



NO LIMITS



ANNUAL REPORT 2014

"Set forth no limits, keep in mind that your potential is boundless." - Sal Martinez

SHIELD CORPORATION LIMITED

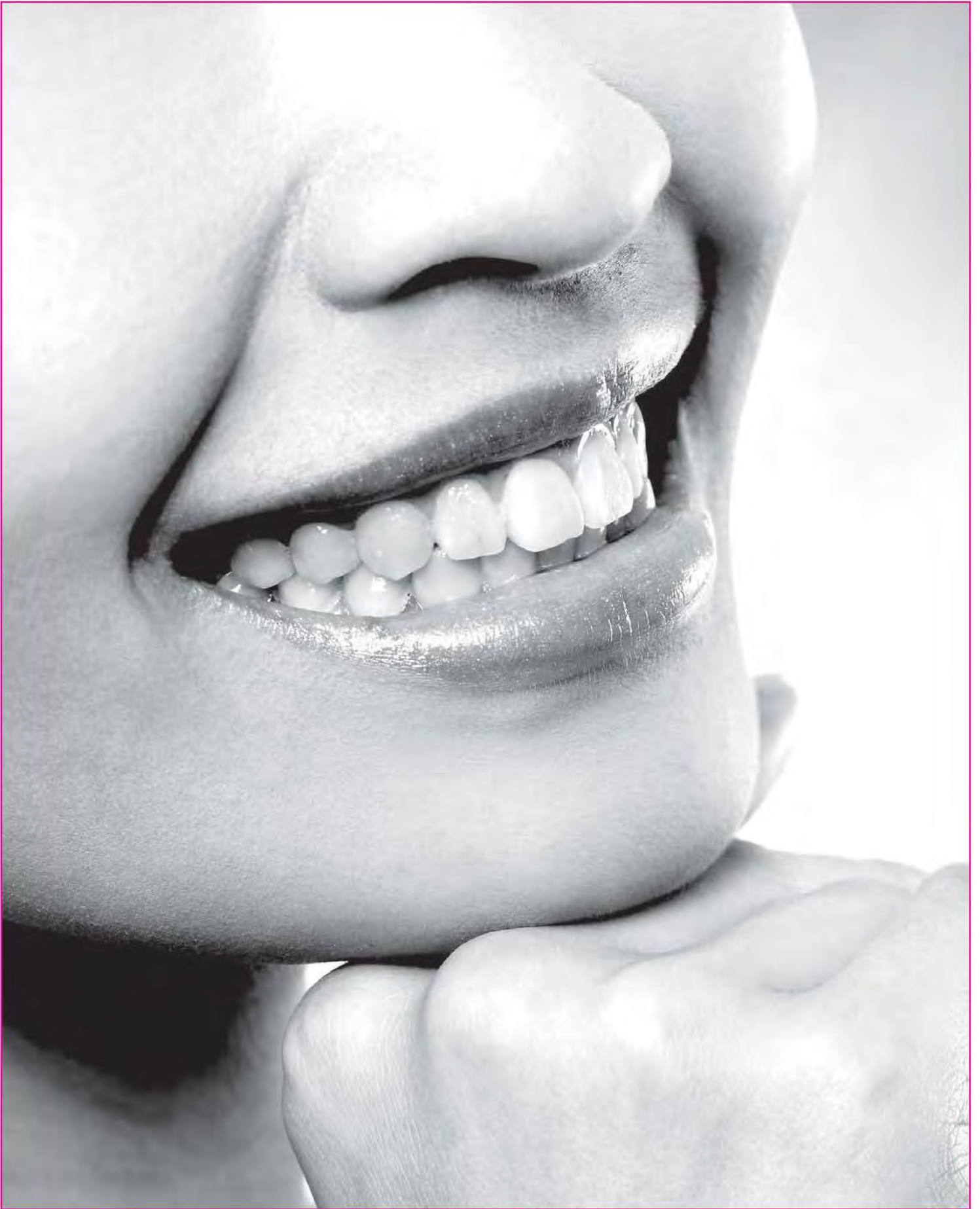
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LEADING THE NATION IN BABY AND ORAL CARE



NO LIMITS WHEN REACHING HIGHER
...for we lead in nurturing the future





NO LIMITS when innovating
...we are the leaders of healthy smiles





HISTORY

Through constant innovation and development, Shield has established itself as the leader in Oral and Baby care. Shield continuously strives to develop new products and services through extensive research and development that are tailored for absolute consumer satisfaction now and in the future.

Vision

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

Mission

to become 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 stakeholders and symbolizing responsible corporate citizenship.

Shield[®]



LEADING THE NATION IN ORAL CARE AND BABY CARE





Since 1975, Shield has been a household name throughout Pakistan. Our vision is to be the best consumer products company by focusing on quality, consumer needs and marketing excellence. Our marketing endeavor always focus on having a purpose and a message. Calendars for children every year does just that by engaging children in knowledge, fun and aspiration

Shields Babycare platform initiated in 2013 "AAJ SCHOOL, KAL DUNYA" brings an endeavor of imparting education amongst children. Taking this forward, our theme this year "HUM ROZ PARHANGY KITAB" is an amalgamation of children who want to dream big, learn more & achieve success in life with their potential of creating new ways for themselves by being inquisitive and having a potential to make it big.

-Aspire today, Learn today- Reap tomorrow-



کتے بھولے ہیں، آج جو ہیں نازک وہ بنیں کل کی بنیاد۔

ہر ماں کا خواب ہے اس کے بچے کی بہترین نشوونما

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Shield® CONGRATULATES

the 100 Winners of Taleemi Grant 2013

From across Pakistan

Maryam Noman
D/O. Noman Mumtaz
Bhawalpur

Areeb Ali
S/O. Anwar Razzaque
Karachi

Shiza Majeed
S/O. Arshad Aleem Khan
Karachi

Eman
D/O. Hassan
Lahore

Mutaiba Noor
D/O. C.H Naveed
Multan

Ibrahim Jamil
S/O. M. Jamil
Rawalpindi

Abdul Hamnan
S/O. Shareef Khan
Bhawalpur

Hania Khan
D/O. M. Faisal Khan
Karachi

Samad Ahmed Baig
S/O. Asad Ahmed Baig
Karachi

Zainab
D/O. M. Rafiq
Lahore

Nadiya Nadeem
D/O. Hafiz N. Qureshi
Multan

Eraj Atif
S/O. M. Atif
Rawalpindi

Khizer
S/O. M. Waseem
Faisalabad

Alishba Khan
D/O. M. Fareed
Karachi

Kiran
D/O. Shaukat Ali
Karachi

Abdul Hanan Tayyab
S/O. Qari M. Tayyab
Lahore

Umsama Kashif
D/O. Kashif Rafiq
Multan

M. Subhan
S/O. M. Irfan Qamar
Rawalpindi

Zainab Faraz
D/O. Faraz Usman
Faisalabad

M. Usman
D/O. M. Anwar
Karachi

Umm-E-Hani
D/O. M. Shafeeq Soomro
Karachi

M. Alhaan
S/O. Zaheer Babar
Lahore

Ammara Shabbir
D/O. Ghulam Shabbir
Multan

M. Shafay
D/O. Tarveer Alam
Rawalpindi

Faiz Rasool
S/O. M. Shakil
Faisalabad

M. Hammad Tahir
D/O. Syed Tahir Asghar
Karachi

Ayesha Fatima
D/O. Muhammad Imran
Karachi

M. Ghulam Hussain
S/O. Shahzad Ali
Lahore

Tayyaba Asif
D/O. Asif Feroz
Multan

Ahmed Raza
D/O. M. Qudus
Rawalpindi

M. Umer Arif
S/O. Arif Jawad
Faisalabad

Meerab Amir
S/O. Syed Amir Khalid
Karachi

Shayan Ahmed
S/O. Faisal
Karachi

Munira Nasir
D/O. Nasir Imran
Lahore

Andish
D/O. M. Ismail
Nawab Shah

Ajwah Usman
D/O. Paikam
Rawalpindi

Rida Owais
D/O. M. Owais
Faisalabad

Aleena Tarveer
D/O. Tarveer Ahmed
Karachi

Sead
S/O. Dishaad Ahmed
Karachi

Mohid Rizwan
S/O. Rizwan Waseem
Lahore

Hariya Mumtaz
D/O. Mumtaz Ali
Okara

Farhan Munsif
S/O. Munsif Ali
Rawalpindi

Naima Seher
D/O. M. Zeeshan
Faisalabad

Abdullah
S/O. M. Atique
Karachi

Hussain Azeez
S/O. Azeez-Ur-Rehman
Khanewal

Eman Zahid
S/O. Zahid Ijaz
Lahore

Samar Fatima
D/O. Ali Ahmed Sabir
Peshawar

M. Ahmed Ameen
S/O. Banu Ameen
Rawalpindi

Ibrahim
S/O. Mosib Bashir
Faisalabad

M. Usyed Raza Aittari
D/O. Abdul Azeez
Karachi

Amna Asad
D/O. M. Asad Rafiq
Khanewal

M. Bin Niyaz
S/O. Niaz Wali Khan
Lahore

Adeeha
D/O. Adnan Zahoor
Peshawar

Subid-E-Gul Shahid
S/O. Shahid Afzal
Rawalpindi

Selwa Arsalan
D/O. Arsalan
Faisalabad

Irma
D/O. M. Yousuf
Karachi

Asma Bibi
D/O. Ahmed Anwar
Khushaab

M. Zain Riaz
S/O. M. Riaz Kunde
Lahore

M. Arsalan
S/O. Fazal Hussain
Peshawar

M. Faraz
S/O. Asmat Jabbar
Rawalpindi

Abdul Rahman
S/O. M. Talha
Faisalabad

Fabeeha
D/O. Abdul Aamir Khan
Karachi

Tuba Mizab
D/O. M. Jameel Dogar
Lahore

Usman
S/O. Rab Nawaz
Lahore

Abu Dujana
S/O. M. Atiq UR Rehman
Peshawar

Fauzia Fida
D/O. Raja Fida Hussain
Sahiwal

Fatima Bano
D/O. M. Shahzad
Faisalabad

Hooriya Siddiqui
D/O. Kamran Siddiqui
Karachi

Akasha Sajjad
D/O. Sajjad Halder
Lahore

Aqsa Batool
D/O. Saifdar Abbas
Mianwali

Namal Rani
D/O. M. Khalil (Late)
Peshawar

Hadiya Shahid
D/O. Shahid Nadeem
Sargodha

M. Hashir
S/O. Junaid Shetty
Faisalabad

AliZeel
S/O. Khurram Shehzad
Karachi

Amna Asif
D/O. M. Asif
Lahore

Faha-Noor
D/O. Rashid Ali
Mirpurkhas

Saad Illahi
S/O. M. Ameen
Peshawar

Fatima Bhutto
D/O. Saifdar Husain
Sargodha

All Imaan Zaib
S/O. Ashraf Ali
Hyderabad

Hadiqa Noreen
D/O. M. Anees
Karachi

Ayaan Nadeem
D/O. Nadeem Mukhtar
Lahore

Anshara Batool
D/O. M. Yousaf Gul
Multan

Abu Bakar Siddique
S/O. Fazal Wahab
Peshawar

Wajid Ali
S/O. Sikandar Ali
Sukkur

Haram
D/O. Hafiz M. Irfan
Hyderabad

M. Ziyar
S/O. M. Shahid
Karachi

Khadija Gheffar
D/O. Abdul Gheffar Mirza
Lahore

Sakina Raza
D/O. Hashim Raza
Multan

Abdur-Rehman
S/O. M. Shoaib
Peshawar

Adees Masood
S/O. Dr. M. Al-Rehman
Khurram
Tubatek Singh

Mehwish
D/O. Ghulam Pardesi
Hyderabad

Shahzaib
S/O. Abdul Hameed
Karachi

Maheen Jawad
D/O. Jawad Rasheed
Lahore

Ghulam Mustafa
S/O. M. U. Rafeeq Moosa
Multan

Abdullah
S/O. Faheem Akhtar
Raheemyar Khan

M. Shaheer Khan
S/O. Shaukat M. Khan
Islamabad

Maryam Khan
D/O. Muheeb Khan
Karachi

M. Yousuf
S/O. M. Arif Ali
Lahore

Filza Ali
D/O. Ali Waqar
Multan

M. Ahmed Yaseen
S/O. M. Yaseen
Rawalpindi

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COMPANY INFORMATION

Board of Directors

Mr. Ebrahim Qassim
 Mr. M. Haroon Qassim
 Mr. Vali Muhammad A. Habib
 Mr. Pir Muhammad
 Mr. Zamiruddin Ahmed
 Mrs. Saadia Butt Naveed
 Mr. Muhammad Salman Qassim

Chairman
 Chief Executive
 Director
 Director
 Director
 Director
 Director

Audit Committee

Mr. Vali Muhammad A. Habib
 Mr. Pir Muhammad
 Mr. Zamiruddin Ahmed

Chairman
 Member
 Member

Human Resource & Remuneration Committee

Mr. Zamiruddin Ahmed
 Mr. Vali Muhammad A. Habib
 Mr. M. Haroon Qassim

Chairman
 Member
 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, Shahr-e-Faisal,
 Karachi.

Registered Office

509, Business Avenue,
 Block 6, P.E.C.H.S., Shahr-e-Faisal,
 Karachi.

Factory

Plot No. 368/4 & 5
 Landhi Industrial Area
 Baldia Road, Karachi.

Email & URL

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

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors of Shield Corporation Limited are pleased to present the annual report and the audited financial statements for the year ended June 30, 2014. Report also provides a quick look on Shield's management constant endeavor to maximize shareholders' value.

	2014 (Rupees)	2013 (Rupees)
Financial summary		
Sales	1,174,856,539	1,218,938,348
Profit after taxation	23,162,565	39,474,714
Un-appropriated profit brought forward	135,857,659	104,164,956
Profit available for appropriation	156,898,887	141,707,659
Key Performance Measures		
Gross Profit Margin (%)	31.13	28.59
Profit before tax (%)	3.23	3.71
Basic Earnings per Share (Rs.)	5.94	10.12



General overview

The year 2013-14 remained a challenging year not only for the national economy but for the global economy as well. The 2013-14 national budget increased the overall cost of doing business. The year was also characterized by the impact of deepening recessionary trends, worsening law and order situation and the deteriorating geo political situation.

