



“PROGRESS”
THE
FUTURE AHEAD

APPROVED

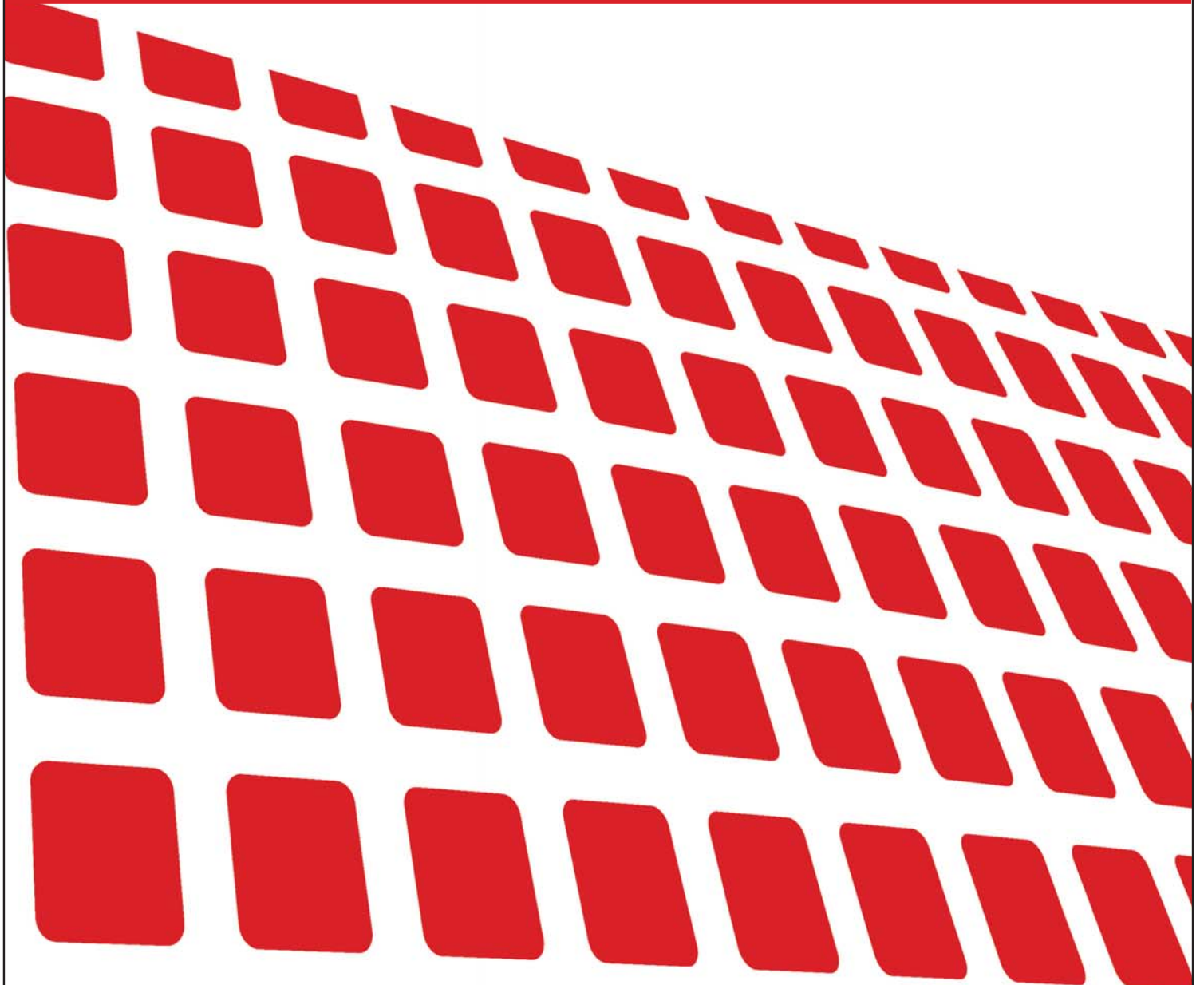
ANNUAL REPORT 2011

SHIELD CORPORATION LIMITED

[An ISO 9001 and ISO 14001 certified company]



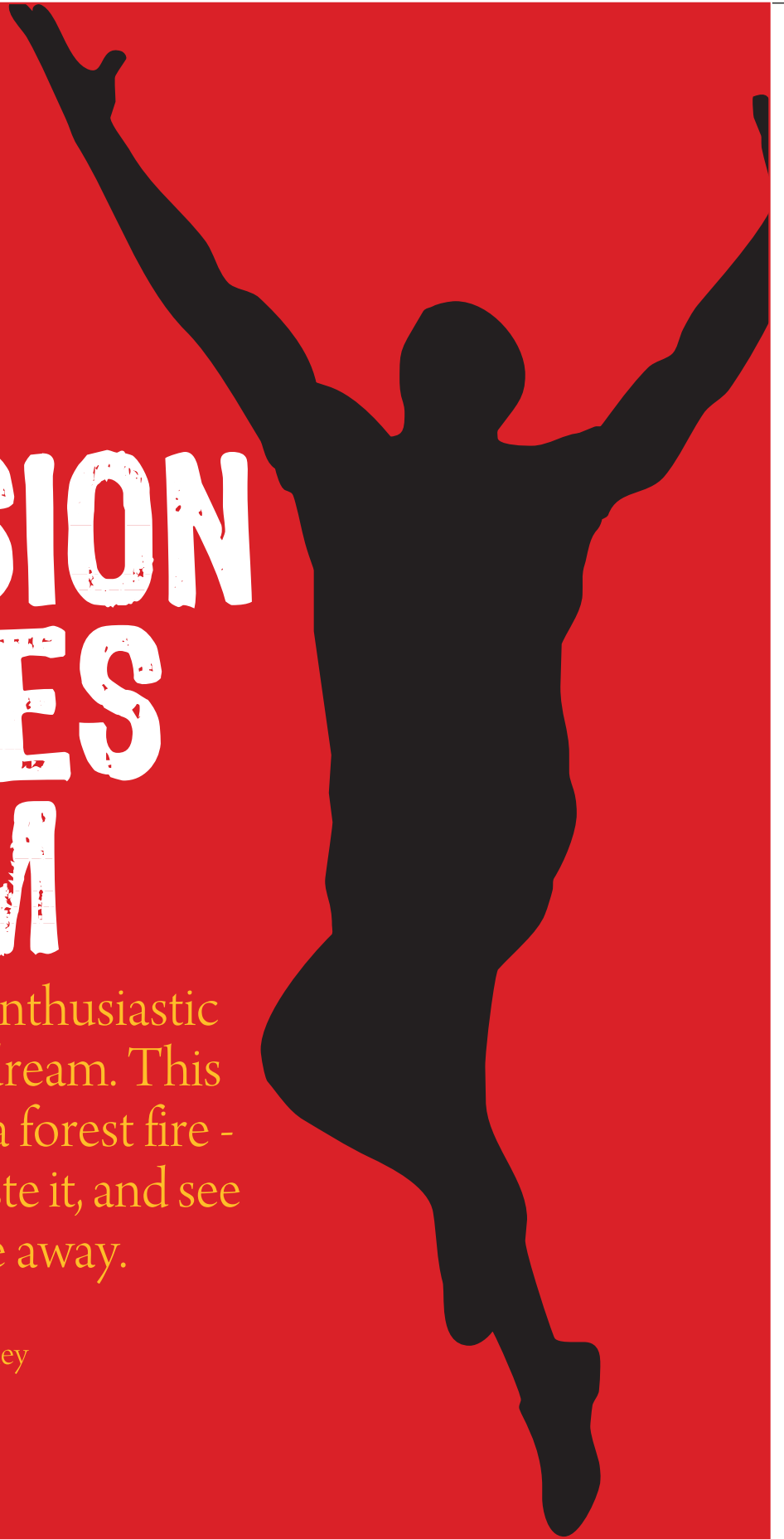
**LEADING THE NATION IN
ORAL AND BABY CARE**



PASSION DRIVES TEAM

Get excited and enthusiastic about your own dream. This excitement is like a forest fire - you can smell it, taste it, and see it from a mile away.

