

ray of sunshine


Brands
of the year
Award
2006

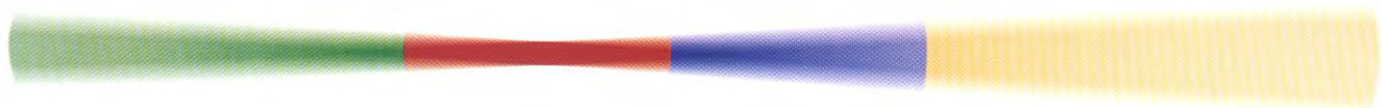


ANNUAL REPORT 2007

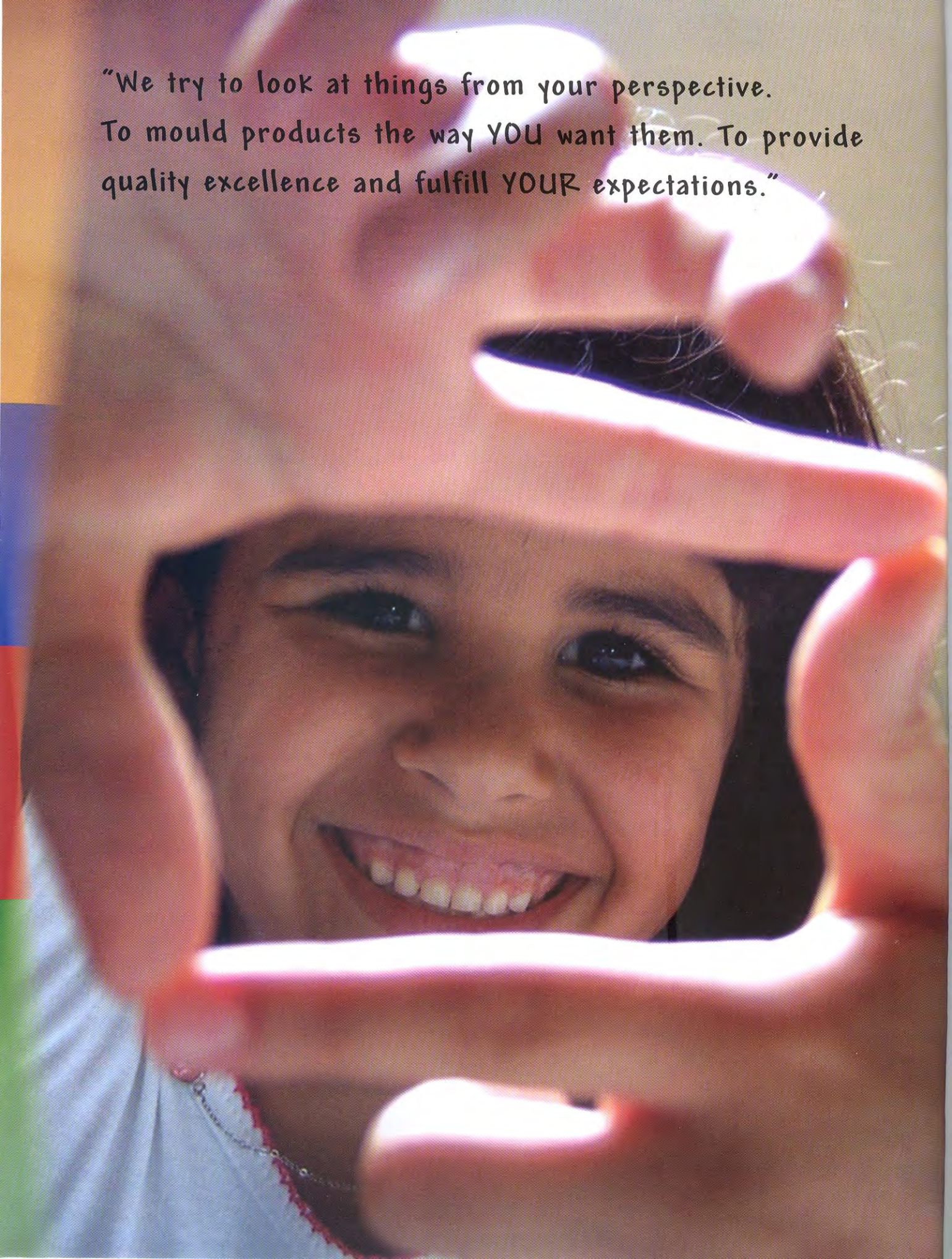
SHIELD CORPORATION LTD

(An ISO 9001 and ISO 14001 certified company)

 **Shield**[®] "Leading the nation in oral care & baby care"



"We try to look at things from your perspective.
To mould products the way YOU want them. To provide
quality excellence and fulfill YOUR expectations."



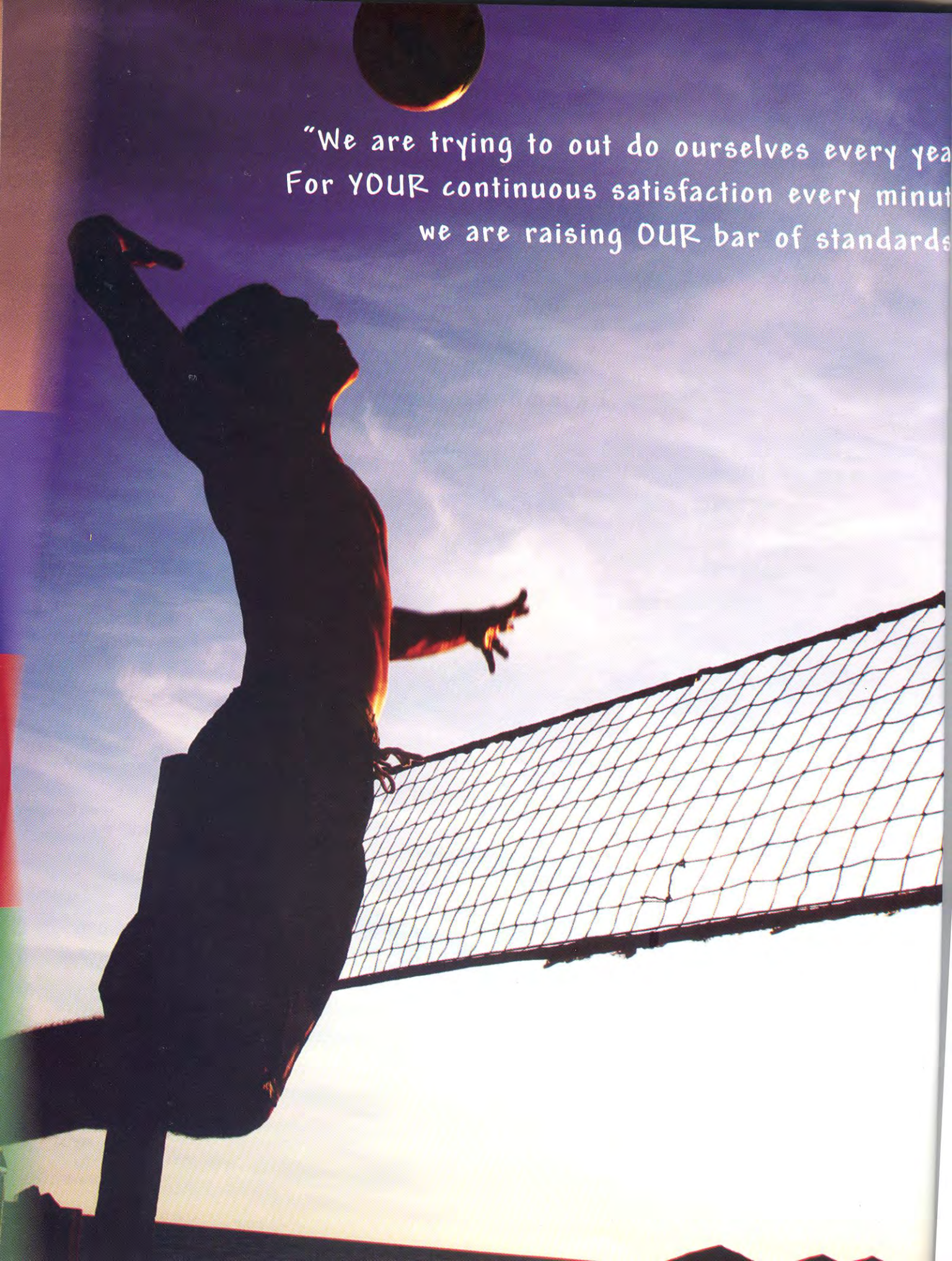
VISION

THE VISION

“To become the best personal and household care company and amongst the most trusted names in product categories we decide to be in.”



ANNUAL REPORT 2007

A low-angle photograph capturing a volleyball player in mid-air, silhouetted against a vibrant sunset sky. The player is positioned on the left side of the frame, jumping over a volleyball net that stretches diagonally across the middle. A volleyball is suspended in the air at the top center. The sky transitions from a deep purple at the top to a bright orange and yellow near the horizon. The overall mood is one of athletic achievement and high performance.

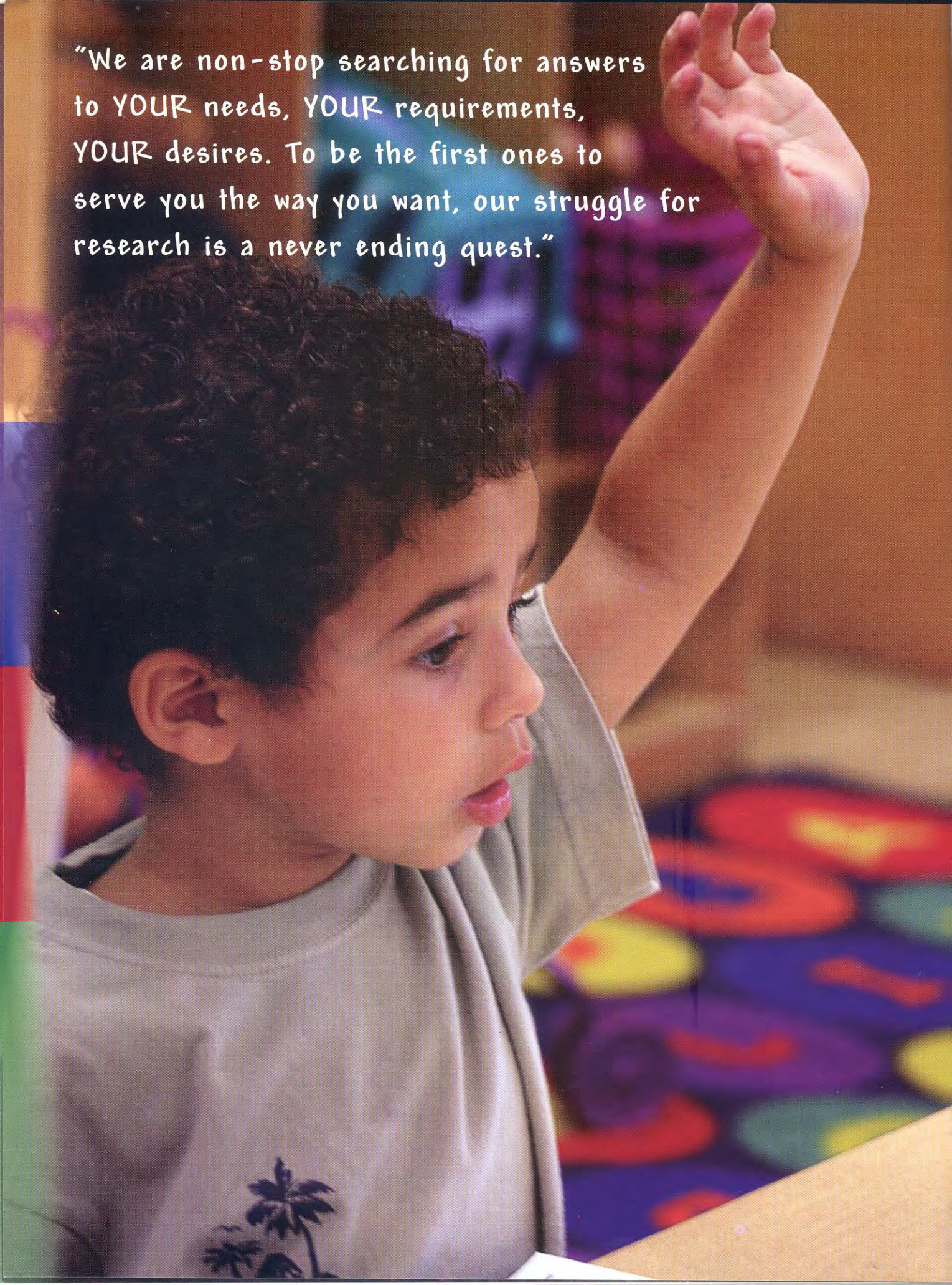
"We are trying to out do ourselves every year
For YOUR continuous satisfaction every minute
we are raising OUR bar of standards

MISSION THE MISSION

“To be the best consumer products company by focusing on quality, consumer needs and marketing excellence, while maintaining an ethical code of conduct, showing care and compassion towards employees, being fair to all shareholders and symbolizing responsible corporate citizenship.”



"We are non-stop searching for answers to YOUR needs, YOUR requirements, YOUR desires. To be the first ones to serve you the way you want, our struggle for research is a never ending quest."