Despite these difficulties, your company continued to emphasize on the strategic goals and focused itself on maintaining the momentum of progress.

1. Sales for the year stood at Rs. 1.17 billion, with a decrease of 3.6% over the previous year sales. First month of our financial year, July was the worst due to uncertainties in sales tax rate which hampered sales of your company. The hit in July 2013 sales impacted the following months and the sales team could not recover the significant dip. Besides this various other factors also played significant role in decrease in sales over last year.
2. Seeing the decline in sales, the management seriously considered various options to address the situation. One major decision the management took was to restructure the entire sales team. This was done at the tail end of the year 2013-14 somewhere in April / May 2014. The sales team was significantly reduced to make it more efficient and resources were taken off from where the sales were negligible; instead the resources were added where sales could be strengthened and increased. This restructuring will help in the year 2014-15 with significant reduction in cost and focus on the areas where we can easily increase the sales manifolds. We are confident that it will give us substantial benefit in the years to come.
3. The management has also taken some strategic decisions at the year-end that will help your company to increase the sales in next financial year. One of the major strategic decisions is to strengthen the human resources to prepare your company for present and future challenges. Two major appointments were done on 1st July 2014; one in sales department to further strengthen the team with more experience personnel of the relevant field and the second one is appointment at senior management level that brings rich management experience from international as well as local perspective. Despite the drop in sales and net profitability your management is confident that human resource additions will bring positive results in 2014-15 and the years to come.
4. The Board of Directors gladly announce 15% dividend for this financial year.

Our Business Diversity

Shield Corporation Limited was established in 1975 & by virtue of its competent team & diversified range of products *Shield* remains one of the leading brands in Baby and Oral Care segments of Pakistan.

Baby Care

Baby care portfolio constitutes two brands; *Shield* and *Blessings*. *Shield* baby care covers feeding range and accessories that provides great value for the money while *Blessings* offers premium baby toiletries, feeding range and accessories. With the lion's share in baby feeding products, *Shield* is the market leader in Pakistan.

Oral Care

Shield Oral care portfolio includes a diverse range of toothbrushes and toothpaste customized for individual needs.

Shield toothbrushes range from basic low price toothbrushes such as ANGULAR & BIO-JUNIOR to high end toothbrushes such as SENSATION and CLARITY. *Shield* portfolio has Pakistan's only Antibacterial toothbrush with silver coated filaments ANTIBAC. *Shield* toothbrushes range also hold the distinction of being the only range of toothbrushes which use DuPont's Tynex Nylon filaments in Pakistan. The Company has launched multi-level filament toothbrush with the brand name DUALPRO during the year.

Shield is leading the premium kids' toothbrush category with GIGGLES and the newly launched HIPPO.

Shield toothbrushes range and quality is instrumental in helping us to hold the spot amongst highest selling brands of toothbrushes in Pakistan. However, we have a long way to go to become a leader from a mainstream player. To become the leader in the toothbrush category your management is taking significant steps to improve the quality, bring innovative products and strengthen the sales team. The competition is cut throat and the management is confident that sooner or later *Shield* toothbrushes will lead the category.

Shield toothpaste is available in two distinct flavors; Cinnamon and Peppermint, with improved formulation, competing against several multi-national and local family toothpaste brands. In toothpaste market, we are yet to make any inroads. Toothpaste category has a substantial potential for growth because this is the best strategic fit in the portfolio of oral care, and complements the toothbrushes perfectly.

Management Objectives / Strategies / Threats and Opportunities

Your management has set definite objectives for the year 2014-15. In baby care category we are determined to keep the leadership position. There is not much competition in baby care category; still your management is always looking to bring innovative product. We are also working on expanding the product portfolio in baby care category by bringing new and innovative products thus strengthening our market leadership position.

In oral care category there is huge potential as well as tough competition. We are aware of the challenges and continuously working to bring the products in line with competition to gain required market share. Over the last many years we have made substantial investment in brand building in oral care category. We are confident that there will definitely be a change in the sales numbers and we will align ourselves to face the market competition.

Your management is determined and clear-headed on keeping the leading position in oral and baby care product segments; InshaALLAH.

Significant Changes in *Shield*'s Objectives and Strategies from Previous Periods

Core Changes – Plans and Strategies

At *Shield* consistency is the key in whatever we do. *Shield* has a continuous success track record and launched a variety of Quality Products and set new milestones in the market with an ultimate objective of 'Care'.

The management is continuously striving for higher productivity and for this reason there was a major restructuring in sales department. This restructuring will definitely bring cost effectiveness with more productivity and efficient use of human resources. This was not an easy decision; it was painful and in the larger interest of the company the management took a conscious decision. To be a dynamic organization; it is important to accept the reality and prepare yourself for the present as well as future challenges. The management is blessed with agile human resource whose spirit is to keep the organization dynamic for the present as well as future.

Presently, the management is marching forward to new frontiers. Employing new technologies & introducing new categories for consumers and introducing *Shield* products as a quality product in International markets.

Corporate Sustainability & Social Responsibility

The management at *Shield* firmly believes in doing business with a purpose. *Shield* is always seeking opportunities to support projects which add value to the lives of people.

Shield Aaj School, Kal Dunya

Shield launched a program called 'Aaj School, Kal Dunya' one year ago. This program is a platform for promoting early education and mental growth in children. From this platform Shield will launch different activities over several years. Different recognized educationists of Pakistan have been sought to make it a media event and spread the word of importance of education as the ultimate solution to the problems of our beloved country.

"Taleemi Grant", a program under 'Aaj School, Kal Dunya' has entered into its second year offering education grant to 200 children for one year education within the specified age limit. The children have been selected and a pre decided grant will be given to their schools.

World Oral Health Day

World Oral Health Day is being celebrated since last 4 years in association with Pakistan Dental Association, Asia Pacific Dental Federation, Institute of Advance Dental Sciences and Research and Journal of Pakistan Dental Association. World Oral Health Day aims to promote awareness on cosmetic values of teeth and gum that they add to the personality and how oral health diseases can affect general health and wellbeing.

In order to increase oral health awareness, *Shield* is carrying out several activities and has 'displays/stalls' and informative material at selected Dental Colleges, Shopping malls and Schools across major cities in Pakistan. Shield is proud to be associated with this campaign as we believe that dental practitioners have a key role to play in the fight for Oral Care.

Annual Calendar – Learning Tool for Children

Shield's calendar gives a learning lead at grass root level and they are widely sought out. Every year marketing team comes out with a concept which becomes a learning tool for children. The topic of current year calendar was "Hum Roz Parhaingey Kitaab" thus emphasizing "book reading". As such Shield's calendars are always in greater demand especially by schools as well as a good cross section of our society.

Aagahi Adult Literacy Program (ALP)

The Aagahi Adult Literacy Program is an initiative that was launched in 2005 by The Citizens Foundation (TCF) to impart education and literacy to mothers and older sisters of TCF students as well as other women in the community. Since its inception to date, over 19,500 women have been made literate through this program, where the efforts made by hundreds of principals, teachers, area managers & coordinators at TCF were realized.

Shield has supported this noble cause for over last 4 years and it has grown over the years in significant proportions, and the upcoming plans are even more ambitious. ALP, this year is experiencing even greater support, where the program is being rolled out by TCF, National Foods Ltd, Literate Pakistan Foundation, Shield Corporation Limited, and International Textile Ltd.

Corporate Vision & Mission

Your management is trying its best to make your company, a leading household name in Pakistan, for everything a caring family with young children would need is to safeguard their health and make your company a symbol of dynamism, an epitome of corporate responsibility.

Human Resource Management

Shield believes in a culture of continuous development and to create an environment which supports sustainable high performance. Human Resource Department plays a key role in helping the Company to deal with a fast changing competitive environment and the greater demand for quality employees. Shield HR is engaged not only in identifying and developing the talents of the individual but also enhancing the capabilities of human capital of the Company by organizing several in house and outsourced training programs during the year.

Capital Expenditure

The Company has made investment in latest models of machines and moulds, utilities and building, amount to Rs. 78 million helping the company to remain competitive and technically in pace. As explained earlier, to keep the leadership position it is imperative that we keep investing judiciously in plant and machinery to ensure long term competitiveness and products innovation.

Exports

This year exports amounted to Rs. 12 million as against Rs. 12.46 million last year. The management is conscious of the drop in sales. We are actively working in two markets Afghanistan and Uganda; both have not performed as expected last year. We are in discussions with the distributors in these markets and we expect to increase the sales next year.

Contribution to National Exchequer

Your Company made a total contribution of Rs. 257 million to the National Exchequer on account of different government levies, including custom duty, sales tax and income tax during the year 2013-14.

Corporate Governance

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

Board Meetings

During the year six (6) meetings of the Board of Directors were held. Attendance by each director is as follows:

Name of Directors	01-07-13 to 28-04-14		29-04-14 to 30-06-14		Total	
	Held	Attended	Held	Attended	Held	Attended
Mr. Ebrahim Qassim	5	5	1	1	6	6
Mr. M. Haroon Qassim	5	5	1	1	6	6
Mr. Vali Muhammad A. Habib	5	5	1	1	6	6
Mr. Muhammad Hanif Janoo*	5	5	N/A	N/A	5	5
Mr. Pir Muhammad*	N/A	N/A	1	1	1	1
Mrs. Saadia Butt Naveed	5	5	1	1	6	6
Mr. Zamiruddin Ahmed	5	5	1	1	6	6
Mr. Muhammad Salman Qassim	5	5	1	1	6	6

*Board Changes

Election of director was held on April 29, 2014. The Board places on record its appreciation for the valuable services rendered by the outgoing Director Mr. Muhammad Hanif Janoo for serving the board for three years. Mr. Pir Muhammad was elected as a director in election of board of directors. He brings long Corporate experience. The Board welcomes Mr. Pir Muhammad and look forward to his contribution to the board of the Company.

Pattern of Shareholding

Pattern of shareholding is annexed to this report.

The Directors, CEO, Head of Internal Audit, Company Secretary and CFO, their spouses and minor children did not carry out any trade in the shares of the Company except for the following:

1. Mrs. Wazira Perveen sold 500 shares of the company.
2. Mrs. Wazira Perveen purchased 5,200 shares of the company.
3. Mr. Pir Muhammad purchased 500 shares of the company.

Audit Committee

The Committee comprises of three non-executive directors, of whom two are independent directors. Non-executive director is the chairman of the audit committee. The Audit Committee meets at least four times a year. The Head of Internal Audit acts as secretary to the Audit Committee. The brief terms of reference of audit committee are as follows:

- Review quarterly, half yearly and annual financial statements of the company prior to their approval by the Board of Directors.
- Review preliminary announcements of results prior to publication.
- At least once a year, the Audit Committee shall meet external auditors without Chief Financial Officer and Chief Internal Auditor.
- At least once a year, the Audit Committee shall meet Head of Audit without Chief Financial Officer and external auditors.
- Recommend the appointment of external auditors to the Board of Directors and consider any questions of resignation or removal of external auditors, if any, audit fees, and provision by external auditors of any service in addition to audit of financial statements.
- Review management letter issued by the external auditors and management response thereto.
- Determination of appropriate measures to safeguard the Company's assets.
- Consideration of any other issue or matter as may be assigned to the Committee by the Board of Directors.

Attendance of Audit Committee

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

Name	Category	Meetings Attended
Mr. Vali Muhammad A. Habib	Chairman	4
Mr. Muhammad Hanif Janoo	Member	4
Mr. Muhammad Salman Qassim	Member	4

Human Resource & Remuneration Committee

The board has formed an HR and Remuneration Committee. It comprises three members, out of whom two are non-executive directors and the chairman of the committee is an independent director.

Attendance of Human Resource & Remuneration Committee

During the year one (1) meeting of the Human Resource & Remuneration Committee were held. Attendance by each director is as follows:

Name	Category	Meetings Attended
Mr. Muhammad Hanif Janoo	Chairman	1
Mr. Vali Muhammad A. Habib	Member	1
Mr. M. Haroon Qassim	Member	1

External Auditors

M/s Moochhala Gangat & Co., Chartered Accountants, the auditors of the company retired and are eligible for reappointment. The Board of Directors, based on the recommendation of the audit committee, would recommend the appointment of M/s Moochhala Gangat & Co., Chartered Accountants, for the year ended June 30, 2015 at a fee to be mutually agreed.

Internal Auditors

The Internal Audit Function is outsourced to independent audit firm reporting to Head of Internal Audit and the Boards' Audit Committee. It reviews the system of internal control and conduct internal audit process.

Risk Management

The Company's activities expose it to a variety of risks. The Company's overall risk management program focuses on minimizing potential adverse effects on the Company's performance. The overall risk management of the Company is carried out by the Company's Senior Management Team and the results are placed before the Board of Directors. This entails identifying, evaluating and addressing strategic, financial, commercial and operational risks of the Company.

Related Party Transactions

In order to comply with the requirements of listing regulations, the company presented all related party transactions before the audit committee and Board for their review and approval. These transactions are approved by the Audit Committee and Board of Directors in their respective meetings. The detail of all related party transactions have been provided in note annexed to the financial statement.

Statement on Corporate and Financial Reporting Framework

Statement of Directors' Responsibilities

- The Board regularly reviews the company's strategic direction. Annual plans and performance targets for business are set by the Chief Executive 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 rules of the Stock Exchanges.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The financial statements, prepared by the management of the company, fairly present its state of affairs, the results of its operations, comprehensive income, 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 statements and accounting estimates are based on reasonable and prudent judgment.
- f. The financials are prepared in accordance with International Financial Reporting Standards, as applicable in Pakistan and any departure there from has been adequately disclosed and explained.
- g. The Company maintains a sound internal control system, which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed. This has been formalized by the Board's Audit Committee and is updated as and when needed.
- h. There are no significant doubts upon the company's ability to continue as a going concern.
- i. Outstanding duties, statutory charges and taxes, if any, have been duly disclosed in the financial statements.
- j. The value of investment of Provident Fund based on its unaudited accounts amounted to Rs. 19 million.
- k. The key operating and financial data for the last six years in summarized form is annexed.