Dennis Waitley



**STRIVE
TOGETHER**





VISION

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



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FOCUS ON STRENGTHS



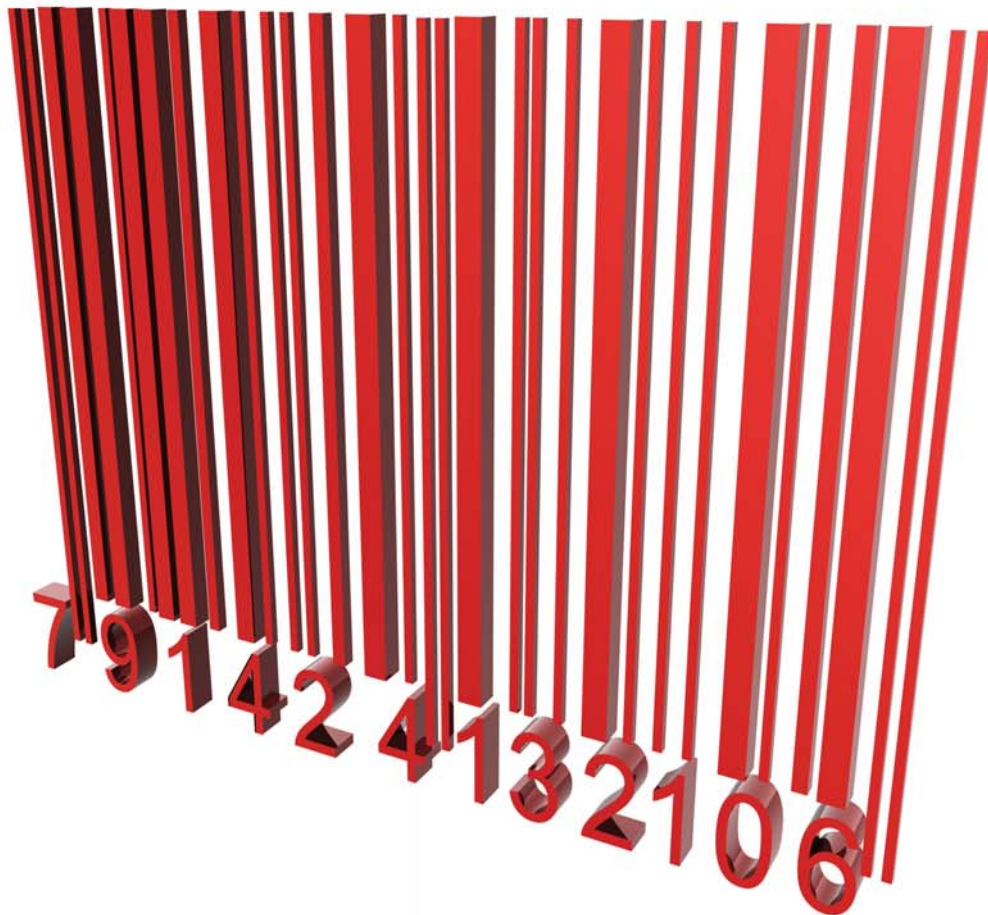
MISSION

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 shareholders and symbolizing responsible corporate citizenship.



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INNOVATION FROM PAST



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.



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سجھ دار ماؤں کا انتخاب



www.shield.com.pk

S Shield Baby Diapers

Available in: Small - Medium - Large
[Regular & Bachat Pack]

A NEW ERA

Baby Diapers Launch

Shield has always been the choice of wise mothers.

Recent launch of Shield baby diapers marked yet another feather in its cap.

This nationwide launch met with great success and is the beginning of a progressive future in baby care category.



S Shield®

Toothpaste

پنسو... ذرا اور کھلے ہلا کے





RANGE OF TOOTHBRUSHES

DuPont® Filaments | German Technology | Foodgrade Plastic



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Baby Care Range



سمجہ دار ماؤں کا انتخاب



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150 gm
for soft fragrance



60 ml
nourishing baby's skin



60 ml
gentle baby shampoo



60 ml
gentle cleansing and moisturising

... سلاقتہارے ساتھ

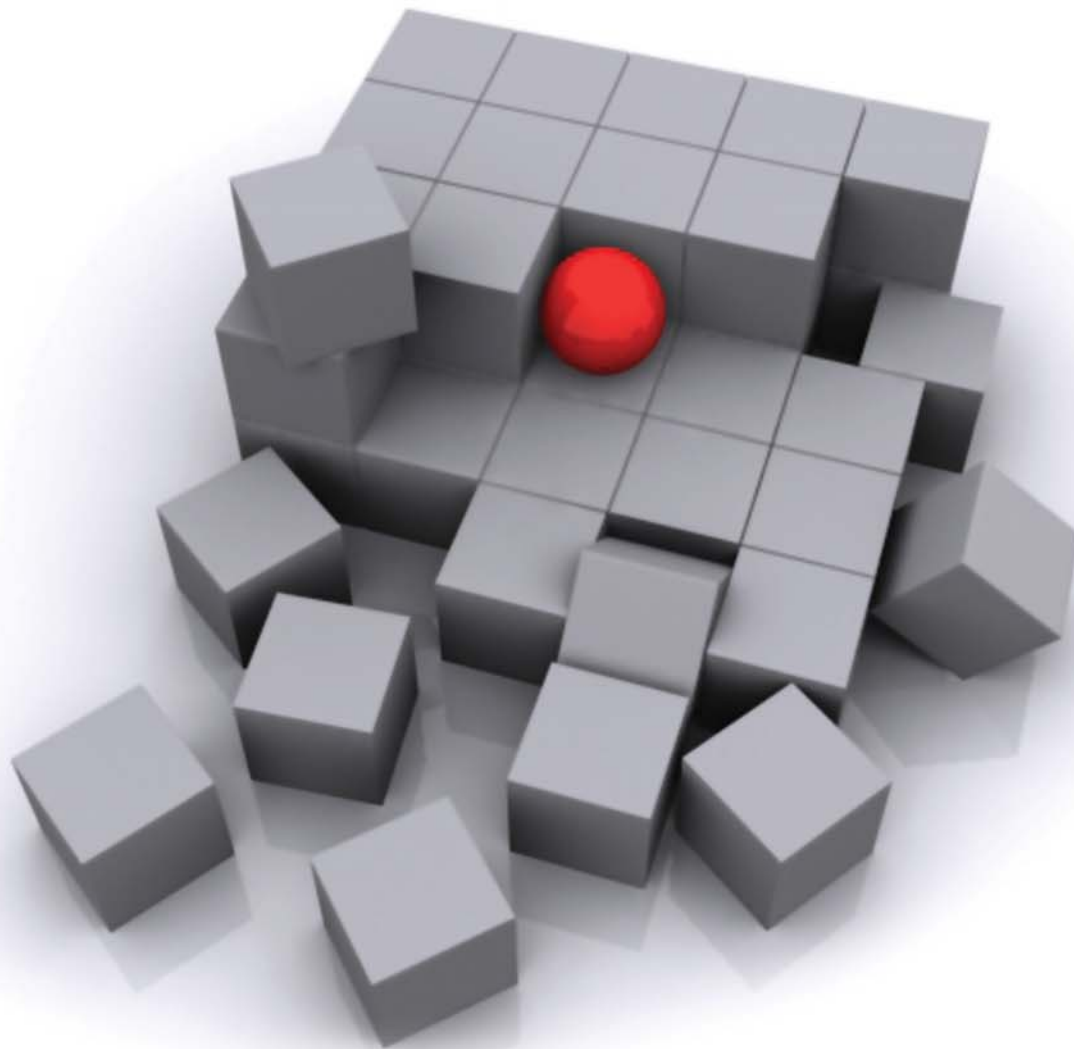
BLESSINGS®



ANNUAL REPORT 2011

CREATING

UNIQUE POSSIBILITIES AHEAD



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COMPANY INFORMATION

Board of Directors

Mr. Ebrahim Qassim	Chairman
Mr. M. Haroon Qassim	Managing Director
Mr. Vali Muhammad A. Habib	Director
Mr. Muhammad Hanif Janoo	Director
Ms. Saadia Butt Naveed	Director
Mr. Muhammad Jamil Qassim	Director
Mr. Muhammad Salman Qassim	Director

Audit Committee

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

Company Secretary

Mr. M. Zaid Kaliya

Legal Advisors

Messrs. Hassan & Humayun Associates
Advocates & Solicitors

External Auditors

Moochhala Gangat & Co.
Chartered Accountants

Internal Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Bankers

Habib Metropolitan Bank Limited
Meezan Bank Limited
Bank Alfalah Limited

Registrar & Share Transfer Office

Central Depository Company of Pakistan
CDC House,
Shahrah-e-Faisal,
Karachi.