THE HISTORY

“Leading the nation in Oral Care and Baby Care,

Shield continues to innovate products

that serve the need of the market

and meet our customers’ satisfaction.”



ANNUAL REPORT 2007

“Shield's toothpaste research team concentrated its efforts on the benefits of "CINNAMON" the natural herb; trusted by mankind ever since existence and turned it into a paste form to cater to YOUR essential gum and tooth care.

That's because Shield understands its success depends on YOU.”



سو... ذرا اور کھلائے

MILESTONES

CINNAMON FLAVOUR



ANNUAL REPORT 2007

سچے دآر ماؤں كا انتخاب



"Mothers understand by INSTINCT every need of her child.
For those selfless mothers we are trying to be THAT instinct."

A STIR IN THE MARKET

"As always Shield tries to fill every nook and cranny of your needs.

This year we have provided mothers with a **BABY FRIENDLY DIAPER RANGE.**

From the newborn gurgle, through the clumsy crawl, to the first step and beyond;

Shield Baby Diapers sooth and comfort little ones and escort caring mothers,

with their support in all possible way."



ANNUAL REPORT 2007



... سلاخہارے ساتھ

DRIVING SALES FORCE

“Blessings is a home grown revolution,
the first kids’ brand you can really call your own.”

Proud to present an attractively packaged portfolio
of baby care range Blessings strives to be the most preferred
baby care brand of Pakistan.

Well suited to babies, Blessings toiletries range
of shampoo, powder, lotion, soap and oil is a gentle protector;
and the Blessings feeder, teether, nipple and soothers
aim to fulfill their growing needs.



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ننسو... زرا اور کھلا کے

DRIVING SALES FORCE

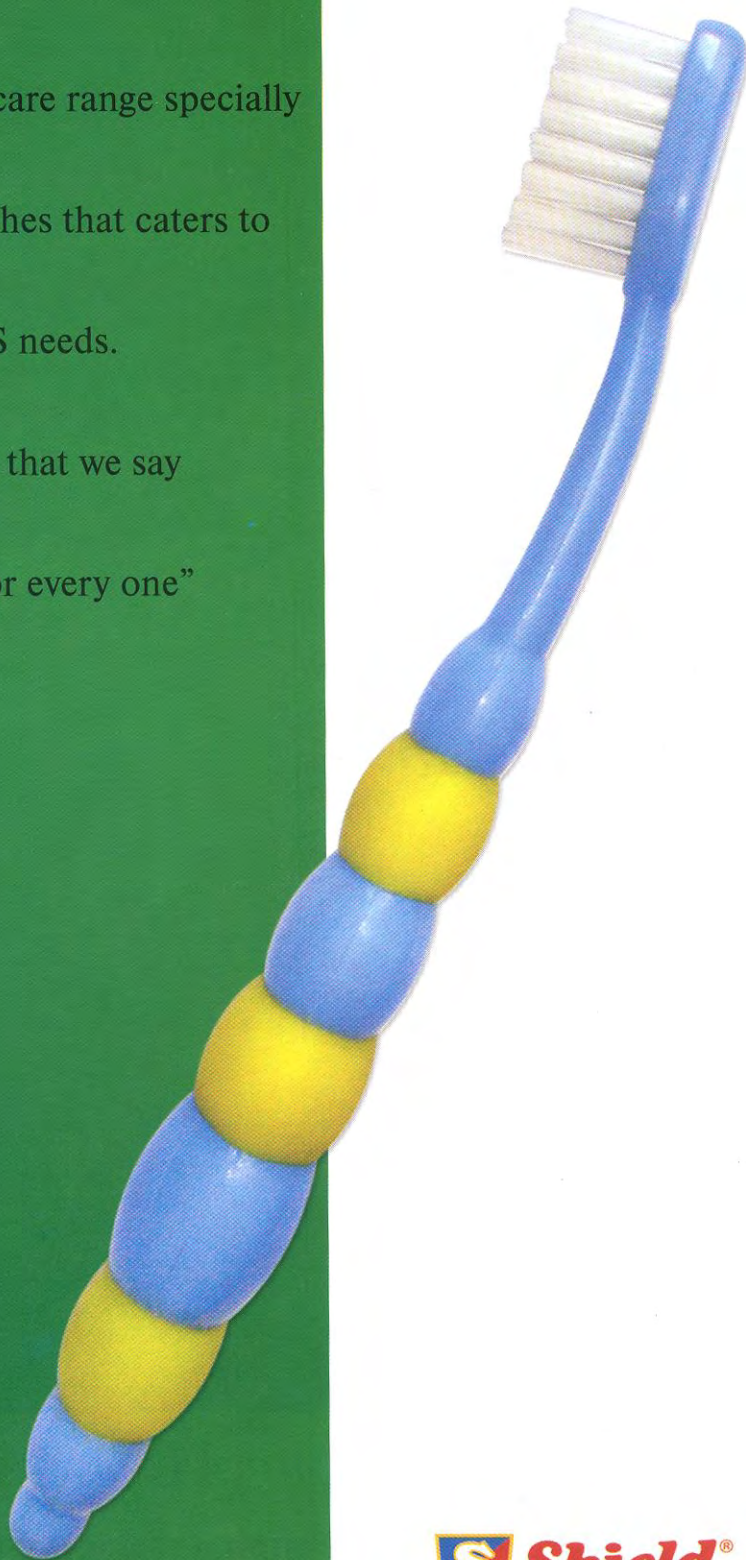
We take pride in our oral care range specially

our variety of tooth brushes that caters to

EVERYONE'S needs.

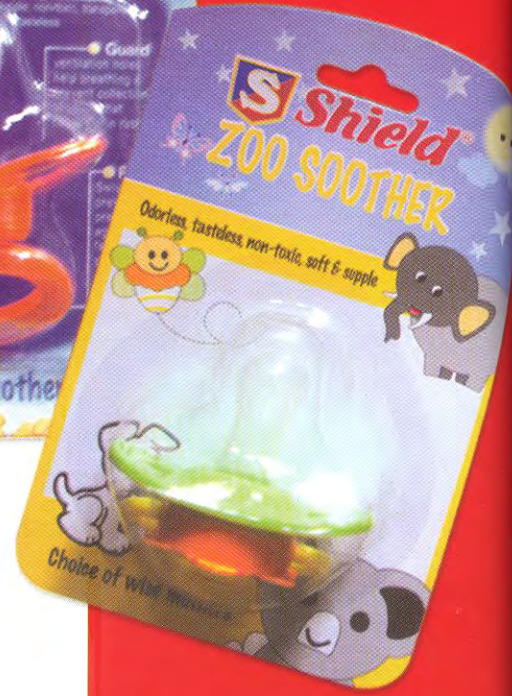
Its not for nothing that we say

"their's one right for every one"



 **Shield**[®]

ANNUAL REPORT 2007



سجھ دآر ماؤں کا انتخاب

DRIVING SALES FORCE

“Walking hand in hand,
Shield Baby Care range has forever
been there to give motherhood
a loving boost.”



Shield[®]

ANNUAL REPORT 2007



Civil Defence Walk March 1, 2007



Women's Expo February 23-25, 2007

CORPORATE ACTIVITIES



All Pakistan Memon Federation 2007



Mothers Day Beaconhouse School May 11, 2007



**We couldn't have done it
without YOU!**

Brands
of the year
Award
2006



As a testimony to your support and our dedication, SHIELD has been awarded BRANDS OF THE YEAR and SUPERBRANDS awards for which we are thankful to Almighty ALLAH.

We dedicate these awards to YOU, our valued customers, and hope that your support and guidance will continue to inspire us to serve YOU even better.



**Winner of Brands of the Year
& Superbrands Award**

Brands of the Year Award is determined by consumers voting nationwide. Awards are endorsed by FPCCI and PSQCA; supported by Government of Pakistan in association with Consumers Foundation.

Superbrands is an international independent authority on branding which identifies and pays tribute to exceptional brands around the world.

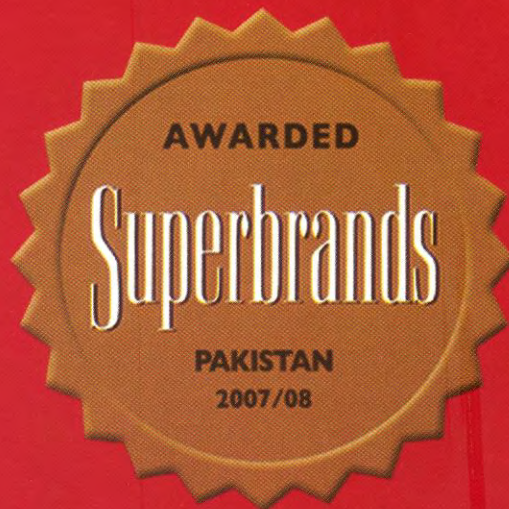
dua DESIGN 'n' ADVERTISING



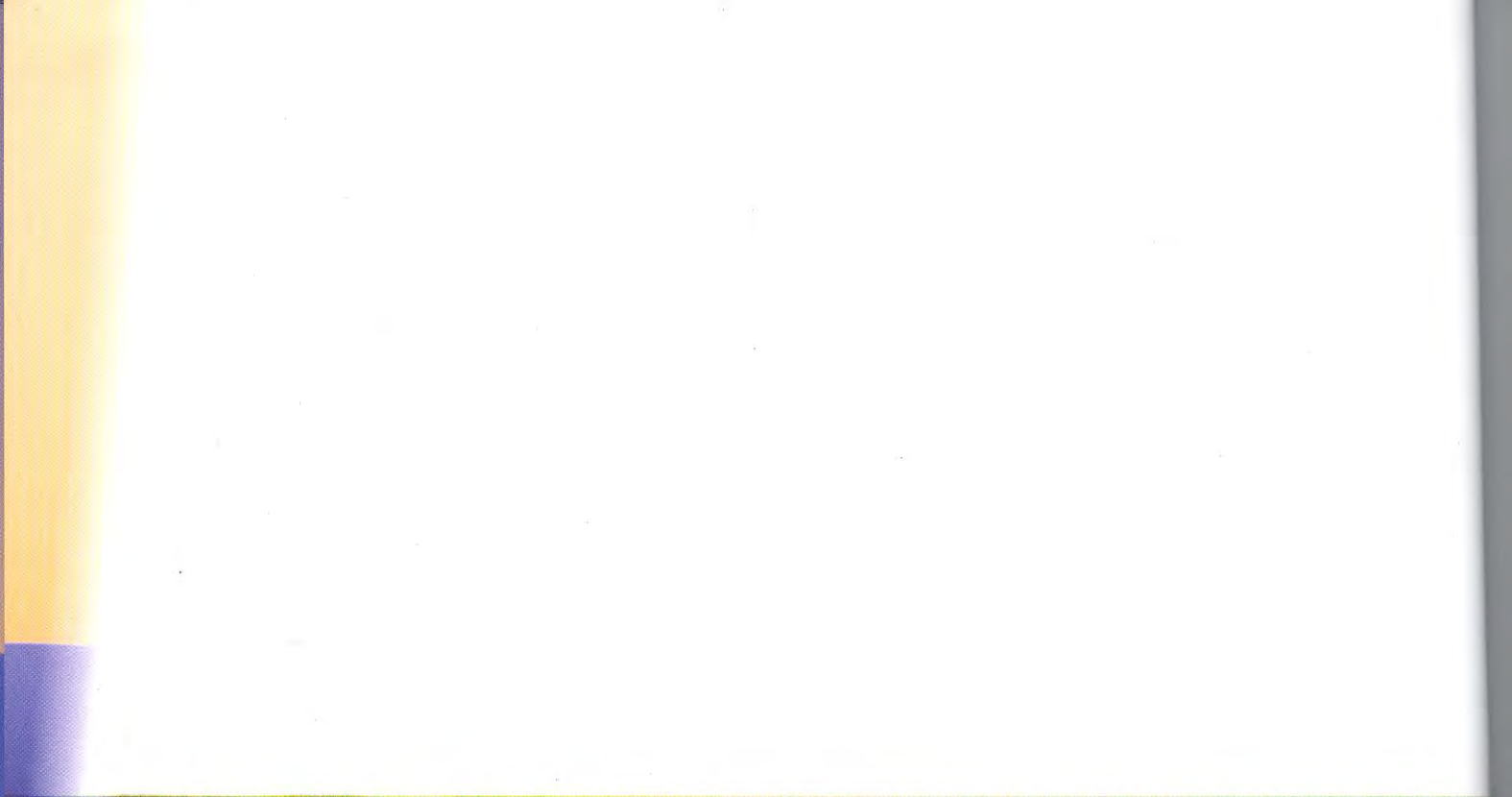
Leading the nation in Toothbrushes & Toothpaste,
Baby Feeding Accessories & Toiletries.

www.shield.com.pk

BrandsTM
of the year
Award
2006



ANNUAL REPORT 2007



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CORPORATE PHILOSOPHY

CORPORATE VISION & MISSION

SHIELD, moving with measured speed transform your company to make it the household name, within Pakistan and abroad, for everything a caring family with young children would need to safeguard their health and make your company a symbol of dynamism, an epitome of corporate responsibility.

ORGANIZATION EXCELLENCE

Participative management is the norm. Initiative is encouraged, as are differing ideas. Goal-oriented approach is the hallmark and decision-making decentralized. SHIELD has a team of young professionals, with “can do” approach rearing to accept challenges. Training and development are an ongoing process at every level, and management style is not a set of rules, rather an evolving concept.