Future Outlook

The management of the Company continues to have a long term optimistic outlook for our business. The population base gives a significant impetus to Pakistan's economy. Despite the prevailing situation, we see flourishing consumption and aspiration by the consumer to buy quality brands.

As mentioned earlier, oral care category holds strong competition for your company and to strengthen this product category we have recently taken steps which will bring results in the longer run. It is important that the management should keep its focus on this category as the potential to grow is very huge.

Dominance in baby care segments is there for last many years; and to continue the leadership position it requires lot of planning, hard work, commitment and dedication of Shield's staff.

Acknowledgement

We would like to place on record appreciations and thanks to:

- Our valued customers and consumers who have shown trust in our products and continued to provide sustained support in ensuring the progress of the Company.
- Our employees for their committed efforts, loyalty and dedication.
- Our esteemed suppliers, bankers and all stakeholders who are helping and contributing towards the continued growth of our Company.

On behalf of Board of Directors



M. Haroon Qassim
Chief Executive

Karachi: September 10, 2014

KEY FINANCIAL DATA

SIX YEARS AT A GLANCE

	2014	2013	2012	2011	2010	2009
Rupees						
Balance Sheet						
Paid up capital	39,000,000	39,000,000	39,000,000	39,000,000	39,000,000	30,000,000
Reserves & un-appropriated profit	221,898,887	206,707,659	175,014,956	141,471,134	114,831,310	101,696,419
Shareholders equity	260,898,887	245,707,659	214,014,956	180,471,134	153,831,310	131,696,419
Non-current liabilities	173,414,761	169,408,658	151,347,826	140,592,719	125,832,735	78,319,852
Current liabilities	298,946,554	279,587,956	265,885,604	300,815,924	146,301,373	148,217,947
Total liabilities	733,260,202	694,704,273	631,248,386	621,879,777	425,965,418	358,234,218
Non-current assets	368,867,966	353,369,271	288,275,357	292,063,020	275,583,756	207,354,965
Current assets	364,392,236	341,335,002	342,973,029	329,816,757	150,381,662	150,879,253
Total assets	733,260,202	694,704,273	631,248,386	621,879,777	425,965,418	358,234,218
Profit and Loss Account						
Sales	1,174,856,539	1,218,938,348	1,061,000,021	829,901,077	661,131,009	489,090,058
Cost of sales	809,115,849	870,451,155	757,080,081	624,047,664	462,584,004	342,278,520
Gross profit	365,740,690	348,487,193	303,919,940	205,853,413	198,547,005	146,811,538
Selling and distribution expenses	273,859,529	259,808,886	215,302,475	131,338,208	128,994,609	109,631,278
Administrative and general expenses	28,490,558	23,222,673	21,982,857	17,332,978	14,521,680	15,009,877
Other operating expenses	3,187,096	3,226,148	3,296,250	2,991,343	3,402,253	619,346
Other operating income	1,742,636	2,409,116	1,403,383	1,501,896	647,207	461,501
Operating profit	61,946,143	64,638,602	64,741,741	55,692,780	52,275,670	22,012,538
Finance costs	23,968,150	19,411,909	20,266,243	15,331,314	8,855,422	10,150,402
Profit before taxation	37,977,993	45,226,693	44,475,498	40,361,466	43,420,248	11,862,136
Taxation	14,815,428	5,751,979	7,031,676	9,821,642	21,285,357	7,044,149
Profit after taxation	23,162,565	39,474,714	37,443,822	30,539,824	22,134,891	4,817,987

HORIZONTAL ANALYSIS

	Change from preceeding year					
	2014	2013	2012	2011	2010	2009
Balance Sheet Analysis (%)						
Non-current assets	4.39	22.58	(1.30)	5.98	32.90	33.97
Current assets	<u>6.76</u>	<u>(0.48)</u>	<u>3.99</u>	<u>119.32</u>	<u>(0.33)</u>	<u>3.81</u>
Total assets	<u>5.55</u>	<u>10.05</u>	<u>1.51</u>	<u>45.99</u>	<u>18.91</u>	<u>19.36</u>
Share capital and reserves	6.18	14.81	18.59	17.32	16.81	1.40
Non-current liabilities	2.36	11.93	7.65	11.73	60.67	201.27
Current liabilities	<u>6.92</u>	<u>5.15</u>	<u>(11.61)</u>	<u>105.61</u>	<u>(1.29)</u>	<u>2.76</u>
Total equity and liabilities	<u>5.55</u>	<u>10.05</u>	<u>1.51</u>	<u>45.99</u>	<u>18.91</u>	<u>19.36</u>

Profit and Loss Account Analysis (%)

	Change from preceeding year					
	2014	2013	2012	2011	2010	2009
Net sales	(3.62)	14.89	27.85	25.53	35.18	10.27
Cost of sales	(7.05)	14.97	21.32	34.90	35.15	13.42
Gross profit	4.95	14.66	47.64	3.68	35.24	3.58
Selling and distribution expenses	5.41	20.67	63.93	1.82	17.66	3.46
Administrative and general expenses	22.68	5.64	26.83	19.36	(3.25)	(19.83)
Other operating expenses	(1.21)	(2.13)	10.19	(12.08)	449.33	(11.72)
Other operating income	(27.66)	71.66	(6.56)	132.06	40.24	70.09
Operating profit	(4.17)	(0.16)	16.25	6.54	137.48	32.48
Finance costs	23.47	(4.22)	32.19	73.13	(12.76)	41.25
Profit before taxation	(16.03)	1.69	10.19	(7.04)	266.04	25.79
Taxation	157.57	(18.20)	(28.41)	(53.86)	202.17	92.56
Profit after taxation	(41.32)	5.42	22.61	37.97	359.42	(16.52)

VERTICAL ANALYSIS

	2014	2013	2012	2011	2010	2009
Balance Sheet Analysis (%)						
Non-current assets	50.31	50.87	45.67	46.96	64.70	57.88
Current assets	49.69	49.13	54.33	53.04	35.30	42.12
Total assets	100.00	100.00	100.00	100.00	100.00	100.00
Share capital and reserves	35.58	35.37	33.90	29.02	36.11	36.76
Non-current liabilities	23.65	24.39	23.98	22.61	29.54	21.86
Current liabilities	40.77	40.25	42.12	48.37	34.35	41.38
Total equity and liabilities	100.00	100.00	100.00	100.00	100.00	100.00

Profit and Loss Account Analysis (%)

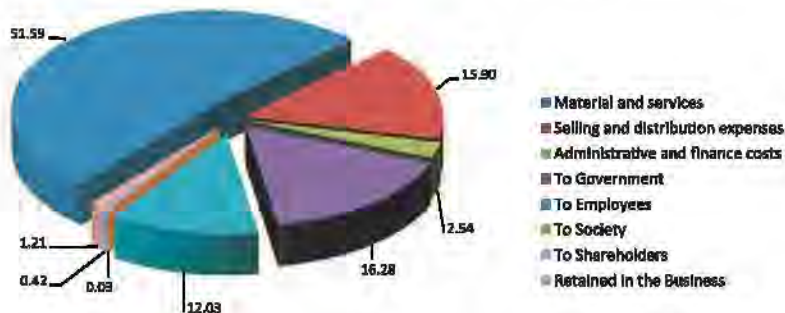
Net sales	100.00	100.00	100.00	100.00	100.00	100.00
Cost of sales	68.87	71.41	71.36	75.20	69.97	69.98
Gross profit	31.13	28.59	28.64	24.80	30.03	30.02
Selling and distribution expenses	23.31	21.31	20.29	15.83	19.51	22.42
Administrative and general expenses	2.43	1.91	2.07	2.09	2.20	3.07
Other operating expenses	0.27	0.26	0.31	0.36	0.51	0.13
Other operating income	0.15	0.20	0.13	0.18	0.10	0.09
Operating profit	5.27	5.30	6.10	6.71	7.91	4.50
Finance costs	2.04	1.59	1.91	1.85	1.34	2.08
Profit before taxation	3.23	3.71	4.19	4.86	6.57	2.43
Taxation	1.26	0.47	0.66	1.18	3.22	1.44
Profit after taxation	1.97	3.24	3.53	3.68	3.35	0.99

STATEMENT OF VALUE ADDED

The statement below shows the amount of the revenue generated by the Company during the year and the way this revenue has been distributed:

	2014		2013	
	Rupees	%	Rupees	%
Revenue Generated				
Total revenue	1,386,698,446	100.00	1,421,106,059	100.00
Revenue Distributed				
Material and services	715,397,438	51.59	784,435,194	55.20
Selling and distribution expenses	220,544,679	15.90	215,047,516	15.13
Administrative and finance costs	35,200,710	2.54	27,834,361	1.96
Income tax	14,815,428	1.07	5,751,979	0.40
Worker's welfare fund	775,061	0.06	864,130	0.06
Sales tax	210,099,271	15.15	199,758,595	14.06
To Government	225,689,760	16.28	206,374,704	14.52
Salaries, wages and other benefits	166,895,893	12.03	148,161,578	10.43
To Employees	166,895,893	12.03	148,161,578	10.43
Donations	375,000	0.03	372,000	0.03
To Society	375,000	0.03	372,000	0.03
Cash dividend *	5,850,000	0.42	5,850,000	0.41
To Shareholders	5,850,000	0.42	5,850,000	0.41
Retained in the Business	16,744,966	1.21	33,030,706	2.32
	1,386,698,446	100.00	1,421,106,059	100.00

* Represents final cash dividend @ Rs. 1.50 per share proposed by the Board of Directors subsequent to the year end.

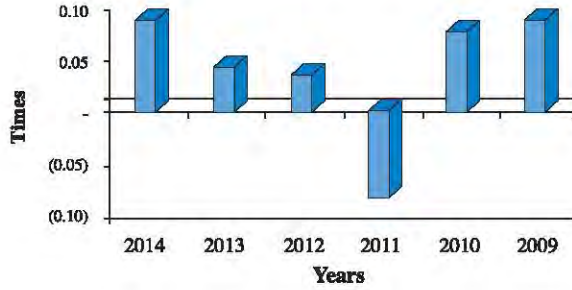


OPERATING & FINANCIAL HIGHLIGHTS

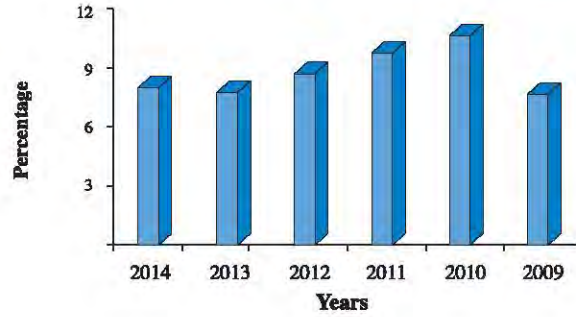
	2014	2013	2012	2011	2010	2009
Profitability Ratios						
Gross profit (%)	31.13	28.59	28.64	24.80	30.03	30.02
Profit before tax (%)	3.23	3.71	4.19	4.86	6.57	2.43
EBITDA margin to sales (%)	8.57	7.81	8.81	9.90	10.74	7.80
Liquidity Ratios						
Current ratio	1.22	1.22	1.29	1.10	1.03	1.02
Acid-test ratio	0.21	0.25	0.19	0.15	0.18	0.18
Cash flow from operations to sales	0.09	0.04	0.03	(0.08)	0.07	0.09
Activity / Turnover Ratios						
Receivables turnover (Days)	4.53	4.38	1.20	2.22	3.04	5.23
Receivables turnover (Times)	83.12	86.02	314.88	169.99	123.81	69.81
Inventory turnover (Days)	123.13	114.35	136.92	117.16	95.26	117.75
Inventory turnover (Times)	2.96	3.19	2.67	3.12	3.83	3.10
Creditors turnover (Days)	43.62	28.62	31.65	34.97	64.11	83.00
Creditors turnover (Times)	8.37	12.75	11.57	10.44	5.69	4.40
Operating cycle (Days)	84.05	90.11	106.47	84.41	34.19	39.98
Asset turnover ratio	1.60	1.75	1.68	1.33	1.55	1.37
Fixed assets turnover ratio	3.19	3.45	3.68	2.84	2.40	2.36
Investment/Market Ratios						
Book value per share (Rs.)	66.90	63.00	54.88	46.27	39.44	43.90
Market value per share - year end - (Rs.)	303.33	180.00	129.51	80.46	48.90	67.50
Price earnings ratio	51.07	17.78	13.49	10.27	8.62	42.03
Dividend yield ratio	0.49	0.83	1.16	1.24	2.04	-
Dividend payout ratio	0.25	0.15	0.16	0.13	0.18	-
Dividend cover ratio	3.96	6.75	6.40	7.83	5.68	-
Dividend per share (%)	15.00	15.00	15.00	10.00	10.00	-
Bonus per share (%)	-	-	-	-	-	30.00
Capital Structure Ratios						
Debt/Equity ratio (%)	66.47	68.95	70.72	77.90	81.80	59.47
Interest cover ratio	2.58	3.33	3.19	3.63	5.90	2.17
Return on shareholders' equity (%)	8.88	16.07	17.50	16.92	14.39	3.66
Earning per share (Rs.)	5.94	10.12	9.60	7.83	5.68	1.61



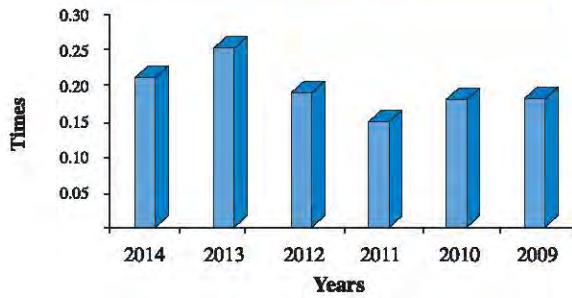
Cash flow from Operations to Sales



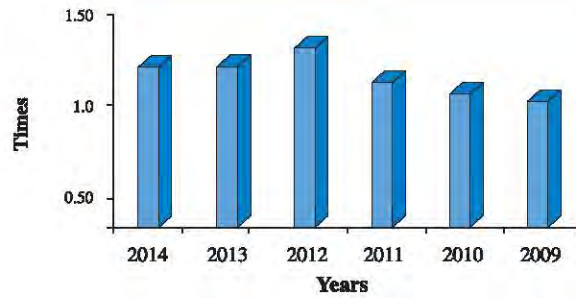
EBITDA Margin to Sales (%)