Registered Office

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

Factory

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

Email & URL

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

DIRECTORS' PROFILE

Name of director	Date of joining the board	Other engagements
Ebrahim Qassim Chairman (Non-executive director)	November 2002	Director: <ul style="list-style-type: none"> • English Biscuits Manufacturers Limited • National Foods Limited • Zaman Textile Mills Limited • Coronet Foods (Pvt) Limited • Ekson Sales (Pvt) Limited • Intrafin Sales And Services (Pvt) Limited • Bin Qassim Enterprises (Pvt) Limited Partner: <ul style="list-style-type: none"> • Premier Distributors Sole proprietor <ul style="list-style-type: none"> • Premier Agencies Trustee: <ul style="list-style-type: none"> • Memom Medical Institute
M. Haroon Qassim Managing director (Executive director)	November 2002	Director: <ul style="list-style-type: none"> • English Biscuits Manufacturers Limited • Zaman Textile Mills Limited • Bin Qassim Enterprises (Pvt) Limited • Intrafin Sales And Services (Pvt) Limited • Pharmevo (Pvt) Limited • Scitech Health (Pvt) Limited Partner: <ul style="list-style-type: none"> • Premier Distributors Chairman: <ul style="list-style-type: none"> • Pakistan Pharmaceutical Manufacturers Association Trustee: <ul style="list-style-type: none"> • Memom Medical Institute
Vali Muhammad A. Habib (Independent non-executive director)	November 2002	None
Muhammad Hanif Janoo (Independent non-executive director)	April 2011	Director: <ul style="list-style-type: none"> • M/s. Mina Press & Publishing House (Pvt) Limited • Rozgar Microfinance Bank Limited Partner: <ul style="list-style-type: none"> • M/s. Haji Razak Haji Habib Janoo
Ms. Saadia Butt Naveed (Independent non-executive director)	February 2007	Director: <ul style="list-style-type: none"> • English Biscuits Manufacturers Limited • Coronet Foods (Pvt) Limited

Name of director**Date of joining
the board****Other engagements****Muhammad Jamil Qassim**
(Non-executive director)

November 2002

Director:

- Zaman Textile Mills Limited
- Bin Qassim Enterprises (Pvt) Limited
- Intrafin Sales And Services (Pvt) Limited

Partner:

- Premier Distributors

Muhammad Salman Qassim
(Executive director)

November 2002

Director:

- Zaman Textile Mills Limited
- Bin Qassim Enterprises (Pvt) Limited
- Pharmevo (Pvt) Limited

Partner:

- Premier Distributors

DIRECTORS' REPORT TO THE SHAREHOLDERS

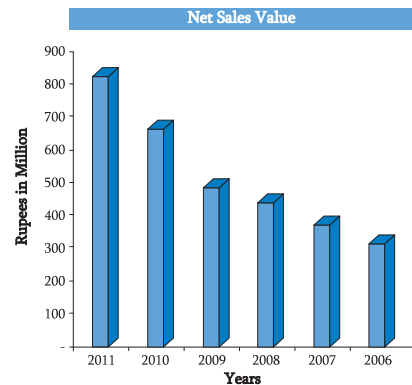
We take great pleasure in presenting the Annual Report along with the audited financial statements and management accomplishments for the year ended June 30, 2011.

Financial Performance

Sales
Profit after Taxation
Un-appropriated Profit Brought Forward
Profit Available for Appropriation
Basic Earning Per Share

2011 (Rupees)	2010 (Rupees)
829,901,077	661,131,009
30,539,824	22,134,891
45,931,310	27,696,419
76,471,134	49,831,310
7.83	5.68

1. Sales turnover of Rs. 830 million recorded for the year represented an increase of 26% over the previous year.
2. The cumulative impact of containing costs to the maximum possible extent and with sustained promotional efforts, the profitability of your company has improved.
3. The cost of doing business is on a continuous increasing trend and there is no stopping. The cost pressures especially in fuels, power and operating costs have mounted over the years. Your management is fully alive to the situation and is taking steps on a continuous basis to contain costs wherever possible.
4. The Board of Directors is pleased to announce 10% dividend for this financial year.



Corporate Vision & Mission

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

Corporate Citizenship & Social Responsibility

The management firmly believes in doing business with a purpose. We seek opportunities to contribute towards society by supporting worthy causes, which add value to the lives of people. This year a sum of rupees 1.32 million was donated to charitable institutions. Fostering education and knowledge is the core area. A significant part of the marketing budget is allocated to support these activities. Beside, utmost care is taken in designing all corporate communications to ensure that cultural, social and moral values are upheld.

New Product

The Company has launched Baby Diapers in April 2011 with the brand name "Shield". This is a significant addition to Shield baby care segment. This addition will InshaAllah complement Shield's baby care portfolio and in fact further strengthened it. With diapers in Shield's baby care portfolio, the management believes that brand value of Shield in baby care segment will further strengthen. Shield enjoys major market share in baby care segment. Diaper product line is very competitive and there are established players in this category. But your management is very confident that Shield Diaper will also get the desired market



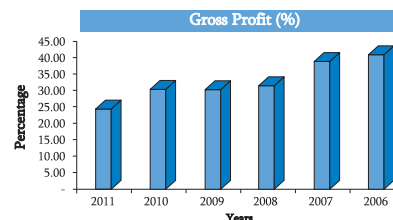
share. The management has aggressive plans to market baby diapers. It is important to mention that due to tough competition in this product category, the margins are very low as pricing of this product is too low. The key for this product is large volume and ensuring that supply chain is managed very tightly. With all the caveats, your management feels very strongly that diaper will boost sales of your company many folds in coming years.

Capital Expenditure

The Company in current year has made investment in latest models of machines and moulds, utilities and building amounting Rs. 95.8 million (including machinery taken on ijarah amounting to Rs. 54.162 million) giving the company to remain competitive. The management would like to reaffirm its commitment to aggressively but judiciously invest in plant and machinery to ensure long term competitiveness and products innovation, without which it will be difficult to remain in the leadership position.

Key Performance Measures	2011	2010	2009
Gross Profit (%)	24.80	30.03	30.02
Profit before tax (%)	4.86	6.57	2.43
Earnings per Share (Rs.)	7.83	5.68	1.24
Return on Shareholders' Equity (%)	16.92	14.39	3.66

Gross Margin of the Company has declined as compared to last year. The main reason of decline is increase in depreciation expense due to significant investment in building last year. Secondly, during the current year, the Company has obtained machinery through Islamic mode of leasing i.e. Ijarah financing. As per Islamic Financial Accounting Standards, the rentals accrued are charged out during the year resulting in decrease in gross margin.



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	Numbers of Meeting Attended
Mr. Ebrahim Qassim	6
Mr. M. Haroon Qassim	6
Mr. Vali Muhammad A.Habib	6
Mr. Zamiruddin Ahmed	5
Mr. Muhammad Hanif Janoo	1
Ms. Saadia Butt Naveed	5
Mr. Muhammad Jamil Qassim	5
Mr. Muhammad Salman Qassim	6

Leave of absence granted to the directors who could not attend the meeting.

Board Changes

The Board places on record its appreciation for the valuable services rendered by the outgoing Director Mr. Zamiruddin Ahmed for serving the board for six years. Mr. Muhammad Hanif Janoo was elected as a director in election of board of director held on April 29, 2011. The Board would also like to welcome Mr. Muhammad Hanif Janoo 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, 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:

Mr. Ebrahim Qassim sold 500 shares of the company to Mr. Muhammad Hanif Janoo.

Audit Committee

Audit Committee has been established by the Board of Directors to assist the Board in discharging its responsibilities for Corporate Governance, Financial Reporting and Corporate Control. The audit committee is responsible for reviewing reports of the Company's financial results, audit and adherence to standards of the system of management control. The Committee reviews the procedure for ensuring their independence with respect to the services performed for the company and make recommendation to the Board of Directors.

The Audit Committee consists of two non executive directors including the Chairman of the Audit Committee. The terms of reference has been determined by the Board of directors in accordance with the guidelines provided in the Listing Regulations and advised the Committee for compliance. The committee held four meetings during the year.

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, 2012 at a fee to be mutually agreed.