CORPORATE CITIZENSHIP & SOCIAL RESPONSIBILITY

The management firmly believes in doing business with a purpose. We seek opportunities to contribute towards society by supporting worthy causes, which add value to the lives of people. This year a sum of rupees 1.6 million was donated to various charitable institutions. A big event “Civil Defence Walk” was organized by Jimmy Engineer in which Shield participated aggressively particularly to demonstrate its social responsibility. Fostering education and knowledge is the core area. A significant part of the marketing budget is allocated to support these activities. Beside, utmost care is taken in designing all corporate communications to ensure that cultural, social and moral values are upheld.

MARKETING PHILOSOPHY

Marketing philosophy at Shield reflects commitment towards good corporate citizenship. Instead of adopting a run-of-the-mill marketing approach, progressive thinking is fostered which not only helps in achieving our marketing objectives, but helps further enhance your company image of a respectable, responsible and responsive entity. SHIELD endeavors improved marketing communications by coming up with concepts which are meaningful and aimed at triggering a behavioral change at the consumer level. Sponsoring school health programs, initiating awards and scholarships at schools, colleges and universities, supporting art and literature and providing help to selected NGOs are some of the activities. Our marketing objectives aim largely at increasing visibility and exposure to the consumer through media promotion and ground activities on a regular basis.

COMPANY INFORMATION

Board of Directors

Mr. Ebrahim Qassim	Chairman
Mr. M. Haroon Qassim	Managing Director
Mr. Vali Muhammad A. Habib	Director
Mr. Zamiruddin Ahmed	Director
Miss. Saadia Butt Naveed	Director
Mr. Muhammad Jamil Qassim	Director
Mr. Muhammad Salman Qassim	Director

Audit Committee

Mr. Vali Muhammad A. Habib	Chairman
Mr. Muhammad Jamil Qassim	Member
Mr. Muhammad Salman Qassim	Member

Company Secretary

Mr. Muhammad Arif Dangra

Legal Advisors

Messrs. Hassan & Humayun Associates
Advocates & Solicitors

Auditors

Gangat & Company
Chartered Accountants

Bankers

Habib Metropolitan Bank Limited
Meezan Bank Limited

Registered Office

401, 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.

E-mail & URL

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



KEY FINANCIAL DATA

SIX YEARS AT A GLANCE

	2007	2006	2005	2004	2003	2002
Profit and Loss Account	Rupees					
Sales	372,604,442	315,228,783	251,420,574	185,839,287	183,241,324	195,935,422
Cost of Sale	228,023,712	185,922,091	150,794,869	116,883,394	126,198,986	134,544,974
Gross profit	144,580,730	129,306,692	100,625,705	68,955,893	57,042,338	61,390,448
Selling	106,287,018	90,964,894	76,276,544	49,599,119	31,259,536	20,603,551
Administrative	17,902,480	15,142,894	11,240,462	9,846,846	8,820,956	8,385,120
Financial	6,624,248	4,437,938	1,434,596	1,044,566	604,675	2,783,013
Other charges	843,683	1,100,117	4,303,870	704,683	677,152	1,079,197
Non-Operating Income	306,680	241,376	269,587	1,699,337	1,819,346	901,932
Provision for Doubtful debts	-	-	-	-	4,953,807	-
Profit before taxation	13,229,981	17,902,225	7,639,820	9,460,016	12,545,558	29,441,499
Taxation	4,000,000	4,499,010	3,232,663	3,093,663	5,399,817	8,567,457
Profit after taxation	9,229,981	13,403,215	4,407,157	6,366,353	7,145,741	20,874,042
Financial Position						
Paid-up Capital	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Reserves & Surplus	98,606,754	93,876,773	84,223,558	79,816,401	73,450,048	72,304,307
Shareholders' equity	128,606,754	123,876,773	114,223,558	109,816,401	103,450,048	102,304,307
Deferred Liabilities	19,570,050	17,612,660	13,222,867	10,256,780	10,748,861	8,066,640
Current Liabilities	142,724,481	64,803,497	48,956,832	48,983,774	56,920,159	46,888,850
Total Liabilities	290,901,285	206,292,930	176,403,257	169,056,955	171,119,068	157,259,797
Fixed Assets	125,250,513	114,578,268	103,514,145	100,059,596	101,510,010	69,686,930
Current Assets	165,650,772	91,714,662	72,889,112	68,997,359	69,609,058	87,572,867
Total Assets	290,901,285	206,292,930	176,403,257	169,056,955	171,119,068	157,259,797

FINANCIAL RATIOS

	2007	2006	2005	2004	2003	2002
Performance Measures						
Return on Shareholders' Equity (%)	7.18	10.82	3.86	5.80	6.91	20.40
Operating Return (%)	4.55	8.68	4.33	5.60	7.33	18.72
Dividend Per Share (Rs)	1.50	1.50	1.25	-	2.00	5.00
Profitability Measures						
Gross Profit Margin (%)	38.80	41.02	40.02	37.11	31.13	31.33
Profit Margin (%)	2.48	4.25	1.75	3.43	3.90	10.65
Basic Earning per share (Rs.)	3.08	4.47	1.47	2.12	2.38	6.96
Tests of Investment Utilization						
Asset Turnover (Times)	1.28	1.53	1.43	1.10	1.07	1.25
Receivables (Days)	34.40	2.01	2.01	5.11	16.45	22.07
Inventory (Days)	172.70	144.22	139.85	159.76	101.33	113.12
Receivable Turnover (Times)	10.61	181.31	181.46	71.44	22.19	16.54
Inventory Turnover (Times)	2.11	2.53	2.61	2.28	3.60	3.23
Tests of Financial Condition						
Current Ratio (Times)	1.16	1.42	1.49	1.41	1.22	1.87
Acid-test Ratio (Times)	0.37	0.21	0.21	0.26	0.52	0.85
Debt/Equity Ratio (%)	15.22	14.22	11.58	9.34	10.39	7.88
Interest Earned (Times)	2.39	4.02	6.33	10.06	21.75	11.58
Book value per share (Rs)	42.87	41.29	38.07	36.61	34.48	34.10
Return on Assets (%)	4.55	8.68	4.33	5.60	7.33	18.72

NOTICE OF THE MEETING

Notice is hereby given that the 34th Annual General Meeting of the Shareholders of the Company will be held on Friday, October 26, 2007 at 3:00 p.m at the Factory situated at Plot No. 368/4&5, Landhi Industrial Area, Baldia Road, Karachi to transact the following business.

1. To confirm the minutes of the last Annual General meeting held on October 27, 2006.
2. To receive consider and adopt the Audited Financial Statement for the year ended June 30, 2007 alongwith Auditors' and Directors' report thereon.
3. To consider and approve the payment of the cash dividend as recommended by the Board of Directors.
4. To appoint Auditors of the Company for the year ending June 30, 2008 and fix their remuneration.
5. To transact any other ordinary business with the permission of the Chair.

By order of the Board

Karachi: September 25, 2007

Muhammad Arif Dangra
Company Secretary

Notes:

1. The share transfer book of the Company will remain closed from 19-10-2007 to 26-10-2007 (both days inclusive) and no transfer will be accepted for registration during this period. The members whose names appear in the register of members as at close of business on October 18, 2007 will qualify for the payment of dividend.
2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote for him/her. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the time of holding the meeting.
3. Members are requested to communicate to the Company of any change of their address .
4. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in circular 1 dated January 26, 2000 issued by SECP

A. For Attending the Meeting

1. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall authenticate his identity by showing his original Computerised National Identity Card (CNIC) or original passport at the time of attending the meeting.
2. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies

1. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration detail are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
2. Attested copies of CNIC or passport of beneficial owner and the proxies shall be furnished with the proxy form.
3. The proxy shall produce his original CNIC or passport at the time of the meeting.
4. In case of corporate entity, the Board of Directors' resolution/ power of attorney with the specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

DIRECTORS' REPORT TO THE SHAREHOLDERS

We take great pleasure in presenting before you the Annual Report along with the audited financial statements and management accomplishments for the year ended June 30, 2007.

	2007 (Rupees)	2006 (Rupees)
Financial Performance		
Sales	372,604,442	315,228,783
Profit after Taxation	9,229,981	13,403,215
Un-appropriated Profit Brought Forward	28,876,773	19,223,558
Profit Available for Appropriation	38,106,754	32,626,773
Basic Earning Per Share	3.08	4.47

Management Summary

Financial results of the company should be viewed in the context of the following factors, which impacted upon the results:

1. Sales for the year closed at Rs. 372.60 million, recording an increase of 18.20% over the last year.
2. Despite severe competition your management achieved a respectable growth in spite of wide spread inclement weather and disruption caused by civil disturbances competitive pressures are going to increase in the coming years. Your management is ready to face the challenges and, in the fullness of time, make Shield the seal of excellence for anything your company may choose to offer in the future.
3. Launch of Baby Care products in 2004 under the Blessings brand was a conscious decision not only to capitalize upon Shield's strength but to further enlarge its scope. Going forward, your management is very confident that this brand has a very promising and rewarding future.
4. An aggressive long range marketing plan was prepared for the year under review to give the company much needed impetus to grow and excel amid tough competition.
5. Rs. 72.21 million was invested in Advertisement and Sales promotion this year as compared to Rs. 66.64 million, invested last year, recording an increase of 8.36%. This year almost 19% of the sales were invested in advertisement and sales promotion which eroded away the bottom line significantly. But this was necessary to support the launches of last year as well as the new products launched this year specially Shield Toothpaste. Most important was to support the Toothpaste category for which your management adopted an aggressive and completely new concept of promotion by way of educating the consumers on benefits of using Shield CINNAMON Toothpaste.
6. Increase in investment in advertisement and sales promotion in the last few years had lead to decline in the profits. This year's profit after taxation has dropped as compared to last year. As mentioned above, competition has become accute and to keep the leadership position it is required to keep investing in brand building. Moreover, launch of new products require significant marketing spending, which affects the bottom line immediately. Your management is confident that sustained increases in investment in advertising and sales promotion will InshaAllah further improve profitability in the future.
7. Your management is extremely pleased to announce that Shield has recently been awarded with two coveted awards, namely:
 1. Brands of the year 2006
 2. Superbrands Pakistan 2007/08

Both these awards are testimony of consumer support and our dedication for which we are thankful to Almighty Allah. We dedicate these awards to our valued customers and hope that their support and guidance will continue to inspire us to serve our customers even better.
8. The Board of Directors is pleased to announce 15% dividend for this financial year.



New Products

Your management is pleased that due to hard work and dedication of the core team your company has successfully launched the Shield toothpaste in two flavors on the auspicious day of 14th August 2006.

Shield Toothpaste – Toothpaste product range is a natural extension of Shield toothbrush & mouthwash range of products: Toothpaste market already is quite large. With increasing consumerism attracting increasing number of players and increase in the per-capita income combined will contribute to accelerated market growths in the years to come. It was for this reason that your management took a conscious decision to launch the toothpaste under the Shield's brand and take advantage of Shield's leadership in Toothbrush segment. Leadership position can only be retained keeping the long term plans and objectives in mind and ensuring that such plans are materialized in such a way that Shield must always lead in the oral care market. The following 2 variants in the toothpaste have been launched:

- Peppermint
- Cinnamon

Peppermint is a popular family toothpaste flavor, whereas Cinnamon is a completely new trendsetting concept for toothpaste. Cinnamon has a strong anti-bacterial property. We are confident that this new flavor will win favor with the consumers.

Almost a full year has passed and the results are very encouraging. The product has been appreciated from each nook and corner of the country. The company has received many appreciative letters and accolades from the consumers. The media campaign was also very aggressive for Toothpaste in view of the competitive scenario in this product category. By the grace of God, the product has come out as a winner and your management is very confident that going forward Toothpaste will add significantly to the sales value of the oral care product category for your company.

Shield Baby Diaper - To keep up with the promise of consumer satisfaction, your management again launched a mega product "SHIELD BABY DIAPER" on August 5th, 2007. The Baby Diaper market is huge with severe competition from 2 leading MNCs and 2 leading national companies. But nevertheless the brand equity Shield enjoys in baby care is not enjoyed by anyone of the competitors. Your company is in a very unique position of giving a complete portfolio of products to the mothers of our nation. We are deeply committed to providing par excellence products as the mothers of our nation deserve nothing but the best.

Shield baby Diapers come in four sizes with attractive packaging. Before launch we conducted focus groups and consumer testing of our product and are happy that Shield's product came at par with the MNCs's products for which we all are proud of our production team. The test group result confirmed that Shield Baby Diaper is at equal level and in some instances is superior to the competition, which gives us encouragement.

Management remains committed to enhancing the Company's image, quality of products, and the range of products and categories. Our main goal is to introduce new products in existing categories, and simultaneously venture into new synergistic categories.

Investments and New Machineries

Your management strongly believes in ongoing quest of excellence and innovation in products. For this reason, investment in new machines has been made:

1. Latest model Injection Moulding machine, Injection blow Moulding Machine and Moulds were installed at a cost of Rs. 17.32 million, giving the company the capability to compete in the high- price / top-quality feeders, Nipples and Training Cup.
2. Latest Injection Moulding machine is on order and is expected to arrive in the New Year which will increase the capacity as well as improve the quality of the product.