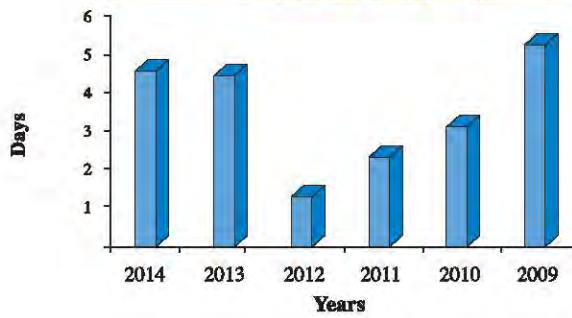
Acid-test Ratio



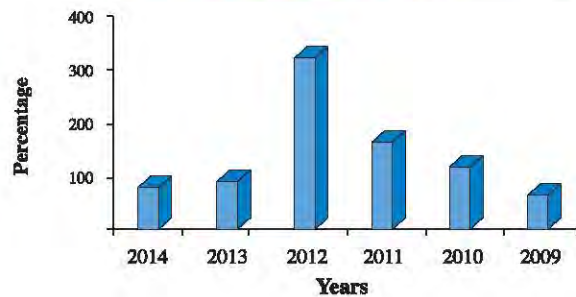
Current Ratio

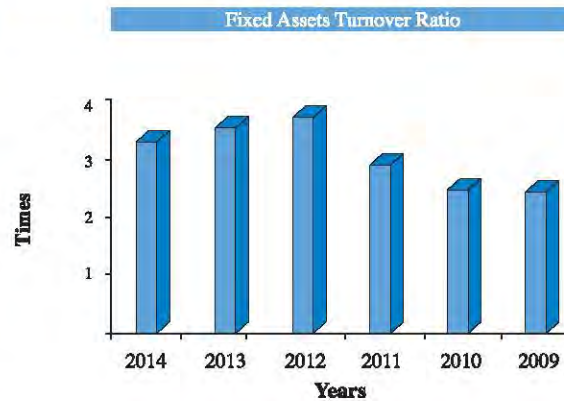
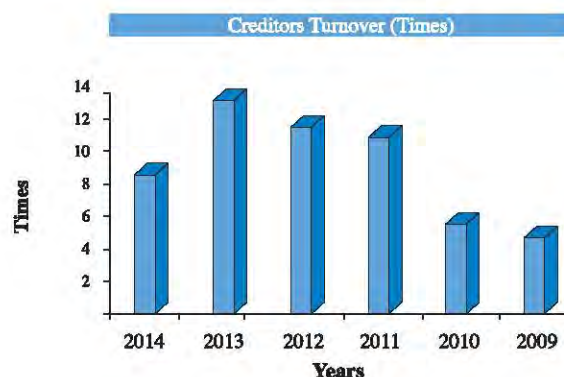
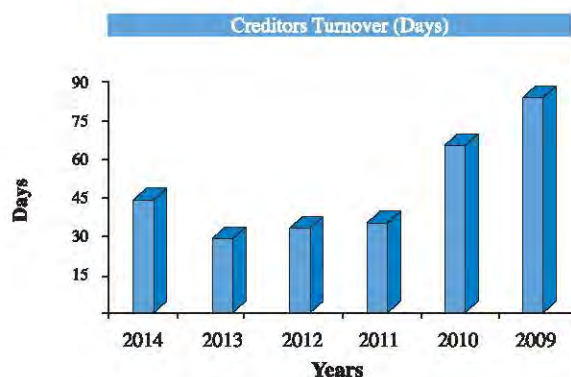
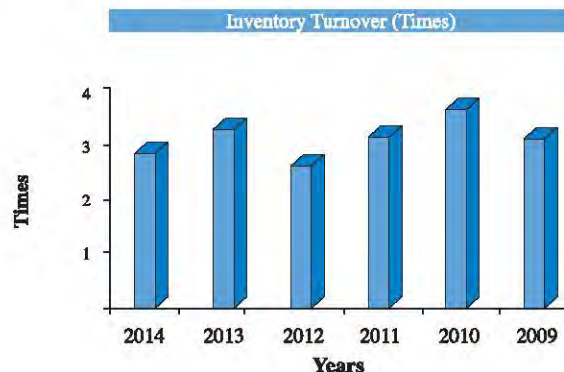


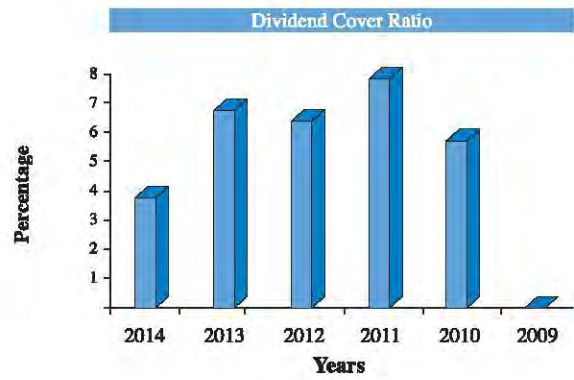
Receivable Turnover (Days)

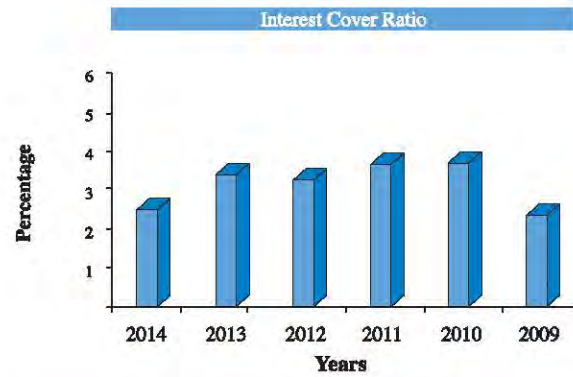
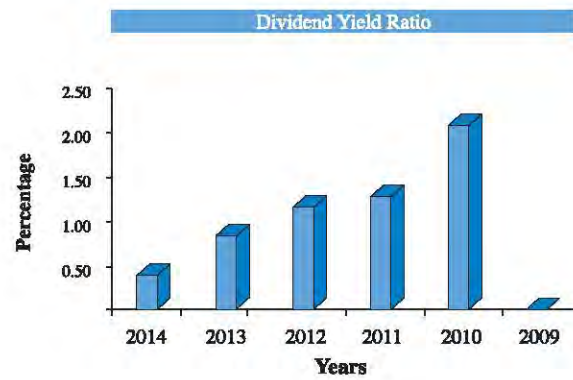
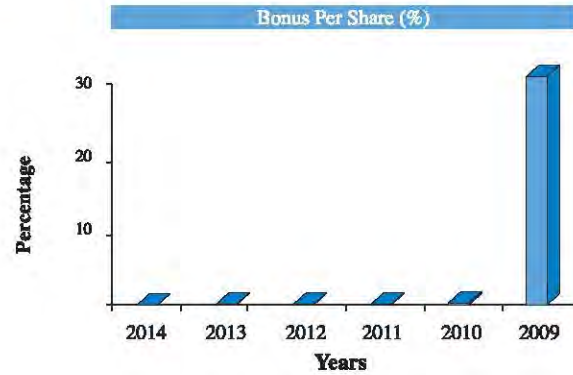


Receivable Turnover (Times)









PATTERN OF SHAREHOLDING

Pattern of Shareholding as at June 30, 2014

Number of Shareholders	Shareholding		Total Share Held
	From	To	
209	1	100	4,766
70	101	500	18,281
23	501	1,000	16,826
25	1,001	5,000	53,285
2	5,001	15,000	16,630
1	55,001	60,000	55,250
1	155,001	160,000	156,000
3	300,001	350,000	972,648
3	410,001	470,000	1,291,649
1	550,001	560,000	556,050
1	750,001	760,000	758,615
339			3,900,000

Categories of Shareholders as at June 30, 2014

Category No.	Categories of Shareholders	No of Shares Held	Category Wise No. of Folios / CDC Account	Category Wise Shares	Percentage
1.	Individuals	995,311	325	995,311	25.52
2.	Joint Stock Companies	675	04	675	0.02
3.	Directors, Chief Executive Officer and their Spouse		10	2,904,014	74.46
	1. Mr. Ebrahim Qassim	556,050			
	2. Mr. M. Haroon Qassim	462,509			
	3. Mr. Vali Muhammad A. Habib	55,250			
	4. Mr. Pir Muhammad	500			
	5. Mrs. Saadia Butt Naveed	650			
	6. Mr. Zamiruddin Ahmed	650			
	7. Mr. Muhammad Salman Qassim	417,430			
	8. Mrs. Kulsom Bano	758,615			
	9. Mrs. Zohra Bano	346,840			
	10. Mrs. Wazira Parveen	305,520			
		3,900,000	339	3,900,000	100.00

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE COMPANY

Total paid-up capital of the Company

3,900,000 Shares

5% of the paid-up capital of the Company

195,000 Shares

Name(s) of Shareholder(s)	Description	No. of Shares Held	Percentage
Mr. Ebrahim Qassim	Falls In Category # 3	556,050	14.26%
Mr. M. Haroon Qassim	Falls In Category # 3	462,509	11.86%
Mr. Muhammad Jamil Qassim	Falls In Category # 1	411,710	10.56%
Mr. Muhammad Salman Qassim	Falls In Category # 3	417,430	10.70%
Mrs. Kulsum Bano	Falls In Category # 3	758,615	19.45%
Mrs. Zohra Bano	Falls In Category # 3	346,840	8.89%
Mrs. Saba Qassim	Falls In Category # 1	320,288	8.21%
Mrs. Wazira Parveen	Falls In Category # 3	305,520	7.83%
		3,578,962	91.77%

Financial Calender

The Company follows the period of July 01 to June 30 as the financial year

For the financial year 2014-15, financial results will be announced as per the following tentative schedule.

Un-Audited Financial Results for First Quarter	Last week of October, 2014
Reviewed Half yearly Financial Results	Third week of February, 2015
Un-Audited Financial Results for Third Quarter	Last week of April, 2015
Audited Annual Results for the year ended June 30, 2015	First week of September, 2015

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2014

This statement is being presented to comply with the Code of Corporate Governance (the code) as incorporated in listing Regulations of Stock Exchanges of Pakistan 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:

Category	Names
Non-Executive Directors	Mr. Ebrahim Qassim Mr. Vali Muhammad A. Habib
Independent Directors	Mr. Pir Muhammad Mr. Zamiruddin Ahmed Mrs. Saadia Butt Naveed
Executive Directors	Mr. M. Haroon Qassim Mr. M. Salman Qassim

The independent directors meets the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven 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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The election of the directors was held during the year in which seven directors were elected for a term of three years. No casual vacancy occurred on the Board during the current year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were 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 CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with 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 board ensures arrangement of orientation courses for its directors to apprise them of their duties and responsibilities. The Company has taken exemption from clause (xi) of the Code from SBCP for the year 2013-14. This clause requires minimum one director on board to be certified under Director Training Program each year.

10. The board has approved the terms and conditions including remuneration of Head of Internal Audit, CFO and Company Secretary of the company.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the Code.
15. The board has formed an Audit Committee. It comprises of three non-executive directors, of whom two are independent directors. Non-executive director is the chairman of the audit committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed a Human Resources and Remuneration (HR&R) Committee. It comprises three members, out of whom two are non-executive directors and the chairman of the committee is an independent director.
18. The board has set up an effective internal audit function. The board has outsourced the internal audit function to A.F. Ferguson & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. 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.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the Code have been complied with.



M. Haroon Qassim
Chief Executive



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

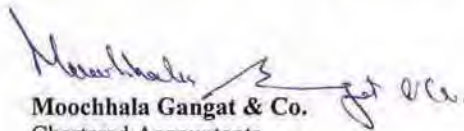
We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the "code") prepared by the Board of Directors of Shield Corporation Limited (the "Company") for the year ended June 30, 2014 to comply with the requirements of Listing Regulations No 35 of the Karachi, Lahore and Islamabad stock exchanges where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the 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 are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2014.


Moochhala Gangat & Co.
 Chartered Accountants

Name of the engagement partner:
 Mr. Hussaini Fakhruddin

Karachi

Date: 10 SEP 2014

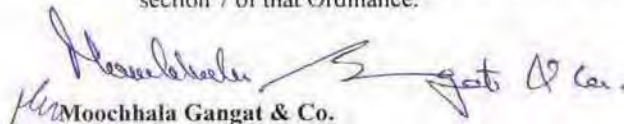
AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **SHIELD CORPORATION LIMITED** as at **June 30, 2014** and the related profit and loss account, statement of comprehensive income, 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 except for the changes as stated in note 3.4.2.1 to the annexed financial statements with which we concur;
 - (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, statement of comprehensive income, 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, 2014 and of the profit, total comprehensive income, 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.



Moochhala Gangat & Co.