Internal Auditors

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

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 the notes to the financial statements.

Statement on Corporate and Financial Reporting Framework

Statement of Directors' responsibilities

- a. 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.
- b. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

- c. 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.
- 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. The value of investment of Provident Fund based on its audited accounts amounted to Rs. 7,320,779.
- j. The key operating and financial data for the last six years in summarized form is annexed.

Future Outlook

As mentioned earlier, the cost of doing business is sky rocketing. Overall economic and political turmoil and over and above law and order situation which our country is facing will impact upon the next year's operations.

Your management has a challenge on their hands. Containing costs and improving efficiency is a continuous challenge and Insha Allah your management is prudent to take the best possible action.

For next year our priorities are to sustain our top-line growth. We will continue to invest in the brand and are confident that going forward this investment will pay off.

Our focus on new product will be very important and your management will put special emphasis on this product line.

Acknowledgement

Your Company has emerged successfully through this year's many challenges. This would not have been possible without the passion, resilience and commitment of the Shield's employees. On behalf of the Board; I would like to recognize the valuable contribution and strong commitment of all our employees in achieving the Company's objectives. I would also appreciate the continuous support of our valued customers and shareholders and we look forward to delivering successfully in the future.

On behalf of Board of Directors



M. Haroon Qassim
Managing Director

Karachi: September 20, 2011

KEY FINANCIAL DATA

SIX YEARS AT A GLANCE

	2011	2010	2009	2008	2007	2006
	----- Rupees -----					
Balance Sheet						
Paid up capital	39,000,000	39,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Reserves & un-appropriated profit	141,471,134	114,831,310	101,696,419	99,878,432	98,606,754	93,876,773
Shareholders equity	180,471,134	153,831,310	131,696,419	129,878,432	128,606,754	123,876,773
Non-current liabilities	140,592,719	125,832,735	78,319,852	25,996,804	19,570,050	17,612,660
Current liabilities	300,815,924	146,301,373	148,217,947	144,241,898	142,724,481	64,803,497
Total equity and liabilities	<u>621,879,777</u>	<u>425,965,418</u>	<u>358,234,218</u>	<u>300,117,134</u>	<u>290,901,285</u>	<u>206,292,930</u>
Non-current assets	292,063,020	275,583,756	207,354,965	154,781,634	125,250,513	114,578,268
Current assets	329,816,757	150,381,662	150,879,253	145,335,500	165,650,772	91,714,662
Total assets	<u>621,879,777</u>	<u>425,965,418</u>	<u>358,234,218</u>	<u>300,117,134</u>	<u>290,901,285</u>	<u>206,292,930</u>
Profit and Loss Account						
Net sales	829,901,077	661,131,009	489,090,058	443,521,032	372,604,442	315,228,783
Cost of sales	624,047,664	462,584,004	342,278,520	301,785,595	228,023,712	185,922,091
Gross profit	205,853,413	198,547,005	146,811,538	141,735,437	144,580,730	129,306,692
Selling and distribution expenses	131,338,208	128,994,609	109,631,278	105,966,940	106,287,018	90,964,894
Administrative and general expenses	15,697,978	14,121,680	13,589,877	17,377,473	16,192,480	14,321,933
Other operating expenses	4,626,343	3,802,253	2,039,346	2,046,569	2,553,683	1,921,078
Other operating income	1,501,896	647,207	461,501	271,326	306,680	241,376
Operating profit	55,692,780	52,275,670	22,012,538	16,615,781	19,854,229	22,340,163
Finance costs	15,331,314	8,855,422	10,150,402	7,185,970	6,624,248	4,437,938
Profit before taxation	40,361,466	43,420,248	11,862,136	9,429,811	13,229,981	17,902,225
Taxation	9,821,642	21,285,357	7,044,149	3,658,133	4,000,000	4,499,010
Profit after taxation	<u>30,539,824</u>	<u>22,134,891</u>	<u>4,817,987</u>	<u>5,771,678</u>	<u>9,229,981</u>	<u>13,403,215</u>



HORIZONTAL ANALYSIS

	Change from preceeding year					
	2011	2010	2009	2008	2007	2006
Balance Sheet Analysis (%)						
Non-current assets	5.98	32.90	33.97	23.58	9.31	10.69
Current assets	119.32	(0.33)	3.81	(12.26)	80.62	25.83
Total assets	<u>45.99</u>	<u>18.91</u>	<u>19.36</u>	<u>3.17</u>	<u>41.01</u>	<u>16.94</u>
Share capital and reserves	17.32	16.81	1.40	0.99	3.82	8.45
Non-current liabilities	11.73	60.67	201.27	32.84	11.11	33.20
Current liabilities	105.61	(1.29)	2.76	1.06	120.24	32.37
Total equity and liabilities	<u>45.99</u>	<u>18.91</u>	<u>19.36</u>	<u>3.17</u>	<u>41.01</u>	<u>16.94</u>
Profit and Loss Account Analysis (%)						
Net sales	25.53	35.18	10.27	19.03	18.20	25.38
Cost of sales	34.90	35.15	13.42	32.35	22.64	23.29
Gross profit	3.68	35.24	3.58	(1.97)	11.81	28.50
Selling and distribution expenses	1.82	17.66	3.46	(0.30)	16.84	19.26
Administrative and general expenses	11.16	3.91	(21.80)	7.32	13.06	29.84
Other operating expenses	21.67	86.44	(0.35)	(19.86)	32.93	(57.44)
Other operating income	132.06	40.24	70.09	(11.53)	27.05	(10.46)
Operating profit	6.54	137.48	32.48	(16.31)	(11.13)	146.19
Finance costs	73.13	(12.76)	41.25	8.48	49.26	209.35
Profit before taxation	(7.04)	266.04	25.79	(28.72)	(26.10)	134.33
Taxation	(53.86)	202.17	92.56	(8.55)	(11.09)	39.17
Profit after taxation	37.97	359.42	(16.52)	(37.47)	(31.14)	204.12

VERTICAL ANALYSIS

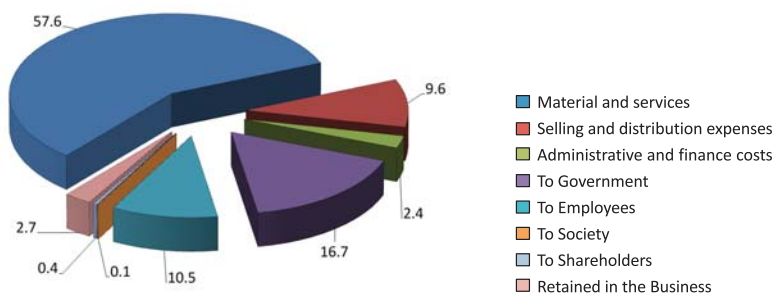
	2011	2010	2009	2008	2007	2006
Balance Sheet Analysis (%)						
Non-current assets	46.96	64.70	57.88	51.57	43.06	55.54
Current assets	53.04	35.30	42.12	48.43	56.94	44.46
Total assets	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>
Share capital and reserves	29.02	36.11	36.76	43.28	44.21	60.05
Non-current liabilities	22.61	29.54	21.86	8.66	6.73	8.54
Current liabilities	48.37	34.35	41.38	48.06	49.06	31.41
Total equity and liabilities	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>
Profit and Loss Account Analysis (%)						
Net sales	100.00	100.00	100.00	100.00	100.00	100.00
Cost of sales	75.20	69.97	69.98	68.04	61.20	58.98
Gross profit	24.80	30.03	30.02	31.96	38.80	41.02
Selling and distribution expenses	15.83	19.51	22.42	23.89	28.53	28.86
Administrative and general expenses	1.89	2.14	2.78	3.92	4.35	4.54
Other operating expenses	0.56	0.58	0.42	0.46	0.69	0.61
Other operating income	0.18	0.10	0.09	0.06	0.08	0.08
Operating profit	6.71	7.91	4.50	3.75	5.33	7.09
Finance costs	1.85	1.34	2.08	1.62	1.78	1.41
Profit before taxation	4.86	6.57	2.43	2.13	3.55	5.68
Taxation	1.18	3.22	1.44	0.82	1.07	1.43
Profit after taxation	3.68	3.35	0.99	1.30	2.48	4.25

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:

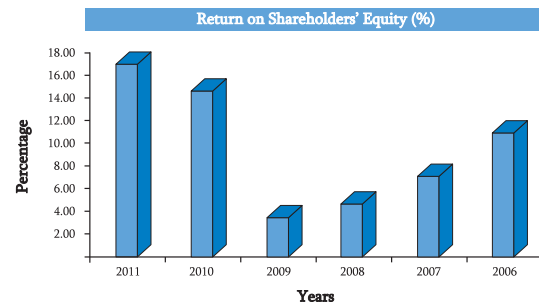
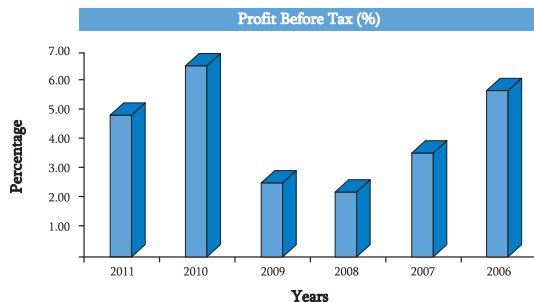
	2011		2010	
	Rupees	%	Rupees	%
Revenue Generated				
Total revenue	<u>984,444,694</u>	<u>100.0</u>	<u>779,043,203</u>	<u>100.0</u>
Revenue Distributed				
Material and services	567,430,901	57.6	421,557,521	54.0
Selling and distribution expenses	94,413,769	9.6	89,616,301	11.5
Administrative and finance costs	23,911,293	2.4	16,752,355	2.2
Income tax	9,821,642	1.0	21,285,357	2.7
Worker's welfare fund	823,703	0.1	3,227,253	0.4
Sales Tax	153,041,721	15.6	117,264,987	15.1
To Government	163,687,066	16.7	141,777,597	18.2
Salaries, wages and other benefits	103,141,841	10.5	86,929,538	11.2
To Employees	103,141,841	10.5	86,929,538	11.2
Donations	1,320,000	0.1	100,000	-
To Society	1,320,000	0.1	100,000	-
Cash dividend *	3,900,000	0.4	3,900,000	0.5
To Shareholders	3,900,000	0.4	3,900,000	0.5
Retained in the Business	26,639,824	2.7	18,409,891	2.4
	<u>984,444,694</u>	<u>100.0</u>	<u>779,043,203</u>	<u>100.0</u>

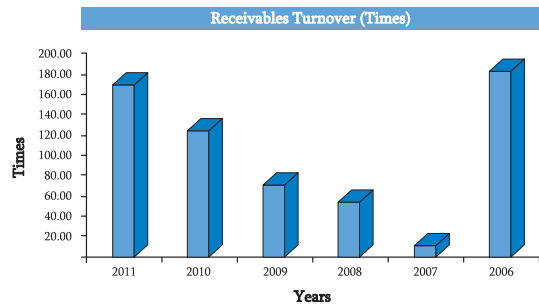
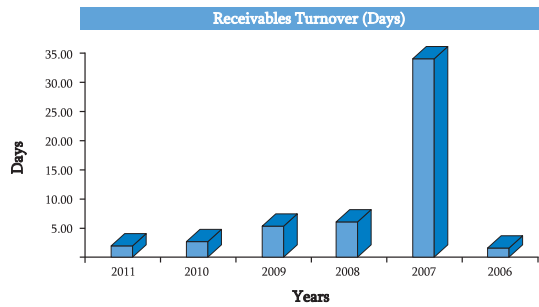
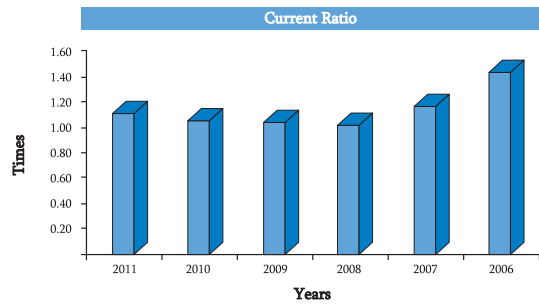
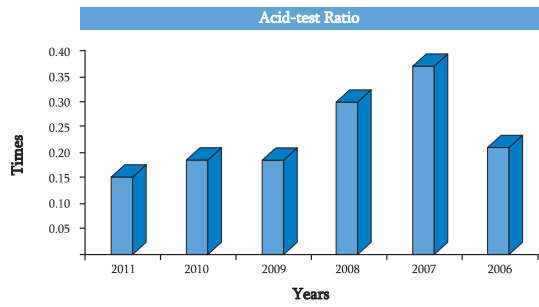
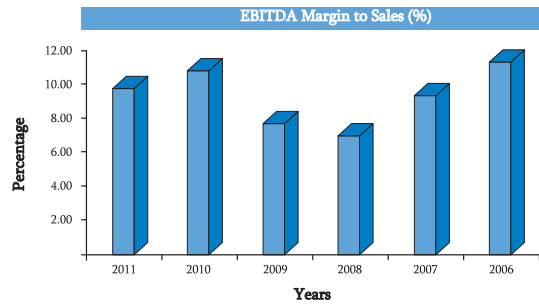
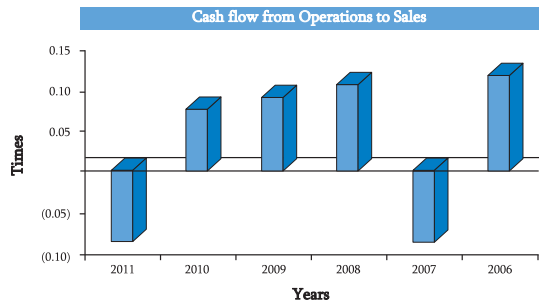
* Represents final cash dividend @ Rs. 1.0 per share proposed by the Board of Directors subsequent to the year end.

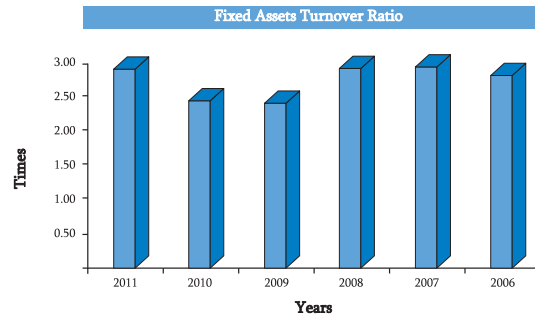
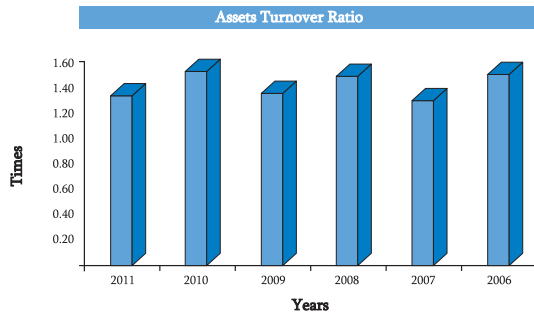
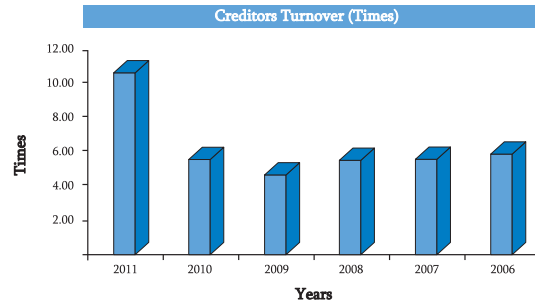
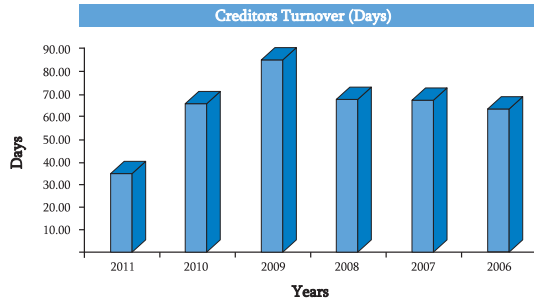
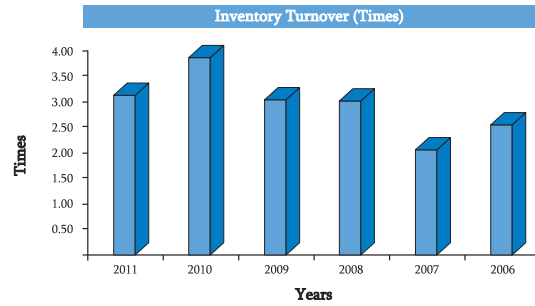
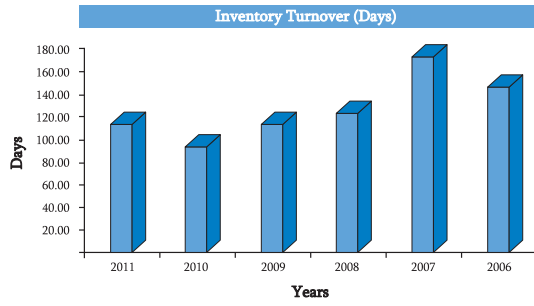