3. Various small machines are also on order which will further improve quality and enhance capabilities to adopt the latest international trends/fashion for Shield products in order that we maintain a constant edge and are able to better compete with foreign products.
4. The management would like to reaffirm its commitment to aggressively but judiciously invest in plant and machinery to ensure long-term competitiveness and products innovation.

Key Performance Measures	2007	2006	2005
Gross Profit Margin (%)	38.08	41.02	40.02
Profit Margin (%)	2.48	4.25	1.75
Basic Earnings per Share (Rs.)	3.08	4.47	1.47
Return on Shareholders' Equity (%)	7.18	10.82	3.86
Operating Return (%)	4.55	8.68	4.33

Corporate Governance

Statement of compliance with the best practices of code of corporate governance is annexed to this report.

Board Meetings

During the year four (4) meetings of the Board of Directors were held. Attendance by each director is as follows:

S. No.	Name of Director	Number of Meetings Attended
1.	Mr. Ebrahim Qassim	4
2.	Mr. M. Haroon Qassim	4
3.	Mr. Vali Muhammad A. Habib	4
4.	Mr. Zamiruddin Ahmed	4
5.	Mr. Muhammad Jamil Qassim	4
6.	Mr. Muhammad Salman Qassim	4
7.	Mr. Khawar M. Butt	3
8.	Ms. Saadia Butt Naveed	1

Pattern of Shareholding

Pattern of shareholding is annexed to this report.

Auditors

M/s Gangat & Company, Chartered Accountants, the auditors of the company retire and are eligible for reappointment. The Board of Directors, based on the recommendation of the audit committee, would recommend the appointment of Mochhala Gangat & Co., Chartered Accountants, for the year ended June 30, 2008.



STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

Statement of Director's Responsibilities

- a. The board regularly reviews the company's strategic direction. Annual plans and performance target for business are set by the Managing Director and are reviewed by the Board in the light of Company's overall objectives. The Board is committed to maintain the high standards of good corporate governance. The Company has been in compliance with the provisions set out by the Securities & Exchange Commission of Pakistan and amended listing rule of the Stock Exchanges.
- b. There has been no material departure from the best practice of corporate governance, as detailed in the listing regulation.
- c. The financial statement, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.
- d. Proper books of account of the Company have been maintained.
- e. Appropriate accounting policies have been consistently applied in preparation of financial statement and accounting estimates are based on reasonable and prudent judgment.
- f. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statement and departure there from has been adequately disclosed.
- g. The system of internal control is sound in design and has been effectively implemented and monitored.
- h. There are no significant doubts upon the Company's ability to continue as going concern.
- i. Key operation and financial data for the last six years in summarized form is annexed.
- j. The value of investment of Provident Fund as per audited accounts for the year ended June 30, 2007 amounted Rs. 8,660,239.
- k. **Audit Committee**
Audit Committee has been established by the Board of Directors to assist the Board in discharging its responsibilities of Corporate Governance, Financial Reporting and Corporate Control. The Audit Committee is responsible for reviewing reports of the Company's financial results, audit and adherence to standards of the system of management control. The Committee reviews the procedures for ensuring their independence with respect to the services performed for the Company and makes recommendations to the Board of Directors.

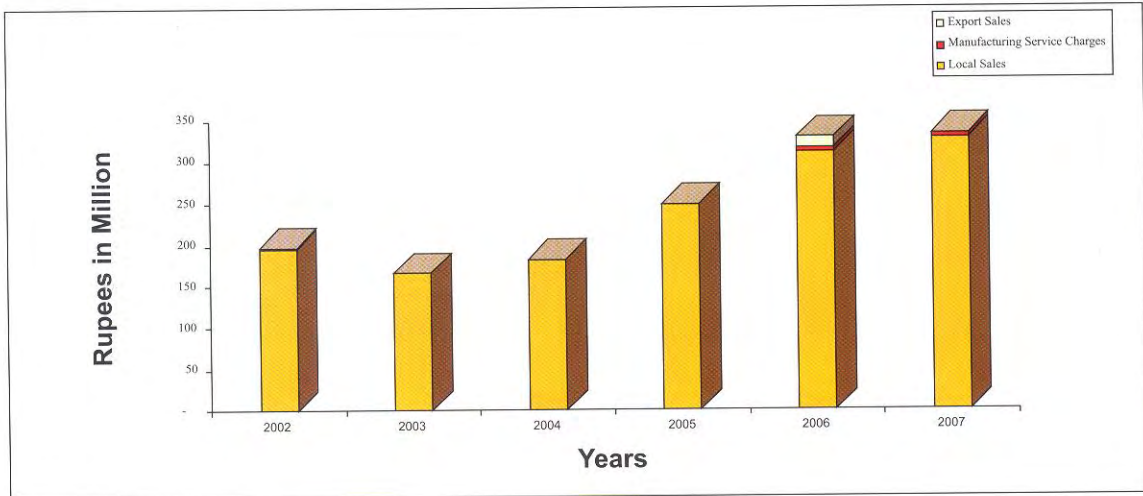
On behalf of Board of Directors



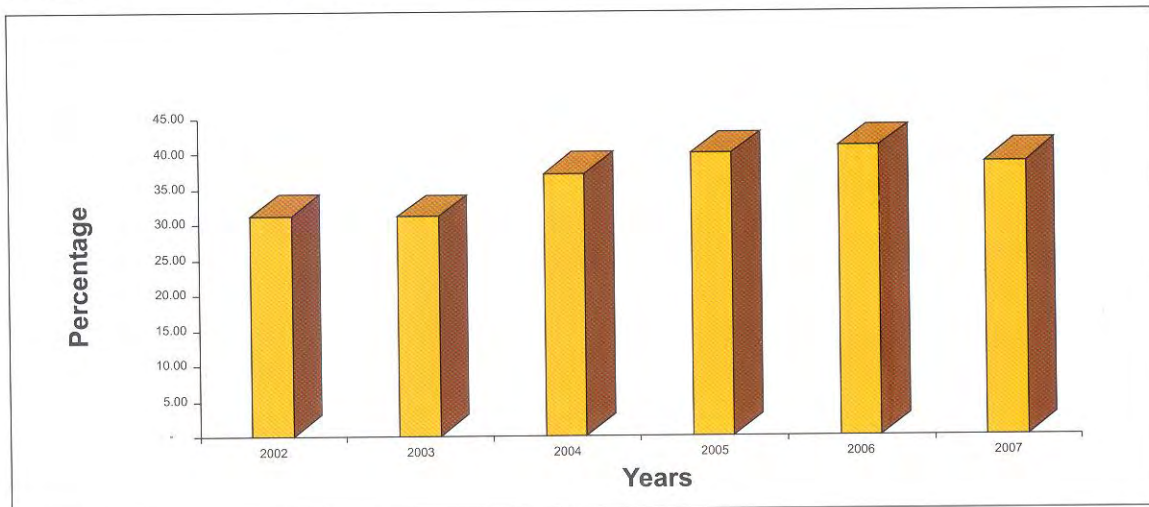
M. Haroon Qassim
Managing Director

PERFORMANCE AT A GLANCE

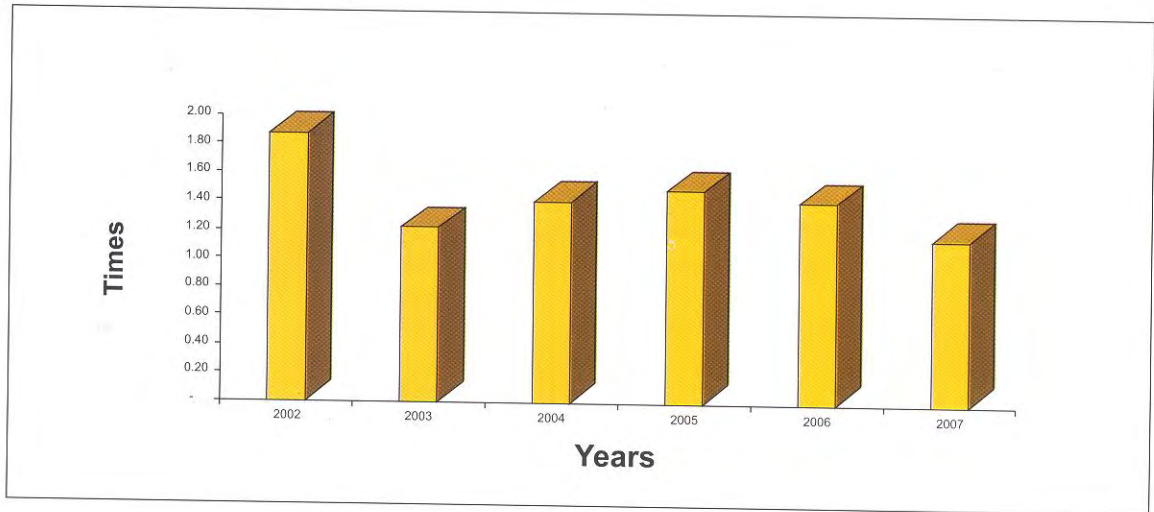
Gross Sales Value



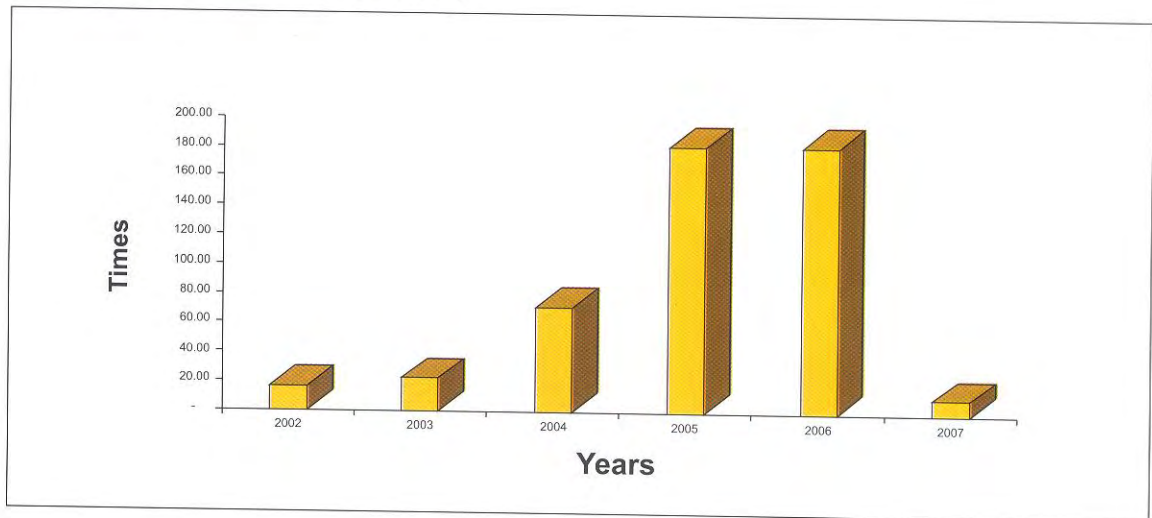
Gross Profit Margin (%)



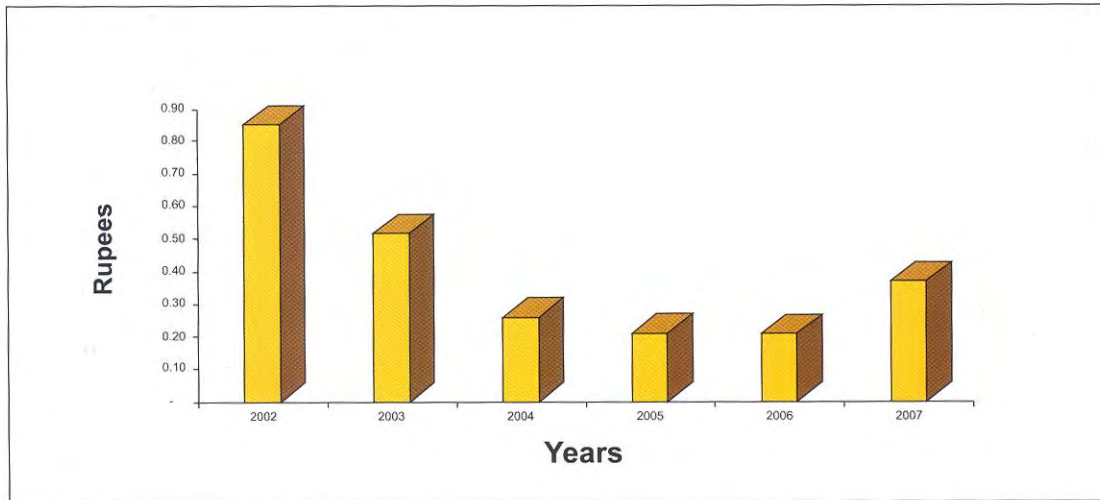
Current Ratio (Times)