Chartered Accountants

Name of the audit engagement partner:

Mr. Hussaini Fakhruddin

Karachi

Date: 10 SEP 2014

Principal Office : F-4/2, Mustafa Avenue, Block 9, Behind "The Forum", Clifton, Karachi-Pakistan. Ph: (92-21) 35877806-09

Lahore Office : 25-E Main Market, Gulberg-2, Lahore Ph: (92-42) 35759226

Islamabad Office: 1st Floor, Evacuee Trust Complex, Sir Agha Khan Road, F-5/1, Islamabad Ph: (92-51) 2569470

Email: advice@mgc.com.pk **Web**: www.mgc.com.pk

BALANCE SHEET AS AT JUNE 30, 2014

	Note	2014 (Rupees)	2013 (Rupees)
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	360,337,970	350,100,956
Intangible assets - software	5	1,092,424	31,668
Long term deposits		4,537,300	1,589,790
Long term loans and advances	6	2,900,272	1,646,857
		<u>368,867,966</u>	<u>353,369,271</u>
Current Assets			
Store and spares		15,467,720	11,264,705
Stock-in-trade	7	286,255,632	259,658,521
Trade debtors - unsecured, considered good	8	1,883,239	25,536,949
Loans and advances	9	8,056,349	3,759,166
Deposits and short term prepayments	10	712,781	3,828,847
Taxation	11	50,995,102	35,242,995
Cash and bank balances	12	1,021,413	2,043,819
		<u>364,392,236</u>	<u>341,335,002</u>
Total Assets		<u>733,260,202</u>	<u>694,704,273</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised Capital			
15,000,000 (2013: 15,000,000) ordinary shares of Rs.10/- each		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed & paid-up capital	13	39,000,000	39,000,000
Reserves	14	65,000,000	65,000,000
Accumulated profit		156,898,887	141,707,659
		<u>260,898,887</u>	<u>245,707,659</u>
Non-Current Liabilities			
Deferred liabilities	15	78,672,681	72,249,452
Due to directors	16	63,000,000	63,000,000
Long term financing - secured	17	31,742,080	34,159,206
		<u>173,414,761</u>	<u>169,408,658</u>
Current Liabilities			
Trade and other payables	18	128,271,725	64,679,454
Accrued mark-up		3,542,476	3,375,534
Current portion of long term financing	17	29,622,884	26,800,806
Short term bank finances - secured	19	132,524,469	184,732,162
Provision for taxation		4,985,000	-
		<u>298,946,554</u>	<u>279,587,956</u>
Contingencies and Commitments	20	-	-
Total Equity and Liabilities		<u>733,260,202</u>	<u>694,704,273</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.


M. Haroon Qassim
Chief Executive


Pir Muhammad
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 (Rupees)	Re-stated 2013 (Rupees)
Net sales	21	1,174,856,539	1,218,938,348
Cost of sales	22	(809,115,849)	(870,451,155)
Gross profit		365,740,690	348,487,193
Selling and distribution expenses	23	(273,859,529)	(259,808,886)
Administrative and general expenses	24	(28,490,558)	(23,222,673)
Other operating expenses	25	(3,187,096)	(3,226,148)
Other operating income	26	1,742,636	2,409,116
Operating profit		61,946,143	64,638,602
Finance costs	27	(23,968,150)	(19,411,909)
Profit before taxation		37,977,993	45,226,693
Taxation	28	(14,815,428)	(5,751,979)
Profit after taxation		23,162,565	39,474,714
Earning per share - basic and diluted	29	5.94	10.12

The annexed notes from 1 to 40 form an integral part of these financial statements.


M. Haroon Qassim
Chief Executive


Pir Muhammad
Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 (Rupees)	Re-stated 2013 (Rupees)
Profit after taxation		23,162,565	39,474,714
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be subsequently reclassified to profit or loss:			
Remeasurement of net defined benefit liability		(3,077,447)	(2,972,324)
Deferred tax on remeasurement of net defined benefit liability		956,110	1,040,313
		(2,121,337)	(1,932,011)
Total comprehensive income for the year		21,041,228	37,542,703

The annexed notes from 1 to 40 form an integral part of these financial statements.



M. Haroon Qassim
Chief Executive



Pir Muhammad
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2014

	2014 (Rupees)	2013 (Rupees)
Cash Generated from Operations		
Profit before taxation	37,977,993	45,226,693
Adjustments for:		
Depreciation	38,205,982	30,511,304
Amortization	577,878	44,998
Provision for gratuity	7,315,176	5,608,721
(Gain) / Loss on disposal of property, plant & equipment	372,401	(882,640)
Sales tax receivable written off	-	2,886,615
Finance costs	23,968,150	19,411,909
Profit before working capital changes	70,439,587	57,580,907
(Increase) / Decrease in Current Assets:		
Stores and spares	(4,203,015)	(3,757,538)
Stock -in -trade	(26,597,111)	26,062,385
Trade debtors	23,653,710	(23,583,496)
Loans and advances	(4,297,183)	3,208,691
Deposits and short term prepayments	3,116,066	(3,009,334)
	(8,327,533)	(1,079,292)
Increase / (Decrease) in Current liabilities		
Trade & other payables	63,564,686	(29,207,970)
Cash generated from / (used in) operations	163,654,733	72,520,338
Payments for:		
Gratuity	(3,437,394)	(2,469,229)
Long term deposits	(2,947,510)	10,901,524
Long term loans and advances	(1,253,415)	(1,444,939)
Finance costs	(23,801,208)	(19,812,296)
Taxes	(25,158,427)	(11,199,811)
Net cash from / (used in) operating activities (A)	107,056,779	48,495,587
Cash Flow From Investing Activities		
Fixed capital expenditure including capital work-in-progress	(52,319,478)	(107,098,557)
Sales proceeds from disposal of property, plant & equipment	1,865,447	3,076,314
Net cash used in investing activities (B)	(50,454,031)	(104,022,243)
Cash Flow From Financing Activities		
Dividend paid	(5,822,415)	(5,862,402)
Long term financing - diminishing musharakah receipts	31,063,717	50,637,272
Long term financing - diminishing musharakah payments	(30,658,763)	(12,797,194)
Loan repaid to director	-	(12,000,000)
Net cash generated from / (used in) financing activities (C)	(5,417,461)	19,977,676
Net (decrease) / increase in cash and cash equivalents(A+B+C)	51,185,287	(35,548,980)
Cash and cash equivalents at the beginning of the year	(182,688,343)	(147,139,363)
Cash and cash equivalents at the end of the year	(131,503,056)	(182,688,343)
Cash and Cash Equivalents		
Cash and bank balances	1,021,413	2,043,819
Short term bank finances	(132,524,469)	(184,732,162)
	(131,503,056)	(182,688,343)

The annexed notes from 1 to 40 form an integral part of these financial statements.


M. Haroon Qassim
Chief Executive


Pir Muhammad
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2014

	Share Capital (Rupees)	Capital Reserve	Revenue Reserve		Total (Rupees)
		Share Premium (Rupees)	General Reserve (Rupees)	Unappropriated Profits (Rupees)	
Balance as at July 01, 2012	39,000,000	10,000,000	55,000,000	110,014,956	214,014,956
Final dividend for the year June 30, 2012 - @ Rs. 1.50 per share	-	-	-	(5,850,000)	(5,850,000)
Profit for the year ended June 30, 2013 - Re-stated	-	-	-	39,474,714	39,474,714
Other comprehensive loss for the year ended June 30, 2013 - Re-stated	-	-	-	(1,932,011)	(1,932,011)
Balance as at June 30, 2013	39,000,000	10,000,000	55,000,000	141,707,659	245,707,659
Balance as at July 01, 2013	39,000,000	10,000,000	55,000,000	141,707,659	245,707,659
Final dividend for the year June 30, 2013 - @ Rs. 1.50 per share	-	-	-	(5,850,000)	(5,850,000)
Profit for the year ended June 30, 2014	-	-	-	23,162,565	23,162,565
Other comprehensive loss for the year ended June 30, 2014	-	-	-	(2,121,337)	(2,121,337)
Balance as at June 30, 2014	39,000,000	10,000,000	55,000,000	156,898,887	260,898,887

The annexed notes from 1 to 40 form an integral part of these financial statements


M. Haroon Qassim
Chief Executive


Pir Muhammad
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Accounting Convention

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies herein below.

2.3 Initial Application of Standards, Amendments or an Interpretation to Existing Standards

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

2.3.1 Amendments to published standards effective in current year

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2013 but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in these financial statements except for the following:

- Amendments to IAS 1, 'Financial statement presentation' regarding other comprehensive income, emphasises on the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The application of the amendment has not affected the results or net assets of the Company as it is only concerned with presentation and disclosures.

- IAS 19 (revised) 'Employee Benefits' has eliminated the corridor approach and requires to calculate finance cost on net funding bases. Further a new term "remeasurement" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The Standard requires "remeasurement" to be recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the period in which they occur.

The Company has applied this change in accounting policy retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The retrospective application of the change in accounting policy has no effect on unappropriated profit and net assets of the Company already reported in prior years, as there were no unrecognized actuarial gains or losses carried forward from prior years to be recorded.

Further the Company has recognised Rs. 2,972,324 in respect of remeasurements in the profit and loss account for the year ended June 30, 2013, although no such amount was recorded in the profit and loss account for the year ended June 30, 2012. Thus the profit and loss account for the year ended June 30, 2013 has been re-stated and expense of Rs. 2,972,324 has been transferred to the Statement of comprehensive income along with its deferred tax benefit of Rs. 1,040,313, refer note 36 for details of the re-statement.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2014 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

3 Summary of Significant Accounting Policies

3.1 Property, Plant and Equipment

3.1.1 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation provided on a diminishing balance method at the rates mentioned in the relevant note except for lease hold land which is amortized on a straight line basis. Depreciation is charged from the date the asset is put into operation and discontinued from the date the asset is retired.

Gain and loss on disposal of assets are included in the income currently.

3.1.2 Capital work in progress

These are stated at cost incurred to date less impairment in value if any. It normally consists of expenditure incurred and advances made in respect of operating fixed assets in the course of their completion.

3.1.3 Subsequent costs

The cost of replacing parts of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day to day servicing of property, plant and equipment are recognized in profit or loss as they incurred.

3.1.4 Impairment of asset

The carrying amount of the company's assets are reviewed at each balance sheet date to identify circumstances indicating concurrence of impairment loss or reversal of previous impairment losses. If any such indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversal of impairment losses are recognized in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

3.1.5 Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

3.1.6 Ijarah

Transactions in which a significant portion of the risks and rewards of ownership are retained with the Mujir (lessors) are classified as Ijarah. Ujrah payments under an Ijarah are recognized as an expense in the income statement on a straight-line basis over the Ijarah term.

3.2 Stores and Spares

Stores and spares are valued at lower of weighted average cost less provision for impairment if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Provision for obsolete and slow moving stores, spares and loose tools is determined based on management's estimate regarding their future usability.

3.3 Stock in Trade

Stock in trade is valued at the lower of cost and net realizable value.

Cost incurred in bringing each product to its present location and condition are accounted for as follows.

Raw and packing material except in transit/bond	at purchase cost on weighted average basis.
Finished goods and work in process	average production cost which includes cost of : <ul style="list-style-type: none"> - Direct material - Direct expense - Overheads

Items in transit/bond are valued at cost comprising invoice value plus other charges incurred thereon upto the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred to make the sale.

3.4 Staff Benefits**3.4.1 Compensated absences**

The Company accounts for all accumulated compensated absences when employees render services that increase their entitlement to future compensated absences.

3.4.2 Post retirement benefits**3.4.2.1 Defined benefit plan - Gratuity Scheme**

As explained in note 2.3.1, IAS - 19 (revised) 'Employee Benefits' amends the accounting for the Company's defined benefit plan. Thus following the application of IAS - 19 (revised), the Company's policy for Staff Retirement Benefits - Defined Benefit Plans stand amended as follows:

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 account. The latest actuarial valuation was carried out as at June 30, 2014. The amount arising as a result of remeasurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

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

Discount rate	13.50%
Expected rate of salary increase	12.75%

The expected gratuity cost comprising of service cost and net interest for the next one year works out to Rs. 9,310,703. This is the amount by which the net defined benefit liability is expected to increase. The amount of remeasurements to be recognised in other comprehensive income for the year ending June 30, 2015 will be worked out as at the next valuation.

3.4.2.2 Defined contribution plan - Provident fund

The company operates a provident fund scheme for its permanent employees. Obligation for contributions to the fund are recognized as an expense in profit or loss when they are due. A trust has been established and its approval has been obtained from the Commissioner of Income tax. Monthly contributions are made by the company and its employees to the fund as per company policy. The company has 117 no of employees as at June 30, 2014 (2013: 118 employees) and average number of employees during the year was 122.

	2014 (Rupees)	2013 (Rupees)
Details of provident fund:		
Size of the fund	19,395,539	17,094,454
Cost of Investment	15,460,186	13,849,116
Fair value of Investment	19,395,539	17,094,454
Percentage of Investment	100%	100%
Break up of investments:		
Banks	191,699	313,132
Mutual Funds	8,703,839	6,331,322
Listed Companies	-	-
Bank Certificates	10,500,000	10,450,000
	19,395,538	17,094,454
Break up of investments (Percentage):		
Banks	0.99%	1.83%
Mutual Funds	44.88%	37.04%
Listed Companies	0.00%	0.00%
Bank Certificates	54.14%	61.13%
	100.00%	100.00%

The figures for 2014 are based on the un-audited financial statements of the Provident Fund. The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

3.5 Taxation

3.5.1 Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and rebates available, if any.

3.5.2 Deferred

Deferred tax is recognized using the balance sheet liability method, providing for all the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that are enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognized for all temporary differences. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax asset are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefits will be realized.

3.6 Trade and other Payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

3.7 Foreign Currencies Translations

Pakistan rupee (PKR) is the functional currency of the Company. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange 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 at fair value of consideration receivable. Debts considered irrecoverable are written off and provision is made against those considered doubtful of recovery.

3.9 Revenue Recognition

Revenue is recognized to the extent that is probable that the future economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

Sales are recorded as revenue when the title of the goods is transferred to the customer which normally corresponds with the dispatch of goods to customers.

3.10 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made. Provision are reviewed at each balance sheet and adjusted to reflect the current best estimates.

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 equivalents 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 Costs

Borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the asset.

3.13 Related Party Transactions

Transaction with related parties are carried out on commercial terms and conditions.

3.14 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 recognition and derecognition of the financial assets 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.

3.15 Offsetting of Financial Assets and Financial Liabilities

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 IAS / IFRS or interpretations thereof.

3.16 Proposed Dividends and Transfer Between Reserves

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which dividends are approved. Transfer between reserves made subsequent to the balance sheet date is considered as non-adjusting event and is recognized in the financial statement in the period in which such transfer are made.

