



NO LIMITS



3rd 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]

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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
Mrs. Saadia Butt Naveed	Director
Mr. Muhammad Salman Qassim	Director

Audit Committee

Mr. Pir Muhammad	Chairman
Mr. Vali Muhammad A. Habib	Member

Human Resource & Remuneration Committee

Mr. Vali Muhammad A. Habib	Chairman
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

DIRECTOR'S REVIEW

The un-audited accounts for the period ended March 31, 2015 are being presented on behalf of the Board of Directors.

Sales for the nine months stood at Rs .947 million giving an increase of 1.57% over the same period last year.

This is a very nominal increase in sales and the management is striving it's best to align the sales team on long term basis so the company can grow its sales to full potential.

Next three months are being looked at it very seriously and it is of utmost importance that the sales team deliver the results as expected and achieve a respectable growth in sales over last year.

On behalf of the Board



M. Haroon Qassim
Chief Executive

Karachi: April 28, 2015

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2015 (Un-Audited)

	(Un-Audited) March 31, 2015 (Rupees)	(Audited) June 30, 2014 (Rupees)
ASSETS		
Non-Current Assets		
Property, plant and equipment	4 361,011,130	360,337,970
Intangible assets - software	682,766	1,092,424
Long term deposits	4,557,300	4,537,300
Long term loans and advances	897,324	2,900,272
	<u>367,148,520</u>	<u>368,867,966</u>
Current Assets		
Store and spares	12,371,409	15,467,720
Stock-in-trade	281,542,708	286,255,632
Trade debtors - unsecured, considered good	14,164,347	1,883,239
Loans and advances	9,649,224	8,056,349
Deposits and short term prepayments	1,625,377	712,781
Taxation	50,807,939	50,995,102
Cash and bank balances	5,032,322	1,021,413
	<u>375,193,326</u>	<u>364,392,236</u>
Total Assets	<u><u>742,341,846</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	186,139,266	156,898,887
	<u>290,139,266</u>	<u>260,898,887</u>
Non-Current Liabilities		
Deferred liabilities	84,090,991	78,672,681
Due to directors - interest free - unsecured	63,000,000	63,000,000
Long term financing - secured	26,753,787	31,742,080
	<u>173,844,778</u>	<u>173,414,761</u>
Current Liabilities		
Trade and other payables	172,573,572	128,271,725
Accrued mark-up on bank finances	2,130,621	3,542,476
Current portion of long term financing	33,114,329	29,622,884
Short term bank finances - secured	59,079,280	132,524,469
Provision for taxation	11,460,000	4,985,000
	<u>278,357,802</u>	<u>298,946,554</u>
Contingencies and Commitments	5 -	-
Total Equity and Liabilities	<u><u>742,341,846</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 PERIOD ENDED MARCH 31, 2015 (Un-Audited)

	For the Third Quarter ended		For the Period ended	
	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
Net sales	304,587,631	293,904,500	947,375,506	932,718,438
Cost of sales	(209,052,883)	(203,291,077)	(654,332,886)	(647,137,895)
Gross profit	95,534,748	90,613,423	293,042,620	285,580,543
Selling and distribution expenses	(62,796,532)	(72,616,761)	(203,013,576)	(213,237,867)
Administrative and general expenses	(9,640,557)	(6,369,762)	(28,741,273)	(21,156,840)
Other operating expenses	(1,791,740)	(620,603)	(3,994,077)	(2,389,284)
Other operating income	506,673	742,979	1,402,253	1,649,230
Operating profit	21,812,592	11,749,276	58,695,947	50,445,782
Finance costs	(4,190,264)	(5,743,622)	(12,874,762)	(18,207,762)
Profit before taxation	17,622,328	6,005,654	45,821,185	32,238,020
Taxation	(5,080,000)	(816,043)	(10,730,806)	(12,517,483)
Profit after taxation	12,542,328	5,189,611	35,090,379	19,720,537
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	12,542,328	5,189,611	35,090,379	19,720,537
Earning per share - basic and diluted	3.22	1.33	9.00	5.06

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 PERIOD ENDED MARCH 31, 2015 (Un-Audited)