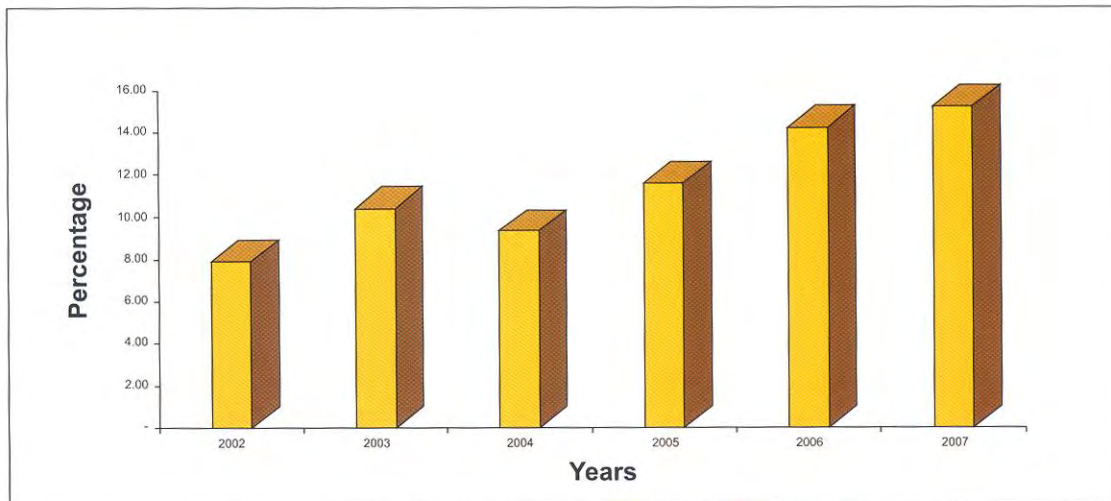
Receivable Turnover (Times)



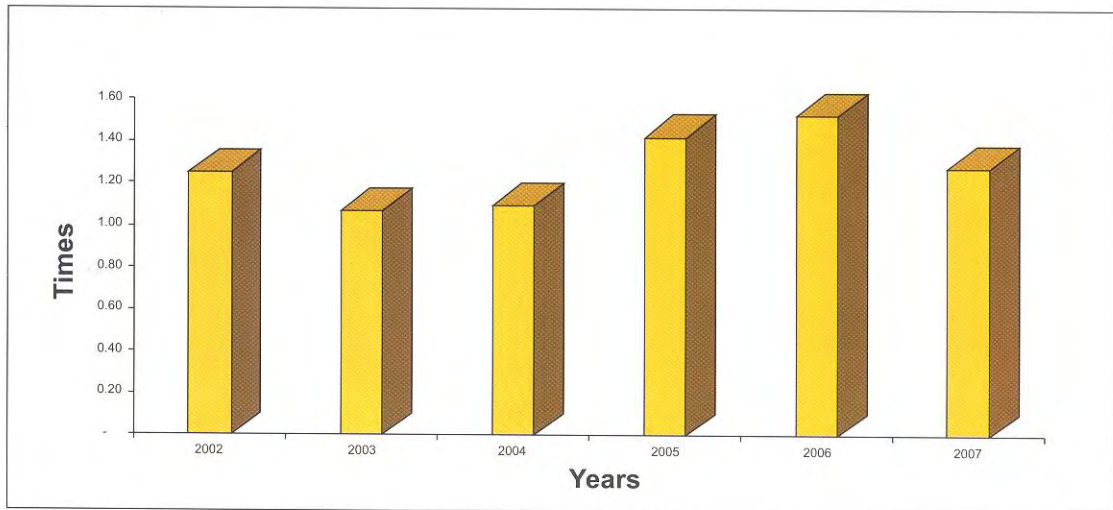
Acid-Test Ratio (Times)



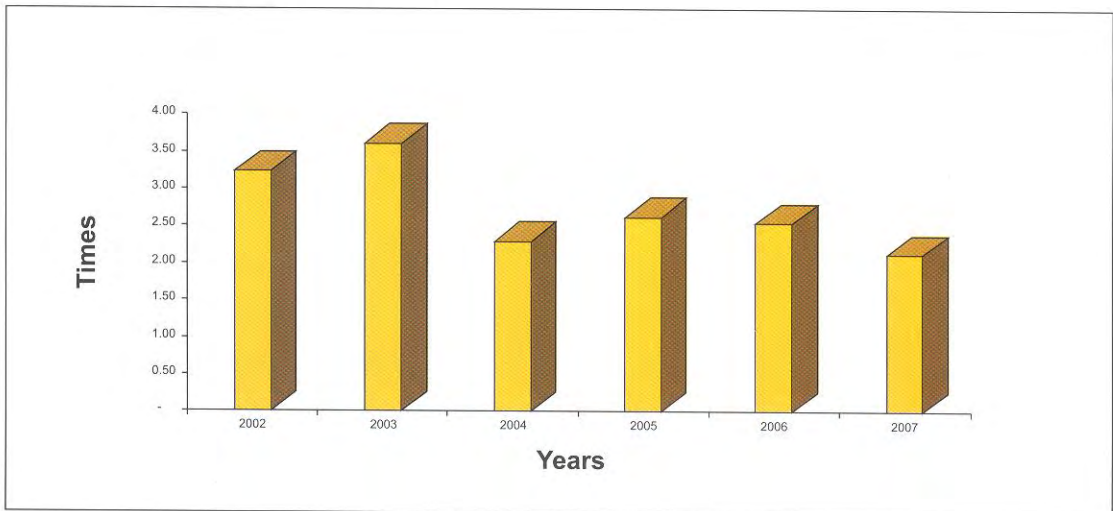
Debt/Equity Ratio (%)



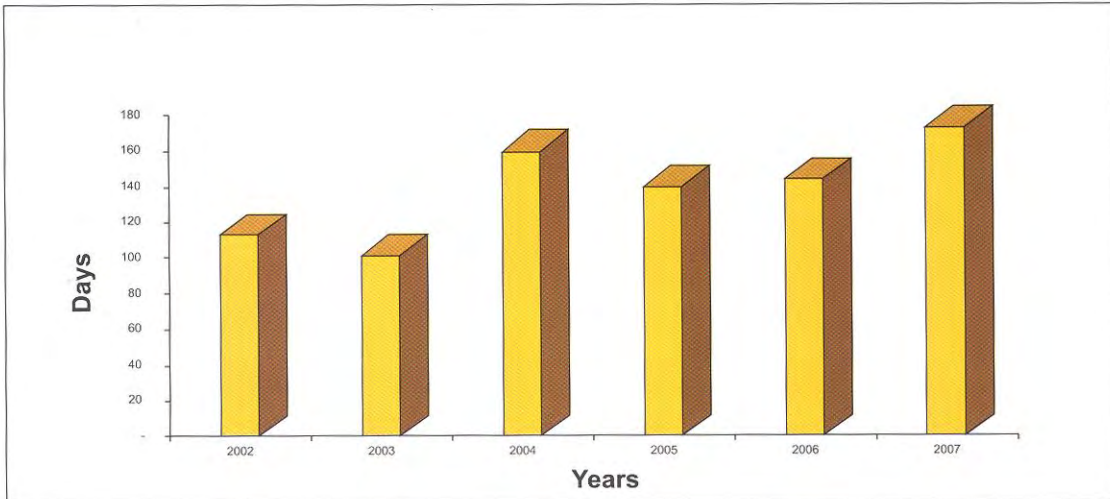
Asset Turnover (Times)



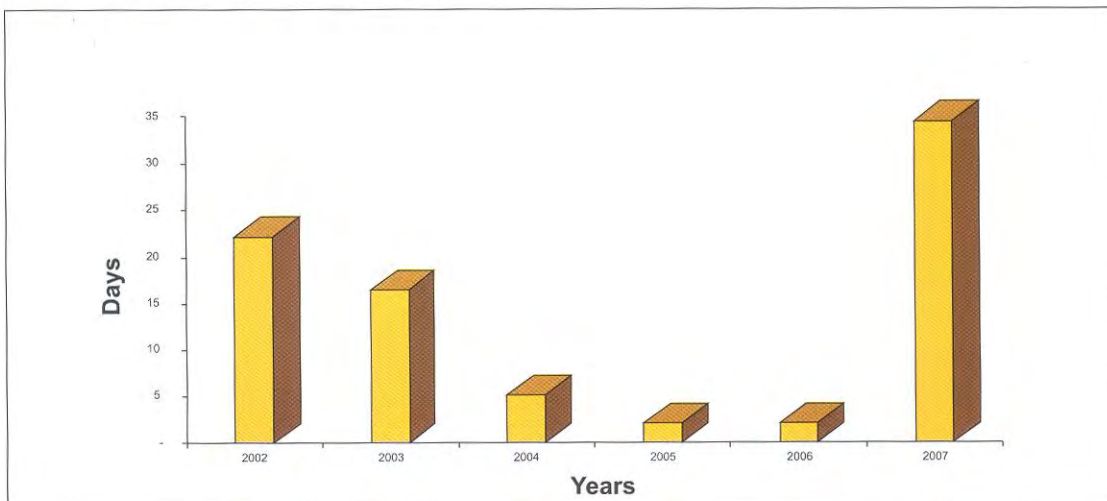
Inventory Turnover (Times)



Inventory (Days)



Receivable Turnover (Days)



PATTERN OF SHAREHOLDING

Combined Pattern of CDC and Normal Shareholding as at June 30, 2007

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
47	1	100	2,880
79	101	500	25,019
20	501	1,000	16,001
18	1,001	5,000	38,700
1	5,001	10,000	5,100
1	10,001	100,000	42,500
1	100,001	200,000	120,000
3	200,001	300,000	744,576
3	300,001	400,000	993,558
1	400,001	500,000	428,116
1	500,001	600,000	583,550
175			3,000,000

Combined Pattern of CDC and Physical Shareholding as at June 30, 2007

Category No.	Categories of Shareholders	No of Shares Held	Category Wise No. of Folios/CDC Account	Category Wise Share Held	Percentage
1.	Individuals	204,200	162	204,200	6.81
2.	Investment Companies	2,500	2	2,500	0.08
3.	Joint Stock Companies		-	-	-
4.	Directors, Chief Executive Officer and their Spouse		11	2,793,300	93.11
	1. Mr. Ebrahim Qassim	428,116			
	2. Mr. M. Haroon Qassim	355,758			
	3. Mr. Vali Muhammad A. Habib	42,500			
	4. Mr. Muhammad Jamil Qassim	316,700			
	5. Mr. Muhammad Salman Qassim	321,100			
	6. Mr. Zamiruddin Ahmed	500			
	7. Mrs. Kulsum Bano	583,550			
	8. Mrs. Zohra Bano	266,800			
	9. Mrs. Saba Qassim	246,376			
	10. Mrs. Wazira Parveen	231,400			
	11. Ms. Saadia Butt Naveed	500			
			175	3,000,000	100.00

Shareholders Holding Ten Percent or More Voting Interest in the Company

Total Paid-up Capital of the Company

3,000,000 Shares

10% of the Paid-up Capital of the Company

300,000 Shares

Name(s) of Shareholder(s)	Description	No. of Shares Held	Percentage
1. Mr. Ebrahim Qassim	Falls In Category # 4	428,116	14.27
2. Mr. M. Haroon Qassim	Falls In Category # 4	355,758	11.86
3. Mr. Muhammad Jamil Qassim	Falls In Category # 4	316,700	10.56
4. Mr. Muhammad Salman Qassim	Falls In Category # 4	321,100	10.70
5. Mrs. Kulsum Bano	Falls In Category # 4	583,550	19.45
		2,005,224	66.84

No Trade in Company Share were executed by the Directors during the Year.



STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE

This statement is being presented to comply with the code of corporate governance contained in regulation No. 37 (Chapter XI) of listing regulation of Karachi Stock Exchange (Guarantee) Limited, Clause 49 (Chapter XIII) of Lahore Stock Exchange (Guarantee) Limited and Section 36 (Chapter XI) of Islamabad Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes 5 independent non-executive directors and 3 directors representing minority shareholders.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The casual vacancy occurred during the year in the Board was filled by the directors within thirty days.
5. The Company has adopted a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision and mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars and significant policies alongwith the dates on which they are approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Managing Director have been taken by the Board.
8. All the meetings of the board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors have been provided with the copies of the listing regulations of the Karachi Stock Exchange (Guarantee) Limited, Company's Memorandum and Article of Association and the Code of Corporate Governance and they are well aware of their duties and responsibilities.
10. The Board has already approved appointment of General Manager- Finance, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment as determined by the Managing Director.

11. The director's report for this year has been prepared in compliance with the requirement of the Code and fully describe the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by the Managing Director and General Manager-Finance before approval of the Board.
13. All the directors and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of share holding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance issued by SECP.
15. The Board has formed an audit committee. It comprises of 3 members, all of whom are non-executive directors including the Chairman of the committee.
16. The meetings of the audit committee were held quarterly for approval of interim and final results of the Company. The terms of reference of the committee have been formed by the Board and advised to the committee for compliance.
17. The Board has setup an effective internal audit function.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The Company has fully complied with the best practices on transfer pricing as contained in the listing regulation No. 38 of the Karachi Stock Exchange (Guarantee) Limited.
21. We confirm that all other material principles contained in the Code have been complied with.



M. Haroon Qassim
Managing Director



REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of SHIELD CORPORATION LIMITED, to comply with the listing Regulation No.37 (Chapter XI) of the Karachi Stock Exchange, clause 49 (Chapter XIII) of Lahore Stock Exchange and section 36 (Chapter XI) of Islamabad Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal controls covers all controls and the effectiveness of such internal controls.

Based on our review nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respect, with the best practices contained in the Code of Corporate Governance.

Date: September 28, 2007
Place: Karachi



Gangat & Company
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of SHIELD CORPORATION LIMITED as at June 30, 2007 and the related Profit and Loss Account, Cash Flow statement, and statement of Changes in Equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied,
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2007 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the central zakat fund established under section 7 of that Ordinance.

Gangat & Co.