	Note	2014 (Rupees)	2013 (Rupees)
4 Property, plant and equipment			
Operating fixed assets	4.1	353,153,699	315,679,352
Capital work in progress	4.4	7,184,271	34,421,604
		<u>360,337,970</u>	<u>350,100,956</u>

4.1 Operating fixed assets

Description	Leasehold land	Factory building on leasehold land	Office premises	Plant & machinery	Furniture & fixtures	Office equipments	Computer equipments	Vehicles	Total
COST									
Balance as at July 01, 2012	4,923,000	142,505,650	2,500,000	303,504,019	9,131,164	3,148,100	2,928,358	8,815,273	477,455,564
Additions	-	-	7,018,856	70,847,124	1,615,500	1,377,553	651,160	2,917,800	84,427,993
Disposals	-	-	-	(932,000)	(3,025,240)	-	(427,280)	(1,424,129)	(5,808,649)
Balance as at June 30, 2013	4,923,000	142,505,650	9,518,856	373,419,143	7,721,424	4,525,653	3,152,238	10,308,944	556,074,908
Balance as at July 01, 2013	4,923,000	142,505,650	9,518,856	373,419,143	7,721,424	4,525,653	3,152,238	10,308,944	556,074,908
Additions	-	4,557,001	-	70,724,026	367,632	1,238,077	692,642	338,800	77,918,178
Disposals	-	-	-	(26,591,219)	(7,536)	(1,668,471)	(771,051)	(425,340)	(29,463,617)
Balance as at June 30, 2014	4,923,000	147,062,651	9,518,856	417,551,950	8,081,520	4,095,259	3,073,829	10,222,404	604,529,469
IMPAIRMENT									
Balance as at July 01, 2012	-	-	-	8,900,662	-	-	-	-	8,900,662
Charge for the year	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2013	-	-	-	8,900,662	-	-	-	-	8,900,662
Balance as at July 01, 2013	-	-	-	8,900,662	-	-	-	-	8,900,662
Charge for the year	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(4,389,369)	-	-	-	-	(4,389,369)
Balance as at June 30, 2014	-	-	-	4,511,293	-	-	-	-	4,511,293
DEPRECIATION									
Balance as at July 01, 2012	680,967	41,672,616	768,625	149,923,992	3,140,341	1,075,511	1,390,670	5,945,843	204,598,565
Charge for the year	49,230	10,083,303	751,953	17,370,579	579,031	249,757	576,340	831,111	30,511,304
On disposals	-	-	-	(378,924)	(1,992,093)	-	(382,566)	(861,392)	(3,614,975)
Balance as at June 30, 2013	730,197	51,755,919	1,520,578	166,915,647	1,727,279	1,325,268	1,584,444	5,935,562	231,494,894
Balance as at July 01, 2013	730,197	51,755,919	1,520,578	166,915,647	1,727,279	1,325,268	1,584,444	5,935,562	231,494,894
Charge for the year	49,230	9,268,131	799,828	25,637,119	620,519	371,828	589,971	869,356	38,205,982
On disposals	-	-	-	(21,016,004)	(2,585)	(845,638)	(676,832)	(295,340)	(22,836,399)
Balance as at June 30, 2014	779,427	61,024,050	2,320,406	171,536,762	2,345,213	851,458	1,497,583	6,509,578	246,864,477
CARRYING AMOUNT - 2013	4,192,803	90,749,731	7,998,278	197,602,834	5,994,145	3,200,385	1,567,794	4,373,382	315,679,352
CARRYING AMOUNT - 2014	4,143,573	86,038,601	7,198,450	241,503,895	5,736,307	3,243,801	1,576,246	3,712,826	383,153,699
RATE OF DEPRECIATION (%)	1%	10%	10%	10%	10%	10% & 30%	30%	20%	

	Note	2014 (Rupees)	2013 (Rupees)
4.2 Depreciation has been charged to:			
Cost of sales	22	36,276,307	28,536,561
Selling and distribution expenses	23	954,905	988,812
Administrative and general expenses	24	974,770	985,931
		<u>38,205,982</u>	<u>30,511,304</u>

4.3 Detail of disposal of fixed assets

Detail of operating assets sold are as follows

Particulars	Original cost (Rupees)	Accumulated depreciation (Rupees)	Impairment (Rupees)	Written down value (Rupees)	Sales proceeds (Rupees)	Profit/ (loss) (Rupees)	Sold to	Mode of disposal
Vehicles	344,000	251,866	-	92,134	320,000	227,866	Mr. Fahad Shafiq	Negotiation
Machinery	360,000	261,313	-	98,687	40,000	(58,687)	Mr. M. Pervaiz	Negotiation
"	250,000	144,565	-	105,435	50,000	(55,435)	Mr. M. Pervaiz	Negotiation
"	2,211,033	1,990,063	-	220,970	169,492	(51,478)	Mr. M. Akram	Negotiation
"	2,211,033	1,990,063	-	220,970	169,491	(51,479)	Mr. M. Akram	Negotiation
"	575,000	519,683	-	55,317	73,966	18,649	Mr. M. Akram	Negotiation
"	450,000	396,220	-	53,780	57,886	4,106	Mr. M. Akram	Negotiation
"	1,016,100	910,253	-	105,847	49,557	(56,290)	Mr. M. Pervaiz	Negotiation
"	100,000	36,484	-	63,516	4,878	(58,638)	Mr. M. Pervaiz	Negotiation
"	661,560	599,537	-	62,023	32,266	(29,757)	Mr. M. Pervaiz	Negotiation
"	16,524,657	12,135,288	(4,389,369)	-	225,220	225,220	Mr. M. Pervaiz	Negotiation
Office Equipment	103,448	37,345	-	66,103	16,949	(49,154)	Mr. M. Pervaiz	Negotiation
"	108,420	23,963	-	84,457	3,440	(81,017)	Ideal Office Products	Negotiation
Items having book value of less than Rs. 50,000 each	4,548,366	3,539,757	-	1,008,609	652,302	(356,307)	Various	Various
June 30, 2014	29,463,617	22,836,400	(4,389,369)	2,237,848	1,865,447	(372,401)		
June 30, 2013	5,808,649	3,614,975	-	2,193,674	3,076,314	882,640		

4.4 Capital work in progress

The CWIP comprise the following:

Civil Works	-	2,328,418
Plant & Machinery	7,184,271	31,733,186
Advances to suppliers	-	360,000
- Software	-	360,000
	<u>7,184,271</u>	<u>34,421,604</u>

5 Intangible Assets - Software

Cost		
Opening balance	2,488,700	2,488,700
Additions	1,638,634	-
Closing Balance	<u>4,127,334</u>	<u>2,488,700</u>
Amortization		
Opening balance	2,457,032	2,412,034
Charge for the year	577,878	44,998
Closing Balance	<u>3,034,910</u>	<u>2,457,032</u>
Carrying amount	<u>1,092,424</u>	<u>31,668</u>
Amortization Rate (%)	<u>33.33%</u>	<u>33.33%</u>

5.1 Amortization for the year has been allocated as under:

Cost of sales	22	192,626	15,000
Selling and distribution expenses	23	192,626	14,999
Administrative and general expenses	24	192,626	14,999
		<u>577,878</u>	<u>44,998</u>

	Note	2014 (Rupees)	2013 (Rupees)
6 Long term loans and advances			
Loan - secured and considered good			
Employees	6.1	4,645,656	3,889,512
Less: Current portion receivable within one year		(1,745,384)	(2,242,655)
		<u>2,900,272</u>	<u>1,646,857</u>
6.1 These loans are interest free and have been given to executives and other employees of the company for purchase of house, vehicles or for personal use in accordance with their terms of employment. These loans are to be repaid over a period of two to three years in equal monthly installments. Any outstanding loan due from an employee at the time of leaving the service of the Company is adjustable against final settlement.			
7 Stock-in-trade			
Raw & packing materials			
- in hand		142,105,936	129,686,577
- in transit		-	9,518,493
Work-in-process		15,085,983	19,515,167
Finished goods		129,063,713	100,938,284
		<u>286,255,632</u>	<u>259,658,521</u>
8 Trade debtors - unsecured, considered good			
Trade debts include Rs. Nil (2013 :Rs. 22.79 million) due from related parties, the maximum aggregate month end balance due from related parties during the year is Rs. 91.16 million (2013:Rs. 105.59 million)			
9 Loans and Advances			
Loan - secured and considered good			
Current portion of long term loans and advances to employees		1,745,384	2,242,655
Advances - unsecured and considered good			
Suppliers		1,658,673	368,848
Others		4,652,292	1,147,663
		<u>8,056,349</u>	<u>3,759,166</u>
10 Deposits and short term prepayments			
Deposits		117,000	3,458,509
Short term prepayments		595,781	370,338
		<u>712,781</u>	<u>3,828,847</u>
11 Taxation			
Income tax			
- advance		34,080,512	27,781,853
- refunds due from government		16,914,590	7,461,142
		<u>50,995,102</u>	<u>35,242,995</u>
12 Cash and bank balances			
In hand		188,622	406,300
At bank in current accounts		832,791	1,637,519
		<u>1,021,413</u>	<u>2,043,819</u>
13 Issued, subscribed and paidup capital			
Ordinary shares of Rs. 10 each			
2014	2013		
3,000,000	3,000,000	Issued for cash	30,000,000
900,000	900,000	Issued as bonus shares	9,000,000
<u>3,900,000</u>	<u>3,900,000</u>		<u>39,000,000</u>

	Note	2014 (Rupees)	2013 (Rupees)			
14 Reserves						
Movement in and composition of reserves is as follows						
Capital						
Share premium		10,000,000	10,000,000			
Revenue						
General reserve		55,000,000	55,000,000			
		<u>65,000,000</u>	<u>65,000,000</u>			
15 Deferred liabilities						
Gratuity	15.1	34,018,681	27,063,452			
Deferred taxation	15.2	44,654,000	45,186,000			
		<u>78,672,681</u>	<u>72,249,452</u>			
15.1 Gratuity						
Movement in net liability recognized						
Opening net liability		27,063,452	20,951,636			
Expense for the year	15.1.1	7,315,176	5,608,721			
Remeasurement loss on obligation		3,077,447	2,972,324			
		<u>37,456,075</u>	<u>29,532,681</u>			
Benefits paid during the year		(3,437,394)	(2,469,229)			
Closing net liability		<u>34,018,681</u>	<u>27,063,452</u>			
15.1.1 Charge for / (Income from) the defined benefit plan						
Current service cost		4,400,529	3,144,093			
Interest cost		2,914,647	2,464,628			
Expense for the year		<u>7,315,176</u>	<u>5,608,721</u>			
15.1.2 Historical information						
		2014	2013	2012	2011	2010
				Rupees		
Present value of defined benefit obligation		34,018,681	27,063,452	20,951,636	16,191,772	15,332,735
Fair value of plan assets		-	-	-	-	-
Deficit in the plan		34,018,681	27,063,452	20,951,636	16,191,772	15,332,735
Liability in balance sheet		34,018,681	27,063,452	20,951,636	16,191,772	15,332,735
Remeasurement loss on obligation		3,077,447	2,972,324	-	-	-
15.1.3 Number of employees						
Total number of employees as at June 30,				117	118	
Average number of employees during the year				122	123	
15.2 Deferred taxation						
The liability for deferred taxation comprises of timing difference relating to:						
Accelerated tax depreciation				55,880,453	54,658,364	
Provision for gratuity				(11,226,165)	(9,472,209)	
				<u>44,654,288</u>	<u>45,186,155</u>	
15.2.1 Provision for deferred tax has been rounded off to Rs. 44.654 million (2013: Rs. 45.186 million)						
16 Due to directors						
This represents mark up free loans from directors.						

				Note	2014 (Rupees)	2013 (Rupees)
17 Long term financing - secured						
	Installment payable	Repayment period	Mark-up rate			
Diminishing musharakah arrangements Meezan Bank Limited	Monthly	2013-16	1.5% to 1.9% above 6 months KIBOR	17.1	26,935,388	45,038,648
Habib Metropolitan Bank limited - Islamic banking	Semi Annualy	2012-17	1.25% to 2.5% above 6 months KIBOR	17.1	34,429,576	11,390,861
Bank Alfalah - Islamic banking	Monthly	2012-13	2% above 6 months KIBOR		-	4,530,503
Less: Current portion shown under current liabilities					(29,622,884)	(26,800,806)
					<u>31,742,080</u>	<u>34,159,206</u>
17.1 Islamic finance under diminishing musharaka is secured by a first exclusive charge over particular machines of the company.						
18 Trade and other payables						
Creditors					99,088,493	47,805,101
Accrued liabilities					16,884,849	3,679,914
Retention money					1,101,182	1,208,383
Workers' welfare fund					775,061	864,130
Workers' profit participation fund				18.1	2,039,634	2,274,026
Unclaimed dividend					505,215	477,630
Sales tax payable					1,854,601	5,357,933
Advances from customers				18.2	4,957,584	2,782,668
Others					1,065,106	229,669
					<u>128,271,725</u>	<u>64,679,454</u>
18.1 Workers' profit participation fund						
Balance at the beginning of the year					2,274,026	2,388,587
Profit on funds utilized					61,333	78,658
Allocation for the year					2,039,634	2,274,026
					4,374,993	4,741,271
Payments					(2,335,359)	(2,467,245)
Balance at the end of the year					<u>2,039,634</u>	<u>2,274,026</u>
18.2 Advance from customers include Rs. 4.93 million (2013:Rs. Nil) which are due to related parties.						
19 Short term bank finances - secured						
Running finance				19.1	97,739,947	96,818,864
Murabaha finance				19.2	34,784,522	87,913,298
					<u>132,524,469</u>	<u>184,732,162</u>
19.1 These represent finances obtained under mark-up arrangement and are secured against hypothecation of stock-in-trade and trade debtors. The Company enjoys a total facility of Rs. 100 million (2013: Rs. 100 million) at a markup of 3 months KIBOR + 1% (2013: 3 months KIBOR + 1%) per annum.						
19.2 This represent murabaha finance obtained under profit arrangements and are secured against hypothecation of moveable fixed assets and current assets of the Company. The Company enjoys a total facility of Rs. 250 million (2013: Rs. 225 million) at a profit rate ranging from relevant KIBOR + 0.75% to 1.25% (2013: KIBOR + 1% to 1.25%) per annum.						
20 Contingencies & Commitments						
20.1 Contingencies:						
20.1.1 Contingent liability in respect of guarantees and counter guarantees as at June 30, 2014 was Rs. 7.64 million (2013: Rs. 7.64 million). Out of this Rs. 5 million. (2013: Rs. 5 million) represents guarantee provided in relation to defending a trade mark in the High Court for Rs. 42 million (2013: 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						

20.1.2 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 (2013: 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.