	For the Period ended	
	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
Cash Generated from Operations		
Profit before taxation	45,821,185	32,238,020
Adjustments for:		
Depreciation	28,052,479	28,298,480
Amortization	409,658	268,045
Provision for gratuity	7,681,330	5,737,804
(Gain) / Loss on disposal of property, plant & equipment	598,093	(230,881)
Finance costs	12,874,762	18,207,762
Profit before working capital changes	49,616,322	52,281,210
(Increase) / decrease in Current Assets:		
Stores and spares	3,096,311	(2,641,861)
Stock -in -trade	4,712,924	(45,999,223)
Trade debtors	(12,281,108)	1,949,595
Loans and advances	410,073	(5,178,198)
Deposits and short term prepayments	(912,596)	224,960
	(4,974,396)	(51,644,727)
Increase / (decrease) in Current liabilities		
Trade & other payables	44,275,120	64,926,170
Cash generated from operations	134,738,231	97,800,673
Payments for:		
Gratuity	(1,368,020)	(1,486,954)
Long term deposits	(20,000)	(2,972,510)
Finance costs	(14,286,617)	(18,438,114)
Taxes	(4,963,643)	(21,272,981)
Net cash from operating activities	114,099,951	53,630,114
Cash Flow From Investing Activities		
Fixed capital expenditure including capital work-in-progress	(30,303,913)	(41,130,851)
Sales proceeds from disposal of property, plant & equipment	980,181	1,262,564
Net cash used in investing activities	(29,323,732)	(39,868,287)
Cash Flow From Financing Activities		
Dividend paid	(5,823,273)	(5,821,985)
Long term financing - diminishing musharakah receipts	16,402,462	31,324,172
Long term financing - diminishing musharakah payments	(17,899,310)	(23,939,219)
Net cash generated from financing activities	(7,320,121)	1,562,968
Net increase in cash and cash equivalents	77,456,098	15,324,795
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 (54,046,958)	(167,363,548)
A. Cash and Cash Equivalents		
Cash and bank balances	5,032,322	7,708,415
Short term bank finances	(59,079,280)	(175,071,963)
	(54,046,958)	(167,363,548)

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 PERIOD ENDED MARCH 31, 2015 (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 period ended March 31, 2014	-	-	-	19,720,537	19,720,537
Balance as at March 31, 2014	39,000,000	10,000,000	55,000,000	155,578,196	259,578,196
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 period ended March 31, 2015	-	-	-	35,090,379	35,090,379
Balance as at March 31, 2015	39,000,000	10,000,000	55,000,000	186,139,266	290,139,266

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



 M. Haroon Qassim Pir Muhammad
 Chief Executive Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED MARCH 31, 2015 (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 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 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 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) March 31, 2015 (Rupees)	(Audited) June 30, 2014 (Rupees)
Operating fixed assets - at net book value	4.1	352,680,189	353,153,699
Capital work in progress - at cost		8,330,941	7,184,271
		<u>361,011,130</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	29,157,244	77,918,178
		382,310,943	393,597,530
Less: Depreciation charged during the period		(28,052,480)	(38,205,982)
Less: Disposals during the period - at net book value	4.2	(1,578,274)	(2,237,849)
		(29,630,754)	(40,443,831)
Closing - at net book value		<u>352,680,189</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)	
	March 31, 2015 (Rupees)	June 30, 2014 (Rupees)	March 31, 2015 (Rupees)	June 30, 2014 (Rupees)
Factory Building	520,418	4,557,001	-	-
Plant & machinery	27,771,531	70,724,026	1,291,384	1,185,846
Furniture & fixtures	111,200	367,632	18,282	4,951
Office equipments	312,295	1,238,077	206,049	822,833
Computer equipments	441,800	692,642	62,559	94,219
Vehicles	-	338,800	-	130,000
	<u>29,157,244</u>	<u>77,918,178</u>	<u>1,578,274</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. 73.64 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. 22.98 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) March 31, 2015 (Rupees)	(Audited) June 30, 2014 (Rupees)
Later than one year but not later than three years	1,538,899	2,421,312
Not later than one year	4,792,883	5,463,471
	6,331,782	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-March, 2015 (Rupees)	For the period July-March, 2014 (Rupees)
Associated companies	Sale of goods	906,667,802	894,556,418
Staff retirement funds	Contribution to employees provident fund	2,676,875	2,392,304

7 General

7.1 This condensed interim financial information was authorised for issue on April 28, 2015 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

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