Gangat & Company
Chartered Accountants

Date: September 25, 2007

Place: Karachi



BALANCE SHEET

Capital and Liabilities	Note	2007 (Rupees)	2006 (Rupees)
Share Capital and Reserves			
Authorised Capital 10,000,000 (2006: 10,000,000) Ordinary shares of Rs.10/- Each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, Subscribed & Paid-up	4	30,000,000	30,000,000
Reserve and Surplus			
Capital Reserve -Shares Premium		10,000,000	10,000,000
Revenue Reserve-General		55,000,000	55,000,000
Un-appropriated Profit		33,606,754	28,876,773
		<u>98,606,754</u>	<u>93,876,773</u>
Shareholders' Equity		128,606,754	123,876,773
Deferred Liabilities	5	19,570,050	17,612,660
Current Liabilities			
Trade and other payable	6	62,316,266	45,751,302
Short Term Bank Finances - Secured	7	75,358,215	16,502,195
Provision for Taxation		5,050,000	2,550,000
		<u>142,724,481</u>	<u>64,803,497</u>
Contingencies and Commitments	8	-	-
		<u>290,901,285</u>	<u>206,292,930</u>

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

AS AT JUNE 30, 2007

Assets	Note	2007 (Rupees)	2006 (Rupees)
Non-Current Assets			
Property, plant and equipment	9	125,250,513	114,578,268
Current Assets			
Stores and Spares		5,028,773	4,701,009
Stock-in-Trade	10	107,891,614	73,460,998
Trade Debtors - Unsecured and Considered Good	11	35,110,703	1,738,572
Loans and Advances	12	1,913,709	1,440,220
Deposits, Prepayments and Other Receivables- Unsecured and Considered Good	13	14,906,582	9,004,333
Cash and Bank Balances	14	799,391	1,369,530
		165,650,772	91,714,662
		<u>290,901,285</u>	<u>206,292,930</u>



M. Haroon Qassim
Managing Director



Vali Muhammad A. Habib
Director



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2007

	Note	2007 (Rupees)	2006 (Rupees)
Sales	15	372,604,442	315,228,783
Cost of Sales	16	(228,023,712)	(185,922,091)
Gross Profit		<u>144,580,730</u>	<u>129,306,692</u>
Operating Expenses			
Selling	17	106,287,018	90,964,894
Administrative	18	17,902,480	15,142,894
Financial	19	6,624,248	4,437,938
		(130,813,746)	(110,545,726)
Net Operating Profit		<u>13,766,984</u>	<u>18,760,966</u>
Other Income and Charges			
Non-Operating Income	20	306,680	241,376
Other Charges	21	(843,683)	(1,100,117)
		(537,003)	(858,741)
Profit before Taxation		<u>13,229,981</u>	<u>17,902,225</u>
Taxation	22	(4,000,000)	(4,499,010)
Net Profit for the Year		<u><u>9,229,981</u></u>	<u><u>13,403,215</u></u>
Basic Earnings Per Share	23	<u><u>3.08</u></u>	<u><u>4.47</u></u>

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



M. Haroon Qassim
Managing Director



Vali Muhammad A. Habib
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2007

	Note	2007 (Rupees)	2006 (Rupees)
Cash Flow From Operating Activities			
Cash Generated from Operations	A	(19,345,990)	37,400,339
Gratuity Paid		(1,617,286)	(1,025,136)
Financial Charges Paid		(6,990,650)	(4,155,097)
Taxes Paid		(1,753,896)	(1,311,462)
Net Cash from Operating Activities		<u>(29,707,822)</u>	<u>30,908,644</u>
Cash Flow from Investing Activities			
Fixed Capital Expenditure Including Capital Work-in-Progress		(29,589,614)	(25,132,806)
Sale Proceeds from Disposal of Fixed Assets		3,969,000	650,000
Net Cash Used in Investing Activities		<u>(25,620,614)</u>	<u>(24,482,806)</u>
Cash Flow from Financing Activities			
Dividend Paid		(4,097,724)	(3,724,330)
Net Cash Used in Financing Activities		<u>(4,097,724)</u>	<u>(3,724,330)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		<u>(59,426,160)</u>	<u>2,701,508</u>
Cash and Cash Equivalent at the Beginning of the Year		<u>(15,132,665)</u>	<u>(17,834,173)</u>
Cash and Cash Equivalent at the End of the Year	B	<u><u>(74,558,825)</u></u>	<u><u>(15,132,665)</u></u>
A. Cash Generated from Operations			
Profit Before Taxation		13,229,981	17,902,225
Adjustment for Non-Cash Charges and Other Items:			
Depreciation		15,130,690	13,518,789
Provision for Gratuity		2,074,677	3,464,929
Gain on Disposal of Fixed Assets		(182,321)	(100,106)
Financial Charges		6,624,248	4,437,938
Profit Before Working Capital Changes		<u>36,877,275</u>	<u>39,223,775</u>
(Increase)/Decrease in Current Assets:			
Stores and Spares		(327,764)	110,021
Stock in Trade		(34,430,616)	(15,714,471)
Trade Debtors		(33,372,131)	(353,024)
Loans and Advances		(473,489)	(121,923)
Deposits, Prepayments and Other Receivables (Excluding Income Tax)		<u>(4,094,530)</u>	<u>(564,673)</u>
		<u>(72,698,530)</u>	<u>(16,644,070)</u>
Increase/(Decrease) in Current Liabilities:			
Trade and Other Payable (Excluding Accrued Markup)		16,475,265	14,820,634
Cash Generated from Operations		<u><u>(19,345,990)</u></u>	<u><u>37,400,339</u></u>
B. Cash and Cash Equivalents			
Cash and Bank Balances		799,390	1,369,530
Short Term Bank Finances		<u>(75,358,215)</u>	<u>(16,502,195)</u>
		<u><u>(74,558,825)</u></u>	<u><u>(15,132,665)</u></u>

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


M. Haroon Qassim
Managing Director


Vali Muhammad A. Habib
Director



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2007

	Share Capital (Rupees)	Capital Reserve	Revenue Reserve		Total (Rupees)
		Share Premium (Rupees)	General Reserve (Rupees)	Unappropriated Profit (Rupees)	
Balance as at June 30, 2005	30,000,000	10,000,000	55,000,000	19,223,558	114,223,558
Profit after taxation for the year Ended June 30, 2006	-	-	-	13,403,215	13,403,215
Appropriations Dividend for the Year June 30, 2005	-	-	-	(3,750,000)	(3,750,000)
Balance as at June 30, 2006	30,000,000	10,000,000	55,000,000	28,876,773	123,876,773
Appropriations Dividend for the Year June 30, 2006	-	-	-	(4,500,000)	(4,500,000)
Profit after taxation for the year Ended June 30, 2007	-	-	-	9,229,981	9,229,981
Balance as at June 30, 2007	30,000,000	10,000,000	55,000,000	33,606,754	128,606,754

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



M. Haroon Qassim
Managing Director



Vali Muhammad A. Habib
Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2007

1. Status and Nature of Business

The Company was incorporated in Pakistan on January 10, 1975 as a Limited Liability Company. Its shares are quoted and traded on all the Stock Exchanges of Pakistan. The registered office is situated at 401, 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 Dental care & Baby care products.

2. Basis of Preparation

2.1 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance 1984, and Approved Accounting Standards as applicable in Pakistan.

Approved Accounting Standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the SECP differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 These financial statements have been prepared under the historical cost 'convention', unless otherwise disclosed

2.3 The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The estimate/judgements and associated assumptions used in the preparation are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates / judgements / assumptions will, by definition, seldom equal the related actual results. The estimates/ judgements and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised, if the revision effect only that period, or in period of revision and future periods if the revision affects both current and future periods. The estimates, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed in note 28.

3. Significant Accounting Policies

3.1 Tangible Fixed Assets

3.1.1 Operating Fixed Assets

Operating fixed assets are stated at historical cost less accumulated depreciation and impairment loss if any. Except for leasehold land which is amortised on straight line basis at the annual rate of one percent, depreciation on all other operating assets is provided on the diminishing balance method at the following rates:

Factory building on leasehold land	10 percent
Plant & machinery	10 percent
Furniture & fixture	10 percent
Office equipment	10 percent
Computer equipments	30 percent
Vehicles	20 percent

Depreciation in addition to fixed assets during the year is charged for the whole year while no depreciation is charged on fixed assets disposed off during the year.

Gain and losses on disposal of fixed assets are taken to profit and loss account in the current year. The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists the assets recoverable amount is estimated and impairment loss is recognized.

Maintenance and normal repairs are charged to income as when incurred.

3.1.2 Capital Work-in-Progress

These are stated at cost.

3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective.

The following standards, interpretation and amendments in approved accounting standards are not only effective for accounting period beginning on or after 1 July 2007 and are either not relevant to the Company's operation or are not expected to have significant impact on the Company's financial Statement other than certain increased disclosures in the certain cases.



- IAS 1 - Presentation of Financial Statement – amendments relating to capital disclosures;
- IAS 23 - Borrowing Costs (as revised)
- IAS 41 - Agriculture;
- IFRS 2 - Shares-based payments;
- IFRS 3 - Business Combinations;
- IFRS 5 - Non- current Assets held for sale and Discontinued Operation;
- IFRS 6 - Exploration for and Evaluation of Minerals Resources;
- IFRIC 10 - Interim Financial Reporting and Impairment;
- IFRIC 11 - Group and Treasury Share Transactions;
- IFRIC 12 - Service Concession Arrangements.
- IFRIC 13 - Customer Loyalty Programmes.
- IFRIC 14 the Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction.

3.3 Stock-in-Trade

These are stated at lower of cost and net realizable value, determined as follows:

Raw & Packaging Material	First in first out (FIFO) basis
Work in Process and Finished Goods	Raw materials are valued at FIFO basis and conversion cost comprises of appropriate portion of manufacturing overheads.
Goods in transit	Comprises invoice value plus other charges incurred thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. All raw and packaging materials are regularly reviewed by the management and obsolete items are brought down to their net realisable value.

3.4 Stores & Spares

These are valued at lower of cost (First-in-first out basis) and net realizable value basis. Provision is made for items considered obsolete and slow moving. Item in transit are valued at cost comprising invoice price and other charges paid thereon.

Net realisable value is the estimated Selling price in the ordinary course of business less estimated costs necessary to make the sale.

3.5 Staff Retirement Benefits

3.5.1 Gratuity Scheme - defined benefit plan

The Company operates an unfunded gratuity scheme for all its employees. These benefits are payable to employees on completion of prescribed qualifying period of service under the scheme. Liability in respect of gratuity payable to employees has been fully provided for in these accounts on the basis of actuarial valuation and is charged to profit and loss accounts.

Projected unit credit method, using following significant assumptions, is used for determining the gratuity liability:

Discount Rate	10%
Expected rate of salary increase	10%
Average expected remaining life of employees	14 years

Actuarial gain and losses are recognised as per the recommendation in actuarial valuation report. The most recent valuation was carried out as of June 30, 2006.

3.5.2 Provident Fund - defined contribution plan

The Company also operates recognized contributory Provident Fund scheme for its employees. These benefits are payable to employees on completion of prescribed qualifying period of services under the scheme.

3.5.3 Compensated Absences

The Company also provides a facility to its employees for accumulation of their annual earned leave. Under the scheme employees are entitled for 14 days leave for each completed year of service. The unutilized leave can be accumulated upto the maximum of 42 days.

3.6 Taxation

3.6.1 Current

Provision for current taxation is based on taxable income on current rates of taxation after taking into account any tax rebates and tax credit, if any.

3.6.2 Deferred

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax base of asset and liabilities on their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, while deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax asset and unused tax losses, to the extent it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax asset and unused tax losses can be utilized. The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow part or all of the deferred tax asset to be utilized. Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the periods when the asset is realized or the liability is settled based on the tax rate (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

3.7 Foreign Currencies Translations

Monetary Assets and liabilities in foreign currencies are translated into Pak rupees at the rates of exchanges prevailing at the balance sheet date except for those covered by forward contracts, which are stated at contracted rates. Foreign currency transactions are translated into Pak Rupees at the rate of exchange prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. Exchange gain and loss on translation are taken to profit and loss account.

3.8 Trade Debts

Trade debts are recognized and carried at original invoice amount less an allowance for doubtful debts based on review of outstanding amount at the end of the year. Bad debts are written up when they are no longer recoverable.

3.9 Revenue Recognition

Sales are recognized as revenue on dispatch of goods to customers.
Return on bank accounts/deposits are recognized on accrual basis.

3.10 Provisions

Provisions are recognised when the company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

3.11 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalent include cash in hand and with bank and short term finances. The fair value of cash and cash equivalents approximates their carrying amount.

3.12 Borrowing Cost

Interest / mark-up are charged to profit and loss account in the period to which they relate.

3.13 Other Financial Assets and Liabilities

All other financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on the derecognition of the financial asset and financial liabilities are included in the profit and loss account of the current year. All financial assets and financial liabilities other than disclosed above, are carried at amortized cost. The fair value of these approximate their carrying amount.

3.14 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and the company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously, and the same is required or permitted by IASs or interpretations thereof.

3.15 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved.