20.1.3 The Company has issued post dated cheques in favour of collector of customs amounting to Rs. 6.06 million (2013: Rs. 6.47 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.

20.2 Commitments:

20.2.1 The company has letter of credit commitments for purchases amounting to Rs. 12.94 million (2013: Rs. 48.73 million) .

20.2.2 The company has letter of credit and other commitments for capital expenditures amounting to Rs. 23.62 million (2013: Rs. 17.68 million).

20.2.3 The company has commitments in respect of Rent of Diminishing Musharakah as follows:

	Note	2014 (Rupees)	2013 (Rupees)
Later than one year but not later than three years		2,421,312	2,971,974
Not later than one year		5,463,471	3,346,147
		<u>7,884,783</u>	<u>6,318,121</u>
21 Net sales			
Sales - local		1,416,878,303	1,427,680,701
Discounts		(43,952,370)	(21,444,510)
		<u>1,372,925,933</u>	<u>1,406,236,191</u>
Sales tax and excise duties		(210,099,271)	(199,758,595)
		<u>1,162,826,662</u>	<u>1,206,477,596</u>
Sales - export		12,029,877	12,460,752
		<u>1,174,856,539</u>	<u>1,218,938,348</u>
	Note	2014 (Rupees)	Re-stated 2013 (Rupees)
22 Cost of sales			
Raw & packaging materials consumed	22.1	602,187,057	634,270,624
Other costs			
Salaries, wages and benefits	22.2	93,718,411	86,015,961
Fuel and power		54,055,896	43,501,890
Stores and spares consumed	22.3	20,390,335	14,491,834
Sales tax receivable written off		-	2,886,615
Depreciation	4.2	36,276,307	28,536,561
Amortization of intangible assets	5.1	192,626	15,000
Repairs and maintenance		10,036,642	10,190,733
Traveling and conveyance		1,512,907	1,090,528
Ijarah		3,776,675	33,284,491
Rent, rates and taxes		432,641	130,745
Insurance		5,567,031	5,252,468
Freight		187,350	257,706
Printing and stationery		567,991	374,123
Postage, telegram and telephone		780,754	781,119
Legal and professional		674,600	611,150
Others		2,454,871	1,490,143
		<u>230,625,037</u>	<u>228,911,067</u>
Opening Inventory of work in process		19,515,167	17,383,537
Closing Inventory of work in process		(15,085,983)	(19,515,167)
		<u>837,241,278</u>	<u>861,050,061</u>
Opening Inventory of finished goods		100,938,284	110,339,378
Closing Inventory of finished goods		(129,063,713)	(100,938,284)
		<u>809,115,849</u>	<u>870,451,155</u>

	Note	2014 (Rupees)	Re-stated 2013 (Rupees)
22.1 Raw & packaging materials consumed			
Opening stock		129,686,577	154,042,700
Purchases		614,606,416	609,914,501
		744,292,993	763,957,201
Closing stock		(142,105,936)	(129,686,577)
		602,187,057	634,270,624
22.2 This includes Rs. 6,501,254 (2013: Rs. 3,931,221) in respect of retirement benefits.			
22.3 Stores and spares consumed			
Opening stock		11,264,705	7,507,167
Purchases		24,593,350	18,249,372
		35,858,055	25,756,539
Closing stock		(15,467,720)	(11,264,705)
		20,390,335	14,491,834
23 Selling and distribution expenses			
Salaries and other benefits	23.1	53,314,850	44,761,370
Traveling and conveyance		25,277,367	17,902,114
Depreciation	4.2	954,905	988,812
Amortization of intangible assets	5.1	192,626	14,999
Advertisement and sales promotion		159,292,520	157,659,533
Postage, telephone and internet charges		2,235,811	1,784,988
Vehicle repair and maintenance		4,310,906	4,520,313
Rents, rates and taxes		1,250	6,937
Insurance		79,811	106,903
Freight		24,819,640	29,031,451
Legal and professional		2,032,400	2,033,000
Others		1,347,443	998,466
		273,859,529	259,808,886
23.1 This includes Rs. 2,563,685 (2013: Rs. 3,019,160) in respect of retirement benefits.			
24 Administrative and general expenses			
Salaries and other benefits	24.1	17,822,998	15,110,221
Repairs and maintenance		1,648,123	1,085,329
Depreciation	4.2	974,770	985,931
Amortization of intangible assets	5.1	192,626	14,999
Traveling and conveyance		281,049	147,259
Postage, telephone and internet charges		731,245	576,937
Rent, rates and taxes		140,691	149,823
Insurance		425,887	372,243
Electricity and water charges		752,531	513,564
Printing and stationery		1,081,109	1,366,372
Legal and professional		1,744,353	994,860
Security charges		702,593	434,000
Fees and subscription		621,271	631,161
Charity and donations	24.2	375,000	372,000
Auditors' remuneration	24.3	565,000	310,000
Others		431,312	157,974
		28,490,558	23,222,673
24.1 This include Rs. 1,415,513 (2013: Rs. 1,240,161) in respect of retirement benefits.			
24.2 The directors or their spouses have no interest in the donation made during the year.			

	Note	2014 (Rupees)	2013 (Rupees)
24.3 This includes:			
Annual audit fee		515,000	260,000
Half yearly review fee		25,000	25,000
Compliance with corporate governance review fee		25,000	25,000
		<u>565,000</u>	<u>310,000</u>
25 Other operating expenses			
Workers' profit participation fund		2,039,634	2,274,026
Workers' welfare fund - current		775,061	864,130
Workers' welfare fund - prior		-	87,992
Loss on disposal of fixed assets	4.3	372,401	-
		<u>3,187,096</u>	<u>3,226,148</u>
26 Other operating income			
Gain on disposal of fixed assets		-	882,640
Exchange Gain - unrealized		-	37,807
Others		1,742,636	1,488,669
		<u>1,742,636</u>	<u>2,409,116</u>
27 Finance costs			
Mark-up / profit on short term bank finances		14,975,070	13,728,480
Interest on WPPF	18.1	61,333	78,658
Rent on diminishing musharakah		8,484,678	5,055,170
Guarantee commission		158,340	92,255
Bank charges		288,729	457,346
		<u>23,968,150</u>	<u>19,411,909</u>
	Note	2014 (Rupees)	Re-stated 2013 (Rupees)
28 Taxation			
Current		4,985,000	-
Prior		9,406,318	156,666
Deferred		424,110	5,595,313
		<u>14,815,428</u>	<u>5,751,979</u>
28.1 Relationship between tax expense and accounting profit			
Profit before taxation		<u>37,977,993</u>	<u>45,226,693</u>
Corporate tax rate		34%	35%
Tax on accounting profit		12,912,518	15,829,343
Tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes		(6,976,133)	(10,082,174)
Tax effect on exports under final tax regime		(527,275)	(151,856)
Effect of change in prior years' tax		9,406,318	156,666
Tax charge		<u>14,815,428</u>	<u>5,751,979</u>
29 Earnings per share - basic & diluted			
Profit after taxation		<u>23,162,565</u>	<u>39,474,714</u>
Number of ordinary shares		<u>3,900,000</u>	<u>3,900,000</u>
Basic earnings per share		<u>5.94</u>	<u>10.12</u>
29.1 A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2014 and June 30, 2013 which would have any effect on the earnings per share if the option to convert is exercised			

30 Emoluments of chief executive, executive director and executives

The aggregate amount charged in these financial statements for the remuneration of the chief executive, executive director and executives were as under:

	2014				2013			
	Chief Executive	Executive Director	Executives	Total	Chief Executive	Executive Director	Executives	Total
	Rupees				Rupees			
Managerial Remuneration	-	-	29,026,055	29,026,055	-	-	20,491,380	20,491,380
Gratuity	-	-	2,449,290	2,449,290	-	-	1,722,290	1,722,290
Provident fund	-	-	1,696,358	1,696,358	-	-	1,221,409	1,221,409
Others	-	-	6,695,173	6,695,173	-	-	5,190,710	5,190,710
	-	-	39,866,876	39,866,876	-	-	28,625,789	28,625,789
No. of persons	1	1	22	24	1	1	17	19

30.1 Chief executive and executive director are provided with free use of cars owned and maintained by the company and some other benefits in accordance with the company policy.

30.2 Chief executive and executive director have not drawn any remuneration from the company.

31 Transactions with related parties

Related parties comprise of associated undertakings, employees provident fund, directors and key management personnel of the company. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follow:

Relationship	Nature of transactions	2014 (Rupees)	2013 (Rupees)
Associated company	Sale of goods	1,168,186,991	1,182,589,666
Staff retirement funds	Contribution to employees provident fund	3,165,276	2,581,821
Director	Repayment of loan due to director	-	12,000,000

31.1 Balances of related parties as at June 30, 2014 are included in the respective notes to the financial statements. These are settled in the ordinary course of business. The receivables and payables are mainly unsecured in nature and bear no interest.

32 Capacity and production

The production capacity of the plant cannot be determined as this depends upon relative proportion of various products and products components.

33 Operating segments

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is generally evaluated based on certain key performance indicators including business volume and gross profit. Segment results include items directly attributable to a segment as well as those that can allocated on a reasonable basis.

Segment information

	2014			2013		
	Oral care	Baby care	Total	Oral care	Baby care	Total
Sales	198,329,400	976,527,139	1,174,856,539	221,146,320	997,792,028	1,218,938,348
Cost of sales	(171,586,289)	(637,529,560)	(809,115,849)	(184,032,287)	(686,418,868)	(870,451,155)
Gross profit	26,743,111	338,997,579	365,740,690	37,114,033	311,373,160	348,487,193
Selling and distribution expenses	(73,768,002)	(200,091,527)	(273,859,529)	(87,902,825)	(171,906,061)	(259,808,886)
Administrative and general expenses	(4,809,536)	(23,681,022)	(28,490,558)	(4,213,181)	(19,009,492)	(23,222,673)
Other operating expenses	(538,019)	(2,649,077)	(3,187,096)	(585,305)	(2,640,843)	(3,226,148)
Other operating income	294,177	1,448,459	1,742,636	437,074	1,972,042	2,409,116
Finance costs	(4,046,102)	(19,922,048)	(23,968,150)	(3,521,812)	(15,890,097)	(19,411,909)
Profit / (loss) before taxation	(56,124,371)	94,102,364	37,977,993	(58,672,016)	103,898,709	45,226,693

34 Financial instruments and related disclosures

34.1 Financial risk management

The Board of Directors of the company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments

- Credit risk
- Liquidity risk
- Market risk

34.1.1 Credit risk

Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows

	2014 (Rupees)	2013 (Rupees)
Long term deposits	4,537,300	1,589,790
Long term loans and advances	2,900,272	1,646,857
Trade debtors - unsecured, considered good	1,883,239	25,536,949
Loans and advances	8,056,349	3,759,166
Deposits and short term prepayments	712,781	3,828,847
Cash and bank balances	1,021,413	2,043,819
	<u>19,111,354</u>	<u>38,405,428</u>

34.1.1.1 The maximum exposure to credit risk for trade debts amounting to Rs. 1.88 million (2013: Rs. 25.54 million), at the balance sheet date by geographic region is as follows:

	2014 (Rupees)	2013 (Rupees)
Domestic	1,883,239	25,536,949
	<u>1,883,239</u>	<u>25,536,949</u>

34.1.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows:

	2014 (Rupees)	2013 (Rupees)
Distributor / Wholeseller	-	24,604,491
End-user customers	1,883,239	932,458
	<u>1,883,239</u>	<u>25,536,949</u>

34.1.1.3 Based on the past experience, consideration of financial position, past track records and recoveries, the management does not expect non-performance on its credit exposure. Accordingly, the credit risk is minimal.

34.1.1.4 The ageing analysis of related party balance in Trade debtors are as follows:

	2014 (Rupees)	2013 (Rupees)
1 - 30 days	-	22,787,922
	<u>-</u>	<u>22,787,922</u>

34.1.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The table below analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

	2014			
	Carrying amount	Less than one year	Two to five years	More than five years
	Rupees			
Long term financing - secured	31,742,080	-	31,742,080	-
Trade and other payables	128,271,725	128,271,725	-	-
Accrued mark-up	3,542,476	3,542,476	-	-
Current portion of long term financing	29,622,884	29,622,884	-	-
Short term bank finances - secured	132,524,469	132,524,469	-	-
	<u>325,703,634</u>	<u>293,961,554</u>	<u>31,742,080</u>	<u>-</u>

	2013			
	Carrying amount	Less than one year	Two to five years	More than five years
	Rupees			
Long term financing - secured	34,159,206	-	34,159,206	-
Trade and other payables	64,679,454	64,679,454	-	-
Accrued mark-up	3,375,534	3,375,534	-	-
Current portion of long term financing	26,800,806	26,800,806	-	-
Short term bank finances - secured	184,732,162	184,732,162	-	-
	<u>313,747,162</u>	<u>279,587,956</u>	<u>34,159,206</u>	<u>-</u>

34.1.3 Market risk

34.1.3.1 Price risk

The Company is neither exposed to equity securities price risk nor commodity price risk.

34.1.3.2 Cash flow and fair value interest/mark-up rate risk

Interest/mark-up rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest/mark-up rates. The Company's interest/mark-up rate risk arises from long and short term financings.

