 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

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