	Note	2007 (Rupees)	2006 (Rupees)
4. Issued, Subscribed and Paidup Capital			
3,000,000 Ordinary Shares of Rs. 10/- each fully paid in cash		30,000,000	30,000,000
5. Deferred Liabilities			
Gratuity Payable to Employees	5.1	7,620,050	7,162,660
Deferred taxation	5.2	11,950,000	10,450,000
		19,570,050	17,612,660
5.1 Gratuity			
Opening Net Liability		7,162,660	4,722,867
Expense for the Year		2,074,677	3,464,929
		9,237,337	8,187,796
Benefits Paid		(1,617,287)	(1,025,136)
Closing net liability		7,620,050	7,162,660
Charge for/(Income from) the Defined Benefit Plan			
Current service cost		1,358,411	885,193
Interest cost		716,266	425,058
Recognised Actuarial Losses		-	2,154,678
Expense for the Year		2,074,677	3,464,929
Reconciliation			
Present value of obligation		7,620,050	7,162,660
Closing net liability		7,620,050	7,162,660
5.2 Deferred taxation			
The liability for deferred taxation comprises of timing differences relating to:			
Accelerated tax depreciation		14,590,628	12,934,706
Provision for gratuity		(2,667,018)	(2,506,931)
		11,923,610	10,427,775
Provision for deferred taxation has been rounded off to Rs. 11.95 million (2006: Rs. 10.45 million)			
6. Trade and other payable			
Creditors	6.1	45,250,318	30,268,682
Import Bills Payable		8,529,489	4,245,968
Accrued Liabilities		3,012,131	4,054,732
Accrued Mark-up on Bank Finances - Secured		782,991	729,168
Workers' Welfare Fund		290,000	150,000
Workers' Profit Participation Fund	6.2	703,683	950,116
Unclaimed Dividend		416,592	380,716
Sales Tax Payable		3,327,287	2,677,392
Advance from Customers		3,775	2,294,528
		62,316,266	45,751,302
6.1 Creditors			
Goods		18,254,256	8,252,882
Services		26,938,145	21,957,883
Others		57,917	57,917
		45,250,318	30,268,682
6.2 Workers' Profit Participation Fund			
Balance at the Beginning of the Year		950,116	401,951
Interest on the Funds Utilized @ 13.92%(2006: 12.50%) Per Annum		29,935	12,663
Allocation for the Year		703,683	950,116
		1,683,734	1,364,730
Payments		(980,051)	(414,614)
Balance at the End of the Year		703,683	950,116

	Note	2007 (Rupees)	2006 (Rupees)
7. Short Term Bank Finances - Secured			
Running Finance	7.1	56,871,403	1,502,195
Murabaha Finance	7.2	18,486,812	15,000,000
		<u>75,358,215</u>	<u>16,502,195</u>

7.1 These represent finances obtained under markup arrangements and are secured against hypothecation of stock-in trade and trade debtors. The Company enjoys a total facility of Rs. 50 million (2006: Rs. 35 million) at a markup ranging from 28.60 to 31.86 paisas (2006: 23.60 to 27.40 paisas) per 1,000 rupees per day for a tenure of 365 (2006: 365) days.

7.2 This represent murabaha finance obtained under profit arrangements for a tenure of 180 days and are secured against hypothecation of moveable fixed assets of the company. The Company enjoys a total facility of Rs. 25 million (2006:Rs. 25 million) at a profit rate ranging from 29.18 to 33.23 paisas (2006:29.20 to 29.85) per 1,000 rupees per day for a tenure of 365 (2006: 365) days.

8. Contingencies & Commitments

8.1 Contingencies:

8.1.1 Contingent liability in respect of guarantee and counter guarantee as at June 30, 2007 was Rs. 6.69 million (2006: Rs.6.69 million). Out of this Rs. 5 million (2006: Rs. 5 million) represents surety provided in relation to defending a trade mark case in the High Court for Rs. 42 million (2006: Rs.42 million). The management is hopeful that case will be decided in Company's favor, as such no provision has been made in these financial statements.

8.1.2 The Company is defending a lawsuit amounting to Rs.2.89 million (2006 Rs. 2.89 million) in respect of input sales tax claim disallowed by the tax authorities. The case is pending at the tribunal stage. The management is hopeful that the same will be allowed, as such no provision has been in these financial statements.

8.2 Commitments:

8.2.1 The Company has letter of credit commitments for purchases amounting to Rs. 9.30 million (2006: Rs. 13.04 million).

8.2.2 The Company has letter of credit and other commitments for capital expenditures amounting to Rs. 1.86 million (2006: Rs. Nil).

8.2.3 The Company enjoys a total limit of letter of credit of Rs. 110 million (2006: Rs. 90 million) secured against assets mentioned in note 6 to the financial statements.

9. Property, plant and equipment

Operating Fixed Assets	9.1	121,227,513	111,078,268
Capital Work in Progress	9.3	4,023,000	3,500,000
		<u>125,250,513</u>	<u>114,578,268</u>



9.1 Operating Fixed Assets

Particulars	Cost			Impairment			Depreciation			Written down value as on June 30, 2007
	As on July 1, 2006	Addition/ (disposal) during the year	As on June 30, 2007	As on July 1, 2006	Loss Recognized (reversed) during the year	As on June 30, 2007	As on July 1, 2006	Depreciation charged / (reversed) during the year	As on June 30, 2007	
June 30, 2007										
Leasehold Land	3,400,000	-	3,400,000	-	-	-	459,150	34,000	493,150	2,906,850
Factory Building on Leasehold Land	31,449,668	-	31,449,668	-	-	-	14,736,026	1,671,364	16,407,390	15,042,278
Plant & Machinery	163,011,801	17,869,320	180,881,121	3,904,665	-	3,904,665	80,194,007	9,678,243	89,872,250	87,104,206
Furniture & Fixture	3,170,563	-	3,170,563	-	-	-	1,064,582	210,598	1,275,180	1,895,383
Office Equipment	1,751,641	210,216	1,961,857	-	-	-	809,463	115,239	924,702	1,037,155
Computer Equipments	5,341,701	17,078	5,358,779	-	-	-	4,472,099	266,005	4,738,104	620,675
Vehicles	17,336,559	10,970,000 (6,467,030)	21,839,529	-	-	-	8,743,673	3,155,241 (2,680,351)	9,218,563	12,620,966
Total (Rupees)	225,461,933	29,066,614 (6,467,030)	248,061,517	3,904,665	-	3,904,665	110,479,000	15,130,690 (2,680,351)	122,929,339	121,227,513

Particulars	Cost			Impairment			Depreciation			Written down value as on June 30, 2006
	As on July 1, 2005	Addition/ (disposal) during the year	As on June 30, 2006	As on July 1, 2005	Loss Recognized (reversed) during the year	As on June 30, 2006	As on July 1, 2005	Depreciation charged / (reversed) during the year	As on June 30, 2006	
June 30, 2006										
Leasehold Land	3,400,000	-	3,400,000	-	-	-	425,150	34,000	459,150	2,940,850
Factory Building on Leasehold Land	31,449,668	-	31,449,668	-	-	-	12,878,955	1,857,071	14,736,026	16,713,642
Plant & Machinery	140,197,156	23,630,645 (816,000)	163,011,801	3,904,665	-	3,904,665	72,147,635	8,768,126 (721,754)	80,194,007	78,913,129
Furniture & Fixture	3,170,563	-	3,170,563	-	-	-	830,584	233,998	1,064,582	2,105,981
Office Equipment	1,711,341	40,300	1,751,641	-	-	-	704,776	104,687	809,463	942,178
Computer Equipments	5,103,900	237,801	5,341,701	-	-	-	4,099,413	372,686	4,472,099	869,602
Vehicles	15,614,999	2,414,060 (692,500)	17,336,559	-	-	-	6,832,304	2,148,221 (236,852)	8,743,673	8,592,886
Total (Rupees)	200,647,627	26,322,806 (1,508,500)	225,461,933	3,904,665	-	3,904,665	97,918,817	13,518,789 (958,606)	110,479,000	111,078,268

9.1.1 Depreciation for the year has been allocated as under:

	2007 (Rupees)	2006 (Rupees)
Cost of Sales	11,383,609	10,659,197
Selling Expenses	1,847,185	1,078,147
Administrative Expenses	1,899,896	1,781,445
	<u>15,130,690</u>	<u>13,518,789</u>

9.2 Detail of Disposal of Fixed Assets:

Particulars	Original cost (Rupees)	Accumulated depreciation (Rupees)	Written down value (Rupees)	Sales Proceeds (Rupees)	Profit/ (Loss) (Rupees)	Sold To	Mode of Sales
Vehicles							
Honda Citi	883,400	420,040	463,360	470,000	6,640	Mr. Jawad Sattar	Negotiation
Honda Citi	845,000	412,360	432,640	450,000	17,360	Mr. Rizwan Shakoor	Negotiation
Honda Citi	825,000	487,080	337,920	400,000	62,080	Ms. Naintara Rafi	Negotiation
Suzuki Baleno	774,000	278,640	495,360	500,000	4,640	Mr. Mudammad Sajid	Negotiation
Suzuki Cultus	595,000	119,000	476,000	500,000	24,000	Mr. Aly Ahmed	Negotiation
Suzuki Alto VXR CNG	496,000	242,048	253,952	275,000	21,048	Mr. Nadeem Admed	Negotiation
Suzuki Alto VXR CNG	496,000	242,048	253,952	275,000	21,048	Mr. Shaibzada Fayyaz	Negotiation
Suzuki Bolan	396,000	233,798	162,202	150,000	(12,202)	Mr. Amir Majeed	Negotiation
Suzuki Bolan	314,830	215,179	99,651	125,000	25,349	Mr. Asif Majeed	Negotiation
Suzuki Mehran VXR CNG	390,000	-	390,000	390,000	-	EFU General Insurance	Insurance Claim
Suzuki Mehran VXR CNG	390,000	-	390,000	390,000	-	EFU General Insurance	Insurance Claim
Yamaha YB-100	61,800	30,158	31,642	44,000	12,358	EFU General Insurance	Insurance Claim
June 30, 2007	6,467,030	2,680,351	3,786,679	3,969,000	182,321		
June 30, 2006	1,508,500	958,606	549,894	650,000	100,106		

	Note	2007 (Rupees)	2006 (Rupees)
9.3 Capital Work In Progress			
These represent Advance Payment in respect of following:			
Leasehold Land		4,023,000	2,500,000
Plant & Machinery		-	1,000,000
		<u>4,023,000</u>	<u>3,500,000</u>
10. Stock-in-Trade			
Raw Material		64,239,934	45,141,113
Raw Material in Transit		-	1,874,979
Work-in-Process		6,707,597	4,255,315
Finished Goods		36,944,083	22,189,591
		<u>107,891,614</u>	<u>73,460,998</u>
11. Trade Debtors - Unsecured and Considered Good	11.1	<u>35,110,703</u>	<u>1,738,572</u>

11.1 Trade Debtors include Rs. 33,824,481 (2006: Rs. 338,518) due from M/s Premier Agencies and PharmEvo (Pvt.) Ltd, both associated undertaking. The maximum amount due at the end of any month during the year was Rs. 62,711,492 (2006: Rs. 27,503,110).

12. Loans and Advances

Loan-Considered Goods

Secured

Executive	835,370	765,360
Employees	588,074	381,542
Advances		
Suppliers	146,265	293,318
Others	344,000	-
	<u>1,913,709</u>	<u>1,440,220</u>

	Note	2007 (Rupees)	2006 (Rupees)
13. Deposits, Prepayments and Other Receivables			
Deposits			
Margin against letter of credits and guarantees		3,230,836	58,682
Security		294,790	295,790
Other		160,000	20,000
Prepayments and Other Receivables			
Insurance		89,867	81,037
Income Tax		7,191,134	5,075,380
Rent		158,340	111,829
Other		895,000	475,000
Other Receivables	13.1	2,886,615	2,886,615
		<u>14,906,582</u>	<u>9,004,333</u>

13.1 This Includes Rs. 2,886,615 (2006: Rs. 2,886,615) in respect of Sales Tax receivable refer note 8.1.2

14. Cash and Bank Balances

In Hand		89,063	525,723
At Bank-in Current Accounts		710,328	843,807
		<u>799,391</u>	<u>1,369,530</u>

15. Sales

Sales - Local		429,788,280	360,694,418
- Export		593,359	-
- Manufacturing Service Charges		241,444	2,990,849
		<u>430,623,083</u>	<u>363,685,267</u>
Sales Tax		(58,018,641)	(48,456,484)
		<u>372,604,442</u>	<u>315,228,783</u>

16. Cost Of Sales

Raw & Packaging Material Consumed	16.1	182,360,938	135,189,586
Other Costs			
Salaries, Wages and Benefits	16.2	28,398,619	23,543,017
Fuel and Power		10,045,460	8,876,834
Stores and Spares Consumed		2,481,719	2,135,542
Depreciation	9.1.1	11,383,609	10,659,197
Repairs and Maintenance		5,798,738	7,874,096
Travelling and Conveyance		2,855,312	1,505,984
Rents, Rates and Taxes		179,354	181,454
Insurance		1,049,669	749,949
Freight and Octroi		78,605	78,575
Printing and Stationary		114,952	83,156
Postage, Telegram and Telephone		266,163	191,275
Legal and Professional		121,950	229,873
Others		95,398	487,893
		<u>62,869,548</u>	<u>56,596,845</u>
Opening Inventory of Work in Process		4,255,315	1,797,372
Closing Inventory of Work in Process		(6,707,597)	(4,255,315)
		<u>242,778,204</u>	<u>189,328,488</u>
Opening Inventory of Finished Goods		22,189,591	18,783,194
Closing Inventory of Finished Goods		(36,944,083)	(22,189,591)
		<u>228,023,712</u>	<u>185,922,091</u>