At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was:

	2014 (Rupees)	2013 (Rupees)
Fixed rate instruments		
Financial Assets	-	-
Financial Liabilities		
- Short term bank finances - murabaha finance	(34,784,522)	(87,913,298)
Net Exposure	<u>(34,784,522)</u>	<u>(87,913,298)</u>
Floating rate instruments		
Financial Assets	-	-
Financial Liabilities		
- Long term financing - diminishing musharakah	(31,742,080)	(34,159,206)
- Short term financing - diminishing musharakah	(29,622,884)	(26,800,806)
- Short term bank finances - running finance	(97,739,947)	(96,818,864)
	<u>(159,104,911)</u>	<u>(157,778,876)</u>
Net Exposure	<u>(159,104,911)</u>	<u>(157,778,876)</u>
Total Net Exposure	<u>(193,889,433)</u>	<u>(245,692,174)</u>

34.1.3.3 Foreign exchange risk

Foreign exchange risk is the risk of loss through change in foreign exchange rates. The Company is exposed to foreign exchange risk due to foreign currency in hand, which is very insignificant thus foreign exchange risk is minimal.

34.2 Fair value estimation of financial assets and liabilities

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair value.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. However, the company does not hold any quoted financial instruments.

The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IAS 39 'Financial instruments: Recognition and Measurement'.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

34.3 Financial instruments by category

34.3.1 Financial assets as per balance sheet

Long term deposits
Long term loans and advances
Trade debtors - unsecured, considered good
Loans and advances
Deposits and other receivables
Cash and bank balances

2014		2013	
At fair value through profit or loss	Loans and receivables	At fair value through profit or loss	Loans and receivables
Rupees		Rupees	
-	4,537,300	-	1,589,790
-	2,900,272	-	1,646,857
-	1,883,239	-	25,536,949
-	1,745,384	-	2,242,655
-	117,000	-	3,458,509
-	1,021,413	-	2,043,819
-	<u>12,204,608</u>	-	<u>36,518,579</u>

34.3.2 Financial liabilities at amortized cost as per balance sheet

	2014 (Rupees)	2013 (Rupees)
Deferred liabilities - gratuity	34,018,681	27,063,452
Long term financing - secured	31,742,080	34,159,206
Trade and other payables	118,644,845	53,400,697
Accrued mark-up	3,542,476	3,375,534
Current portion of long term financing	29,622,884	26,800,806
Short term bank finances - secured	132,524,469	184,732,162
	<u>350,095,435</u>	<u>329,531,857</u>

34.4 Capital risk management

The objective of the company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business. The company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to the shareholders or issue bonus / new shares.

35 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.

35.1 Trade debtors

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

35.2 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.

35.3 Defined retirement benefit scheme

The company operates an unfunded gratuity scheme for all its permanent employees. For detail of estimates of liability in respect of staff retirement gratuity (note 3.4.2.1)

35.4 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.

35.5 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.

35.6 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.

36 Prior year Re-statement

During the year, due to application of ' IAS - 19 (revised); which state that the impact of remeasurement of the net defined benefit liability (asset), to be recognised in other comprehensive income. Thus as per the latest actuarial valuation report; increase in net defined benefit liability for the year ended June 30, 2013 and June 30, 2014 was divided into two components, one to be charged to profit and loss account and other to be recognised in other comprehensive income. Hence due to this change, expense of Rs. 2,972,324 and related deferred tax benefit of Rs. 1,040,313 recognised to profit and loss account for the year ended June 30, 2013 is reclassified to other comprehensive income. The said change has no effect on unappropriated profit and net assets of the Company already reported in prior year.

37 Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. However, no significant re-arrangements have been made except for the re-statement mentioned in note 36. Details of the corresponding figures re-arranged and reclassified are as follow:

From	To	Nature	Amount
Current Assets - Loans and advances	Non Current Assets - Long Term Loan and Advances	Reclassification of Long term loan and advances to employees	1,646,837
Cost of sales	Other comprehensive income	Adoption of IAS - 19 (revised) - refer note 36	1,481,725
Selling and distribution expenses	"	Adoption of IAS - 19 (revised) - refer note 36	1,089,109
Administrative and general expenses	"	Adoption of IAS - 19 (revised) - refer note 36	401,490
Taxation expense - deferred	"	Adoption of IAS - 19 (revised) - refer note 36	1,040,313
Other operating expenses	Administrative and general expenses	Charity and donations	372,000
Other operating expenses	"	Auditors' remuneration	310,000

38 Events after the balance sheet date

The Board of Directors have proposed a final cash dividend for the year ended June 30, 2014 of Rs. 1.50 (2013: Rs. 1.50) per share, amounting to Rs. 5.85 million (2013: Rs. 5.85 million) at their meeting held on September 10, 2014 for approval of the members at the Annual General Meeting to be held on October 29, 2014. These financial statements do not include the effect of the above appropriations which will be accounted for in the period in which they are approved.

39 Authorisation of financial statements and appropriations

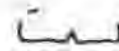
These financial statements were authorised for issue on September 10, 2014 by the Board of Directors.

40 General

Figures have been rounded off to the nearest rupee.



M. Haroon Qassim
Chief Executive



Pir Muhammad
Director

NOTICE OF MEETING

Notice is hereby given that the 43rd Annual General Meeting of the shareholders of the company will be held on Wednesday October 29, 2014 at 2:00 p.m. at Plot # 368/4&5, Landhi Industrial Area, Baldia Road, Karachi to transact the following business:

A. Ordinary Business

1. To confirm the minutes of 42nd Annual General Meeting held on October 24, 2013.
2. To receive, consider and adopt the audited Financial Statements for the year ended June 30, 2014 along with Auditors' and Directors' report thereon.
3. To consider & approve the final dividend of Rs. 1.50 (15%) per share as recommended by the Board of Directors.
4. To appoint Auditors of the Company for the year ending June 30, 2015 and fix their remuneration.
5. To transact any other ordinary business as may be placed before the meeting with the permission of the chair

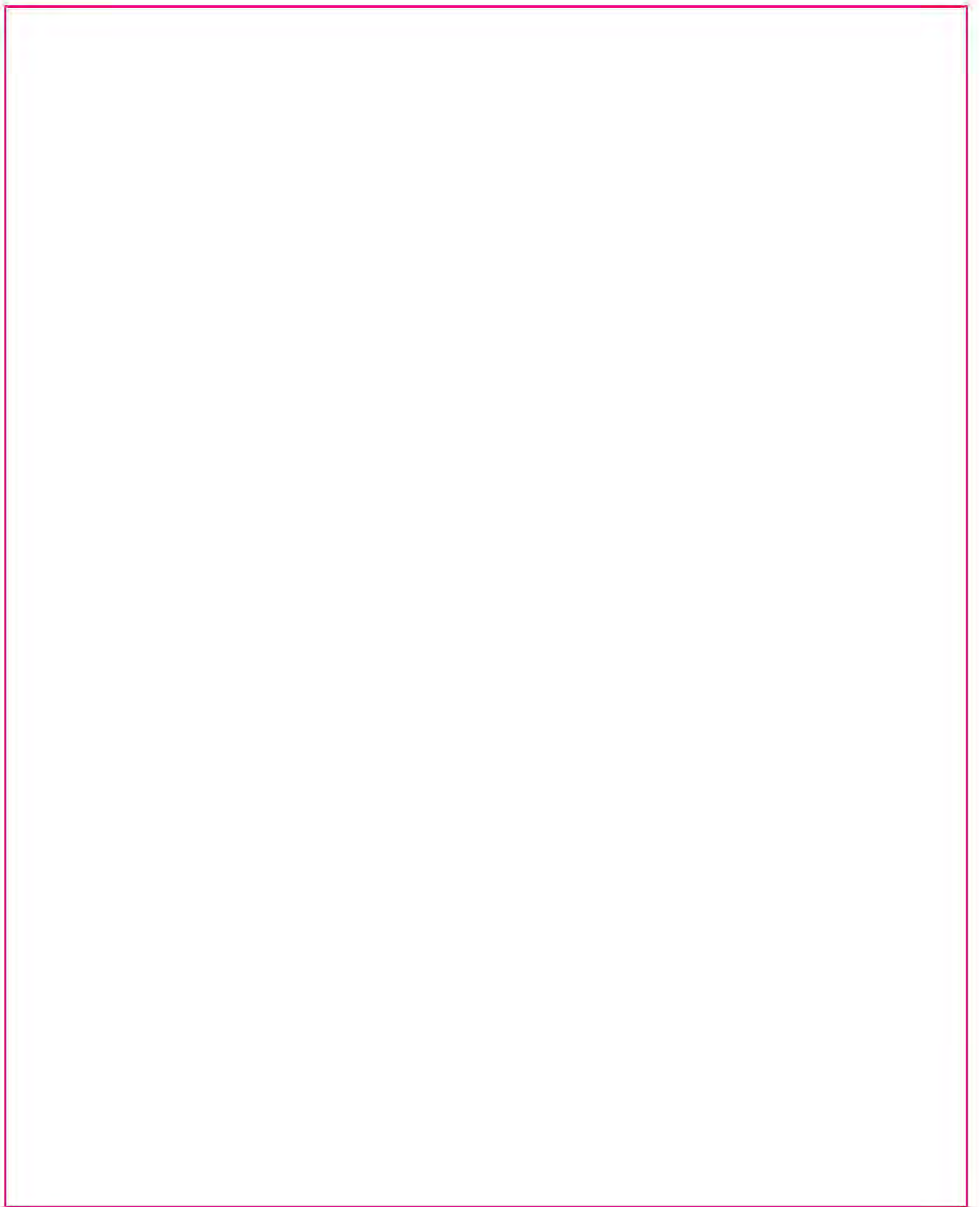
By order of the Board
M. Zaid Kaliya
Company Secretary

Karachi: September 10, 2014

Notes:

1. The share transfer book of the Company will remain closed from 23-10-2014 to 29-10-2014 (both days inclusive) for the purpose of determining the entitlement for the Dividend.
2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend, speak and vote on his / her behalf. Forms of Proxy must be deposited at the registered office of the Company not less than 48 hours before the time of the meeting.
3. In accordance with the notification of the Securities and Exchange Commission of Pakistan, SRO 831(1) 2012 dated July 05, 2012, dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, members who have not yet submitted copy of their valid CNIC / NTN (in case of corporate entities) are requested to submit the same to the Registrar of the Company M/s. Central Depository Company of Pakistan, CDC House, Shahrah-e-Faisal, Karachi., with members' folio no. mentioned thereon for updating record.
4. Shareholders (non CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s. Central Depository Company of Pakistan, CDC House, Shahrah-e-Faisal, Karachi. All the Shareholders holding their shares through the CDC are requested to please update their addresses and Zakat status with their Participants. This will assist in the prompt receipt of Dividend.
5. Please note that dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001. Further, pursuant to the provisions of Finance Act 2014, effective from July 1, 2014 a new criteria for withholding of tax on dividend income has been introduced by Federal Board of Revenue (FBR), as per this criteria, 'Filer' and 'Non-Filer' shareholders will pay tax @ 10% and 15% respectively. The 'Filer' shareholders will be determined by matching their CNIC/Passport number available in Active Tax Payers list (ATL) at FBR website (<http://www.fbr.gov.pk/>) from the CNIC/Passport number maintained by their respective Participant/CDC Investor Account Services or by the Company's Share Registrar (in case of physical shareholding). In the same manner, the 'Filer' status of Non-Individual shareholders will be determined by matching their National Tax Numbers (NTN).
6. Shareholders are therefore advised to ensure that they have provided their CNIC/Passport/NTN to their respective Participant/CDC Investor Account Services/Company's Share Registrar and their names are appearing in ATL available at FBR website (<http://www.fbr.gov.pk/>)

7. CDC Account Holders will further have to follow the under mentioned guideline 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 details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original computerized 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 details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 2. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned in the form.
 3. Attested copies of CNIC or passport of beneficial owner and the proxy shall be furnished with the proxy form.
 4. The proxy shall produce his/her original CNIC or passport at the time of the meeting. 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) along with proxy form to the Company.



The Company Secretary
Shield Corporation Limited
509, Business Avenue, Block 6
P.E.C.H.S Shahrah-e-Faisal
Karachi-74500, Pakistan

Proxy Form

I/We _____
of _____ being a member of Shield Corporation
Limited and holder of _____ ordinary shares hereby appoint _____
of _____ or failing _____ of _____
who is also a member of Shield Corporation Limited , as my / our proxy to attend vote for me / us and on my /our
behalf at the 43rd Annual General Meeting of the Company to be held on Wednesday, October 29, 2014 and at any
adjournment thereof.

As witness my/our hand(s) this _____ day of _____, 2014

Signed in the presence of:

Ten Rupees Revenue Stamp

(Signature of Witness 1)

Name:

CNIC No:

				-												-				
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(Signature of Witness 2)

Name:

CNIC No:

				-												-				
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(Name in Block Letters)

Folio No. _____

Signature of the Shareholder

Notes:

- Member is requested:
 - to affix Revenue Stamp of Rs 10/- at the place indicated above
 - to sign in the same style of signature as registered with the Company.
 - to write down his/her Folio Number.
- For the appointment of the above proxy to be valid, this instrument must be received at registered office of the Company at 509, Business Avenue, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi at least forty eight hours before the time fixed for the meeting.
- Any alteration made in this instrument of proxy should be initialed by the person who signs it.
- In case of Joint holders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders, and for this purpose the seniority will be determined by the order in which the names stand in the Register of Members.
- The proxy must be member of the Company

For CDC Account Holder / Corporate Entities:

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

- The proxy must be witnessed by two persons whose names addresses and CNIC shall be mentioned on the form.
- Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his/her original CNIC or Passport at the time of meeting.
- 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) along with proxy form to the company.

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**AFFIX
CORRECT
POSTAGE**

Company Secretary
SHIELD CORPORATION LIMITED
509, Business Avenue, Block-6, P.E.C.H.S.
Shahrah-e-Faisal, Karachi-75400, Pakistan.
Tel: [92-21] 34385003-4

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SHIELD CORPORATION LIMITED

509, Business Avenue, Block-6, P.E.C.H.S.

Shahrah-e-Faisal, Karachi-75400, Pakistan.

Tel: [92-21] 34385003-4 Fax: [92-21] 34556344

Web: www.shield.com.pk Email: mail@shield.com.pk



ShieldBabies |



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