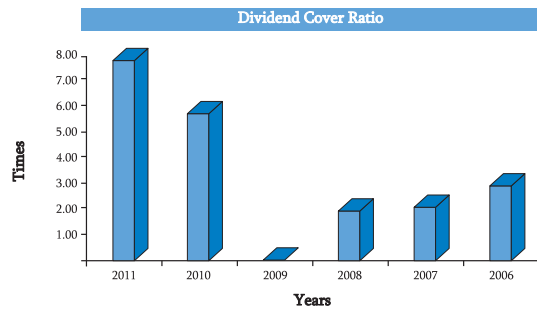
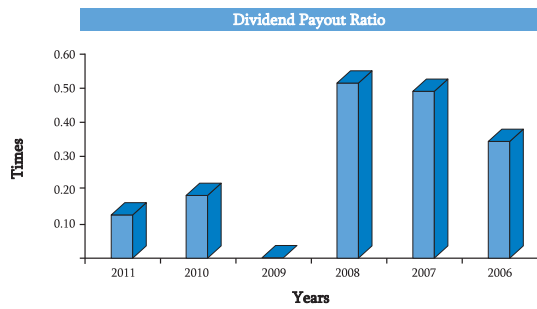
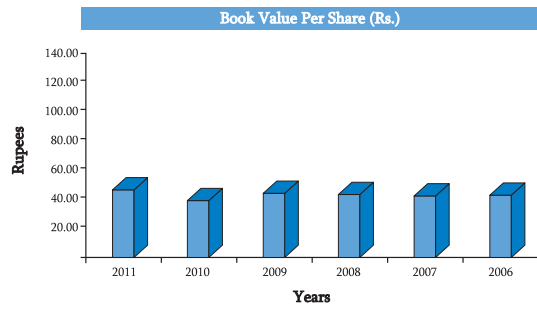
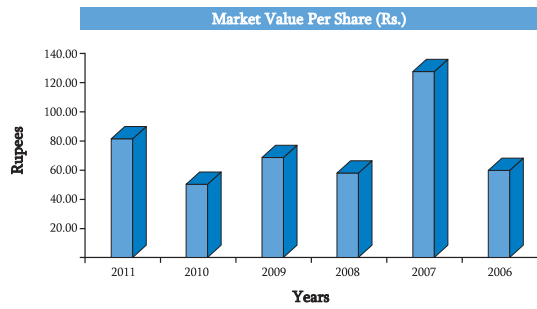
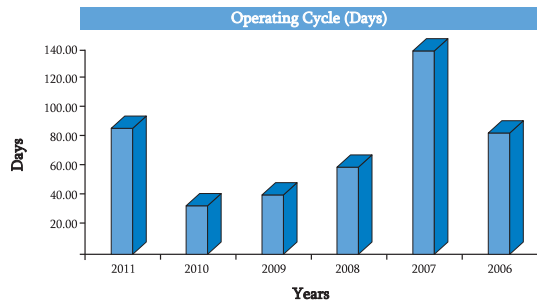
OPERATING & FINANCIAL HIGHLIGHTS

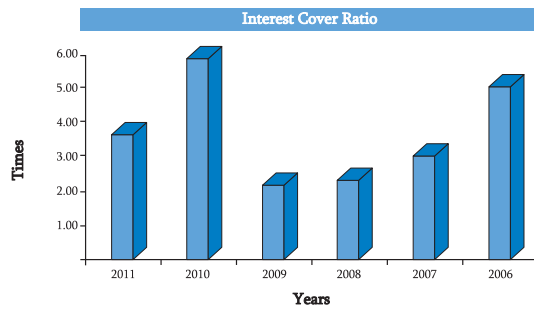
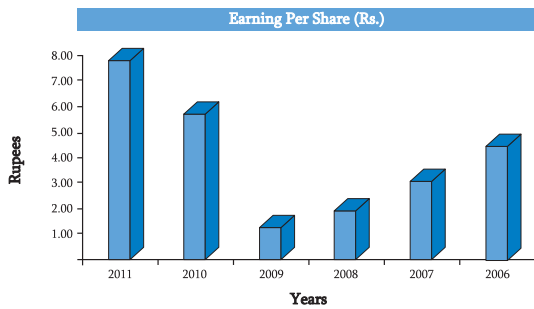
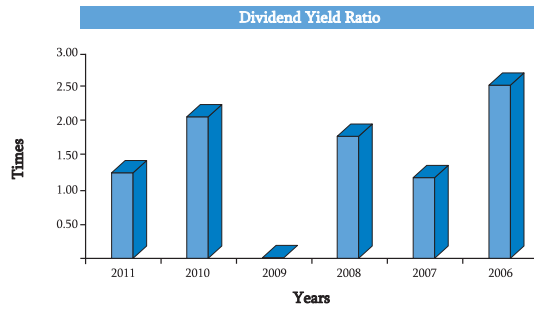
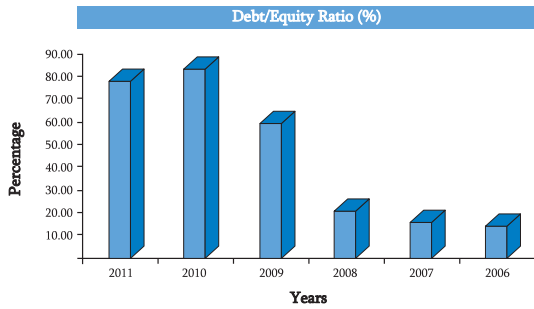
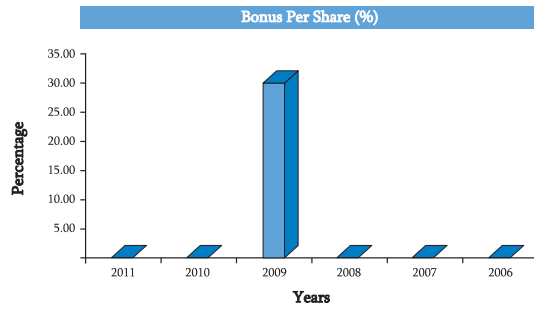
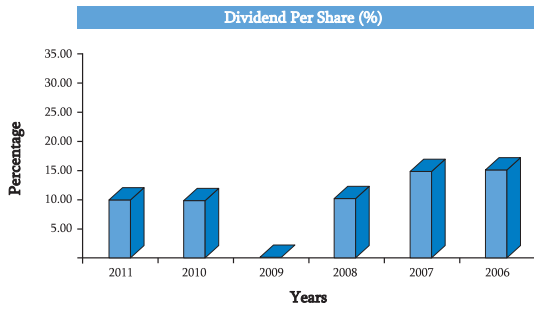
	2011	2010	2009	2008	2007	2006
Profitability Ratios						
Gross profit (%)	24.80	30.03	30.02	31.96	38.80	41.02
Profit before Tax (%)	4.86	6.57	2.43	2.13	3.55	5.68
EBITDA margin to sales (%)	9.90	10.74	7.80	6.93	9.39	11.38
Liquidity Ratios						
Current ratio	1.10	1.03	1.02	1.01	1.16	1.42
Acid-test ratio	0.15	0.18	0.18	0.30	0.37	0.21
Cash flow from operations to sales	(0.08)	0.07	0.09	0.11	(0.08)	0.12
Activity / Turnover Ratios						
Receivables turnover (Days)	2.22	3.04	5.23	6.68	34.40	2.01
Receivables turnover (Times)	169.99	123.81	69.81	54.62	10.61	181.31
Inventory turnover (Days)	117.16	95.26	117.75	120.12	172.70	144.22
Inventory turnover (Times)	3.12	3.83	3.10	3.04	2.11	2.53
Creditors turnover (Days)	34.97	64.11	83.00	68.00	67.59	63.25
Creditors turnover (Times)	10.44	5.69	4.40	5.37	5.40	5.77
Asset turnover ratio	1.33	1.55	1.37	1.48	1.28	1.53
Fixed assets turnover ratio	2.84	2.40	2.36	2.87	2.97	2.75
Operating cycle (Days)	84.41	34.19	39.98	58.80	139.51	82.98
Investment / Market Ratios						
Book value per share (Rs.)	46.27	39.44	43.90	43.29	42.87	41.29
Market value per share - year end - (Rs.)	80.46	48.90	67.50	57.00	125.00	59.90
Price earnings ratio	10.27	8.62	54.44	29.63	40.63	13.41
Dividend yield ratio	1.24	2.04	-	1.75	1.20	2.50
Dividend payout ratio	0.13	0.18	-	0.52	0.49	0.34
Dividend cover ratio	7.83	5.68	-	1.92	2.05	2.98
Dividend per share (%)	10.00	10.00	-	10.00	15.00	15.00
Bonus per share (%)	-	-	30.00	-	-	-
Capital Structure Ratios						
Debt/Equity ratio (%)	77.90	81.80	59.47	20.02	15.22	14.22
Interest cover ratio	3.63	5.90	2.17	2.31	3.00	5.03
Return on shareholders' equity (%)	16.92	14.39	3.66	4.44	7.18	10.82
Earning per share (Rs.)	7.83	5.68	1.24	1.92	3.08	4.47