	Note	2007 (Rupees)	2006 (Rupees)
16.1 Raw & Packaging Material Consumed			
Opening Stock		45,141,113	35,424,323
Purchases and Purchase Expenses		201,459,759	144,906,376
		<u>246,600,872</u>	<u>180,330,699</u>
Closing Stock		(64,239,934)	(45,141,113)
		<u>182,360,938</u>	<u>135,189,586</u>

16.2 This includes Rs. 1,182,031 (2006: Rs. 1,439,149) in respect of Gratuity and Provident Fund.

17. Selling Expenses

Salaries, and Other Benefits	17.1	19,008,212	13,142,286
Travelling & Conveyance		4,399,717	2,765,866
Depreciation	9.1.1	1,847,185	1,078,147
Advertisement and Sales Promotion		72,209,548	66,639,699
Postage, Telegram and Telephone		298,114	317,244
Vehicle Repair and Maintenance		2,280,353	1,835,392
Insurance		610,577	528,781
Freight and Octroi		5,166,357	4,252,853
Legal and Professional		15,580	-
Others		451,375	404,626
		<u>106,287,018</u>	<u>90,964,894</u>

17.1 This includes Rs. 377,001 (2006: Rs. 906,888) in respect of Gratuity and Provident Fund.

18. Administrative Expenses

Salaries, and Other Benefits	18.1	7,331,205	7,685,499
Office Repair and Maintenance		455,112	283,324
Depreciation	9.1.1	1,899,896	1,781,445
Travelling & Conveyance		105,612	91,781
Postage, Telegram and Telephone		1,069,889	905,212
Vehicle Repair and Maintenance		1,309,068	996,823
Rent, Rates and Taxes		1,126,586	861,376
Insurance		340,826	404,154
Electricity		694,457	301,123
Printing and Stationary		369,887	437,678
Legal and Professional		310,750	339,030
Auditors' Remuneration	18.3	110,000	110,000
Fees and Subscription		1,179,192	219,420
Charity and Donation	18.2	1,600,000	710,961
Others		-	15,068
		<u>17,902,480</u>	<u>15,142,894</u>

18.1 This includes Rs. 1,460,162 (2006: Rs. 1,424,098) in respect of Gratuity and Provident Fund.

18.2 This represents donations given to "Ibadullah Welfare Trust, Sindh Institute of Urology & Transplantation & Nazaria Pakistan Foundation". The Directors or their spouses have no interest in the donation made during the year.

18.3 This includes:

Statutory Audit Fee	75,000	75,000
Half yearly Review Fee	20,000	20,000
Compliance with Corporate Governance Review Fee	15,000	15,000
	<u>110,000</u>	<u>110,000</u>



	Note	2007 (Rupees)	2006 (Rupees)
19. Financial Expenses			
Markup/Profit on Short term Bank Finances		6,363,673	4,159,293
Return to WPPF	6.2	29,935	12,663
Bank Charges		230,640	265,982
		<u>6,624,248</u>	<u>4,437,938</u>
20. Non-operating Income			
Gain on Disposal of Fixed Assets	9.2	182,321	100,106
Export Rebate		2,852	-
Others		121,507	141,270
		<u>306,680</u>	<u>241,376</u>
21. Other Charges			
Workers' Profit Participation Fund	6.2	703,683	950,117
Workers' Welfare Fund - Current		140,000	150,000
		<u>843,683</u>	<u>1,100,117</u>
22. Taxation			
Current		2,500,000	2,550,000
Prior		-	(990)
Deferred		1,500,000	1,950,000
		<u>4,000,000</u>	<u>4,499,010</u>
22.1 Relationship between Tax Expense and Accounting Profit			
Profit before Taxation		13,229,981	17,902,225
Corporate Tax Rate		35%	35%
Tax on Accounting Profit		4,630,493	6,265,779
Tax Effect of Expenses that are Admissible/Inadmissible in determining Taxable Profit		(2,206,413)	(3,717,393)
Tax Effect of Income Under Presumptive Tax Regime			
Round of Adjustments		75,920	1,614
		<u>2,500,000</u>	<u>2,550,000</u>
Effect on Change in Prior Year Tax		-	(990)
Tax Effect on Temporary Differences between the Carrying amount of Assets and Liabilities for Financial Reporting Purposes and the Amount used for Taxation Purposes		1,500,000	1,950,000
		<u>4,000,000</u>	<u>4,499,010</u>
23. Basic Earnings Per Share			
Profit after Taxation		9,229,981	13,403,215
Number of Ordinary Shares		3,000,000	3,000,000
Basic Earnings Per Share		<u>3.08</u>	<u>4.47</u>

2007 **2006**
(Rupees) **(Rupees)**

24. Directors' and Executives' Emoluments

The aggregate amounts charged in these financial statements for the year for emoluments including benefits to the Managing Director, Executives of the company are as under:

	Executives	Executives
Emolument	3,400,520	2,359,018
House Rent Allowance	1,360,208	911,264
Utilities	392,006	227,816
Gratuity	340,052	232,501
Provident Fund	226,626	126,496
Other Benefits	430,447	338,164
	6,149,859	4,195,259
No of persons	6	4

24.1 Managing Director and some senior executives are provided with free use of cars owned and maintained by the company and some other benefits in accordance with the Company policy.

24.2 Managing Director has not drawn any remuneration from the Company during the year .

2007 **2006**
(Rupees) **(Rupees)**

25. Transactions With Related Party

Sales of Goods to M/s Premier Agencies	365,942,996	298,040,965
Sales of Goods to M/s PharmEvo (Pvt) Ltd	2,409,428	1,752,764

Comparable uncontrol price method is used to determine the transaction price with related party. the transaction with related party are in the normal course of business and have been entered in to on arm's lenght basis.

26. Proposed Dividend

The Board of Directors has proposed a final dividend of Rs. 1.50 per share for the year ended June 30, 2007 , amounting to Rs. 4.50 million at its meeting held on September 25, 2007 for approval of the members at the Annual General Meeting to be held on October 26, 2007.

27. Capacity and Production

	2007		2006	
	Capacity		Capacity	
	Installed	Utilized	Installed	Utilized
Dental Care (in Kgs)	184,800	122,322	184,800	109,971
Baby Care (in Kgs)	403,205	226,528	379,403	208,233

27.1 The company's main products are toothbrushes, baby feeders and baby nipples.

27.2 Reason for underutilization: Due to competition and other economic factors.



28. Summarized Working Result By Line Of Business

	2007			2006		
	Dental Care	Baby Care	Total	Dental Care	Baby Care	Total
	Rupees					
Sales	106,523,505	266,080,937	372,604,442	87,572,586	227,656,197	315,228,783
Cost of Sales	(75,083,922)	(152,939,790)	(228,023,712)	(59,835,137)	(126,086,954)	(185,922,091)
Gross Profit / (Loss)	31,439,583	113,141,147	144,580,730	27,737,449	101,569,243	129,306,692
Selling expenses	(31,046,260)	(75,240,758)	(106,287,018)	(25,270,633)	(65,694,261)	(90,964,894)
Administrative	(4,458,149)	(13,444,331)	(17,902,480)	(4,206,794)	(10,936,100)	(15,142,894)
Operating Profit / (Loss)	(4,064,826)	24,456,058	20,391,232	(1,739,978)	24,938,882	23,198,904

28.1 There has been no inter-sale between reported business segments.

28.2 Certain disclosure as required by IAS regarding segment information is not possible due to multipurpose nature of assets and liabilities, common customers and suppliers, and indistinguishable nature of certain assets and liabilities such as bank finances and dividend etc.

29. Financial Instruments and Related Disclosures

29.1 Financial Assets and Liabilities

Particulars	Profit/Mark up Bearing			Non-interest Bearing			Total Rupees 2007
	Maturity upto One Year	Maturity after One Year	Sub Total	Maturity upto One Year	Maturity after One Year	Sub Total	
June 30, 2007							
Financial Assets							
Trade Debtors	-	-	-	35,110,703	-	35,110,703	35,110,703
Loan and Advances	-	-	-	1,913,709	-	1,913,709	1,913,709
Deposits, Perpayment and Other Receivables	-	-	-	4,828,833	-	4,828,833	4,828,833
Cash and Bank Balances	-	-	-	799,391	-	799,391	799,391
Total (Rupees)	-	-	-	42,652,636	-	42,652,636	42,652,636
Financial Liabilities							
Short Term Bank Finances	75,358,215	-	75,358,215	-	-	-	75,358,215
Trade and Other Payable	-	-	-	58,988,979	-	58,988,979	58,988,979
Total (Rupees)	75,358,215	-	75,358,215	58,988,979	-	58,988,979	134,347,194

Particulars	Profit/Mark up Bearing			Non-interest Bearing			Total Rupees 2006
	Maturity upto One Year	Maturity after One Year	Sub Total	Maturity upto One Year	Maturity after One Year	Sub Total	
June 30, 2006							
Financial Assets							
Trade Debtors	-	-	-	1,738,572	-	1,738,572	1,738,572
Loan and Advances	-	-	-	1,440,220	-	1,440,220	1,440,220
Deposits, Perpayment and Other Receivables	-	-	-	1,042,338	-	1,042,338	1,042,338
Cash and Bank Balances	-	-	-	1,369,530	-	1,369,530	1,369,530
Total (Rupees)	-	-	-	5,590,660	-	5,590,660	5,590,660
Financial Liabilities							
Short Term Bank Finances	16,502,195	-	16,502,195	-	-	-	16,502,195
Trade and Other Payable	-	-	-	43,073,910	-	43,073,910	43,073,910
Total (Rupees)	16,502,195	-	16,502,195	43,073,910	-	43,073,910	59,576,105

29.2 Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Other than cash and bank balance, all other financial assets are subject to credit risk. The Company applied credit limits to its customers and does not have significant exposure to any individual customer.

29.3 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will effect the value of financial instruments. The Company has adopted appropriate policies to minimize its exposure to this risk.

29.4 Foreign Exchange Risk

Foreign exchange is the risk of loss through changes in foreign exchange rates. The Company is exposed to foreign exchange risk due to transactions denominated in foreign currencies. The company uses foreign contracts to hedge its exposures to foreign currency risk where appropriate.

29.5 Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet its commitments. Due to effective working capital management policy, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

29.6 Fair Values of Financial Instruments

The carrying value of all the financial instruments reflected in the financial statements approximate their fair value .

30. Accounting Estimates and Judgements

The Company makes estimates and assumptions that effect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

30.1 Trade Debtors

The Company reviews its receivables against provision required there on an ongoing basis. The provision is made taking into consideration expected recoveries, if any.



30.2 Income Taxes

In making the estimates for income taxes currently payable by the company the management considers the current income tax law and decisions of appellate authorities on certain issues in the past.

30.3 Defined retirement benefit scheme

The company operates an unfunded gratuity scheme for all its permanent employees. Estimates of liability in respect of staff retirement gratuity (note 3.5).

30.4 Provision for obsolete stock

The management continuously reviews its inventory for existence of any items which may have become obsolete. These estimates are based on historical experience and are continuously reviewed.

30.5 Impairment of assets

In accordance with the accounting policy, the management carries out an annual assessment to ascertain whether any of the company's assets are impaired. This assessment may change due to technological developments.

30.6 Depreciable amount and useful lives of fixed assets

In accordance with the accounting policy, the management carries out the annual assessment of depreciable amount and useful lives of fixed assets. The company seeks advice from the technical department in this regard.

31. Date of Authorization for Issue

These financial statements were authorized for issue by the Board of Directors of the Company on September 25, 2007.

32. Staff Strength

The total Number of permanent employees as at the year end:

2007	2006
<u>132</u>	<u>149</u>

33. General

Figures presented in these financial statement have been rounded off to the nearest rupee.



M. Haroon Qassim
Managing Director



Vali Muhammad A. Habib
Director

The Company Secretary
 Shield Corporation Limited
 401, Business Avenue, Block 6,
 P.E.C.H.S., Shahrah-e-Faisal,
 Karachi-75400, Pakistan.

Proxy Form

I/We.....of.....in the district of.....
 (Name) (Address)

being a member of Shield Corporation Limited and holder of.....Ordinary
 (numbers of shares)

share hereby appoint.....
 (Name)

of
 (Address)

or failing
 (Name)

of
 (Address)

who is also a member of Shield Corporation Limited, as my / our proxy to attend vote for me / us and on our behalf at the 34th Annual General Meeting of the Company to be held on Friday, October 26, 2007 and at any adjournment thereof.

Signed this day _____ of _____, 2007

Signature

Revenue Stamp

 CDC Account/ Folio No.

- Note**
1. Signature should agree with the specimen signature registered with the Company.
 2. Proxy to be valid must be deposited with the Company at its registered office at 401, Business Avenue Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi not less than 48 hours before the meeting.

For CDC Account Holder /Corporate Entities:

In addition to the above, the following requirements have to be met:

1. Attested copies CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
2. The proxy shall produce his / her original CNIC or Passport at the time of meeting.
3. In case of corporate entity, the Board of Directors resolution/Power of attorney with the specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.



you are **our stream** of inspiration



SHIELD CORPORATION LTD

(An ISO 9001 and ISO 14001 certified company)

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