PATTERN OF SHAREHOLDING

Pattern of Shareholding as at June 30, 2011

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
234	1	100	3,787
72	101	500	18,868
21	501	1,000	14,386
28	1,001	5,000	60,975
2	5,001	10,000	16,472
1	55,001	60,000	55,250
1	155,001	160,000	156,000
3	300,001	350,000	967,948
3	410,001	470,000	1,291,649
1	550,001	560,000	556,050
1	750,001	760,000	758,615
367			3,900,000

Categories of Shareholders as at June 30, 2011

Category No.	Categories of Shareholders	No of Shares Held	Category Wise No. of Folios/CDC Account	Category Wise Share Held	Percentage
1.	Individuals	268,531	351	268,531	6.89
2.	Joint Stock Companies	807	5	807	0.02
3.	Directors, Chief Executive Officer and their Spouses		11	3,630,662	93.09
	1. Mr. Ebrahim Qassim	556,050			
	2. Mr. M. Haroon Qassim	462,509			
	3. Mr. Vali Muhammad A. Habib	55,250			
	4. Mr. Muhammad Hanif Janoo	500			
	5. Ms. Saadia Butt Naveed	650			
	6. Mr. Muhammad Jamil Qassim	411,710			
	7. Mr. Muhammad Salman Qassim	417,430			
	8. Mrs. Kulsum Bano	758,615			
	9. Mrs. Zohra Bano	346,840			
	10. Mrs. Saba Qassim	320,288			
	11. Mrs. Wazira Parveen	300,820			
		3,900,000	367	3,900,000	100.00

Shareholders Holding Ten Percent or More Voting Interest in the Company

Total Paid-up Capital of the Company

3,900,000 shares

10% of the Paid-up Capital of the Company

390,000 shares

Name(s) of Shareholder(s)	Description	No. of Shares Held	Percentage
1. Mr. Ebrahim Qassim	Falls In Category # 3	556,050	14.26%
2. Mr. M. Haroon Qassim	Falls In Category # 3	462,509	11.86%
3. Mr. Muhammad Jamil Qassim	Falls In Category # 3	411,710	10.56%
4. Mr. Muhammad Salman Qassim	Falls In Category # 3	417,430	10.70%
5. Mrs. Kulsum Bano	Falls In Category # 3	758,615	19.45%
		2,606,314	66.83%

Financial Calender

The Company follows the period of July 01 to June 30 as the Financial Year. For the Financial Year 2011-12, financial results will be announced as per the following tentative schedule.	
Un-Audited First Quarter Financial Results	Last week of October, 2011
Reviewed Half yearly Financial Results	Third week of February, 2012
Un-Audited Financial Results for Third Quarter	Last week of April, 2012
Audited Annual Results for the year ended June 30, 2012	Second Week of September, 2012

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

This statement being presented to comply with the requirements of the Code of Corporate Governance (the Code) as incorporated in the listing regulations of the stock exchanges of Pakistan. The Code provides a framework of best practices of Corporate Governance. Good Governance is considered indispensable by the Board to enhance and achieve highest performance. The Company has applied the principles contained in the Code in the following manner.

1. The Company encourages representation of independent non-executive directors. The board comprises of seven directors which includes three independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred during the year in the Board.
5. The Company has adopted a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision and mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars and significant policies along with the dates on which they are approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of Chief Executive Officer and executive director (if any) have been taken by the Board.
8. The meetings of the Board presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. 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 are appropriately recorded and circulated within fourteen days from the date of the meeting.
9. The Directors have been provided with the copies of the listing regulations of the Karachi Stock Exchange (Guarantee) Limited, Company's Memorandum and Articles of Association and the Code of Corporate Governance and they are well aware of their duties and responsibilities.
10. The Board ensures arrangement of orientation courses for its directors to apprise them of their duties and responsibilities. During the current year, two directors have completed the "Corporate Governance leadership skills" course as required by the amended sub-clause (iv) of clause 35 of the Code ("Orientation courses/Directors' educational Program"), certification for the Directors under "The Board Development Series" Program offered by the Pakistan Institute of Corporate Governance.
11. The Board approves the appointment, remuneration and terms and conditions of employment of chief financial officer (CFO), company secretary and the head of internal audit. However there were no new appointments of CFO, company secretary and head of internal audit during the year.

12. All related party transactions entered during the year were on arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions were duly reviewed and approved by the Audit Committee and Board of Directors.
13. The Directors' Report has been prepared in compliance of the requirement of the Code and Section 236 of the Companies Ordinance, 1984 and fully describes the salient matters required to be disclosed.
14. All material information as required under the relevant rules has been provided to the stock exchanges and to the Securities and Exchange Commission of Pakistan within the prescribed time limit.
15. The financial statements of the Company were duly endorsed by the Managing Director and General Manager Finance before the approval of the Board.
16. All the directors and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of share holding.
17. We confirm that Company has complied with all material principles and the corporate and financial reporting requirements of the Code as mentioned in this Statement of Compliance with best practices of Corporate Governance.
18. The Board has formed an Audit Committee. It comprises of three members, two of whom are non-executive directors including the Chairman of the Audit Committee.
19. The meetings of the Audit committee were held at least once in 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.
20. The Company has an effective internal audit function in place. The Board has outsourced the internal audit function to KPMG Taseer Hadi and Co, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. They are involved in the internal audit function on full time basis.
21. The statutory auditors of the Company have confirmed that they have been given satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
22. 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.
23. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the
Board of Directors



M. Haroon Qassim
Managing Director

Karachi: September 20, 2011



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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Shield Corporation Limited (“The Company”) to comply with the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges.

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

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

Further, Sub-Regulation (xiii a) of Listing Regulation No. 35 notified by Karachi, Lahore and Islamabad stock exchanges requires the Company to place before the Board of Directors for their consideration and approval 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm’s length price.

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 of Corporate Governance as applicable to the Company the year ended June 30, 2011.

Date: September 20, 2011
Place: Karachi

Moochhala Gangat & Co.
Chartered Accountants

Name of the audit engagement partner:
Mr. Najeeb Moochhala



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of SHIELD CORPORATION LIMITED as at June 30, 2011 and the related Statement of Comprehensive Income, Cash Flow Statements, 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 Statement of Comprehensive Income together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, 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, 2011 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in the central zakat fund established under section 7 of that Ordinance.

Mochhala Gangat & Co.
Chartered Accountants

Name of the audit engagement partner:
Mr. Najeeb Mochhala

Date: September 20, 2011
Place: Karachi



ANNUAL REPORT 2011

BALANCE SHEET AS AT JUNE 30, 2011

	Note	2011 (Rupees)	2010 (Rupees)
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	278,395,523	266,657,909
Intangible assets - software	5	811,233	1,569,133
Long term deposits		12,856,264	7,356,714
		<u>292,063,020</u>	<u>275,583,756</u>
Current Assets			
Store and spares		5,276,807	3,718,485
Stock-in-trade	6	280,715,585	119,921,276
Trade debtors - unsecured, considered good		4,583,368	4,887,799
Loans and advances	7	7,230,139	5,565,803
Deposits and short term prepayments	8	811,867	552,802
Taxation	9	28,858,164	15,173,274
Other receivables		-	93,000
Cash and bank balances	10	2,340,827	469,223
		<u>329,816,757</u>	<u>150,381,662</u>
Total Assets		<u><u>621,879,777</u></u>	<u><u>425,965,418</u></u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised Capital			
10,000,000 (2010: 10,000,000) ordinary shares of Rs.10/- each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed & paid-up capital	11	39,000,000	39,000,000
Reserves		<u>141,471,134</u>	<u>114,831,310</u>
		180,471,134	153,831,310
Non-Current Liabilities			
Deferred liabilities	12	56,396,772	50,832,735
Due to directors	13	75,000,000	75,000,000
Long term financing - secured	14	9,195,947	-
		140,592,719	125,832,735
Current Liabilities			
Trade and other payables	15	118,837,880	78,268,144
Accrued mark-up on bank finances		3,294,764	2,392,191
Current portion of long term financing	14	5,509,584	-
Short term bank finances - secured	16	163,798,696	62,332,382
Provision for taxation		9,375,000	3,308,656
		300,815,924	146,301,373
Contingencies and Commitments	17	-	-
Total Equity and Liabilities		<u><u>621,879,777</u></u>	<u><u>425,965,418</u></u>

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



M. Haroon Qassim
Managing Director



Vali Muhammad A. Habib
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011 (Rupees)	2010 (Rupees)
Net sales	18	829,901,077	661,131,009
Cost of sales	19	(624,047,664)	(462,584,004)
Gross profit		205,853,413	198,547,005
Selling and distribution expenses	20	(131,338,208)	(128,994,609)
Administrative and general expenses	21	(15,697,978)	(14,121,680)
Other operating expenses	22	(4,626,343)	(3,802,253)
Other operating income	23	1,501,896	647,207
Operating profit		55,692,780	52,275,670
Finance costs	24	(15,331,314)	(8,855,422)
Profit before taxation		40,361,466	43,420,248
Taxation	25	(9,821,642)	(21,285,357)
Profit after taxation		30,539,824	22,134,891
Other comprehensive income		-	-
Total comprehensive income for the year		30,539,824	22,134,891
Earning per share - basic and diluted	26	7.83	5.68

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



M. Haroon Qassim
Managing Director



Vali Muhammad A. Habib
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2011

	2011 (Rupees)	2010 (Rupees)
Cash Generated from Operations		
Profit before taxation	40,361,466	43,420,248
Adjustments for:		
Depreciation	25,688,399	17,974,509
Amortization	797,900	784,567
Provision for gratuity	4,547,682	4,781,806
(Gain) on disposal of property, plant & equipment	(435,663)	(349,409)
Finance costs	15,331,314	8,855,422
Profit before working capital changes	45,929,632	32,046,895
(Increase) / Decrease in Current Assets:		
Stores and spares	(1,558,322)	(446,013)
Stock - in - trade	(160,794,309)	1,608,600
Trade debtors	304,431	583,762
Loans and advances	(1,664,336)	1,999,946
Deposits and short term prepayments	(259,065)	258,728
Other receivables	93,000	942,175
	(163,878,601)	4,947,198
Increase / (Decrease) in Current liabilities		
Trade & other payables	40,548,958	(15,290,429)
Cash generated from / (used for) operations	(37,038,545)	65,123,912
Payments for:		
Gratuity	(3,688,645)	(2,768,923)
Finance costs	(14,428,741)	(6,819,858)
Taxes	(12,735,188)	(6,854,043)
Net cash from / (used in) operating activities	(67,891,119)	48,681,088
Cash Flow From Investing Activities		
Fixed capital expenditure including capital work-in-progress	(41,667,019)	(80,618,257)
Long term deposits	(5,499,550)	(7,138,074)
Sales proceeds from disposal of property, plant & equipment	4,636,669	1,117,873
Net cash used in investing activities	(42,529,900)	(86,638,458)
Cash Flow From Financing Activities		
Dividend paid	(3,879,222)	-
Long term financing - Diminshing musharakah	14,705,531	-
Loan from directors	-	30,000,000
Net cash used in financing activities	10,826,309	30,000,000
Net (decrease) / increase in cash and cash equivalents	(99,594,710)	(7,957,370)
Cash and cash equivalents at the beginning of the year	(61,863,159)	(53,905,789)
Cash and cash equivalents at the end of the year	(161,457,869)	(61,863,159)
	A	
A. Cash and Cash Equivalents		
Cash and bank balances	2,340,827	469,223
Short term bank finances	(163,798,696)	(62,332,382)
	(161,457,869)	(61,863,159)

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



M. Haroon Qassim
Managing Director



Vali Muhammad A. Habib
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2011

	Share Capital (Rupees)	Capital Reserve	Revenue Reserve		Total (Rupees)
		Share Premium (Rupees)	General Reserve (Rupees)	Unappropriated Profit (Rupees)	
Balance as at July 01, 2009	30,000,000	10,000,000	55,000,000	36,696,419	131,696,419
Bonus shares for the year June 30, 2009 - 3 shares on every 10 shares	9,000,000	-	-	(9,000,000)	-
Total comprehensive income for the year ended June 30, 2010	-	-	-	22,134,891	22,134,891
Balance as at July 01, 2010	39,000,000	10,000,000	55,000,000	49,831,310	153,831,310
Dividend for the year June 30, 2010 - @ Rs. 1.00 per share	-	-	-	(3,900,000)	(3,900,000)
Total comprehensive income for the year ended June 30, 2011	-	-	-	30,539,824	30,539,824
Balance as at June 30, 2011	39,000,000	10,000,000	55,000,000	76,471,134	180,471,134

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



M. Haroon Qassim
Managing Director



Vali Muhammad A. Habib
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 dental 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 Standards, interpretations and amendments to published approved accounting standards:

Effective in current year but not relevant

Following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009 and are also relevant to the Company. However, the adoption of these new standards and amendments to standards did not have any significant impact on the financial statements of the Company.

Standards or interpretation

IFRS 2 (Amendment) Share-based payment;
IFRS 4 Insurance contracts;
IFRS 8 Operating segments;
IAS 23 (Amendment) Borrowing costs;
IAS 28 (Amendment) Investment in associates;
IAS 36 (Amendment) Impairment of assets;
IAS 41 Agriculture;
IFRIC 13 Customers loyalty programmes; and
IFRIC 16 Hedges of a net investment in a foreign operation

Standards, amendments and interpretations effective in 2010

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 January 2010.

IFRS 3 (Revised) Business combinations;
IFRS 5 Non-current assets held for sale and discontinued operations
IFRS 9 Financial Instruments;
IAS 27 (Revised) Consolidated and separate financial statements;
IAS 39 (Amendments) Financial instruments: recognition and measurement;
IFRIC 15 Agreement for the construction of real estate; and
IFRIC 17 Distributions of non-cash assets to owners;

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 impairment and 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 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.

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

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 progress	average production cost which includes cost of : 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

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.

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

Discount rate	14%
Expected rate of salary increase	14%
Average expected remaining life of employees	13 years

Actuarial gain and losses are recognised as per the recommendation in actuarial valuation report. The most recent valuation was carried out as of June 30, 2010.

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.

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.

4. Property, Plant and Equipment

	Note	2011 (Rupees)	2010 (Rupees)
Operating fixed assets	4.1	259,902,510	238,272,713
Capital work in progress	4.4	18,493,013	28,385,196
		<u>278,395,523</u>	<u>266,657,909</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, 2009	3,400,000	31,449,668	2,500,000	241,267,921	5,588,728	1,762,497	1,378,976	18,892,062	306,239,852
Additions	-	89,900,623	-	3,401,765	979,484	527,879	176,232	1,849,000	96,834,983
Disposals	-	-	-	-	-	-	-	(1,647,863)	(1,647,863)
Balance as at June 30, 2010	3,400,000	121,350,291	2,500,000	244,669,686	6,568,212	2,290,376	1,555,208	19,093,199	401,426,972
Balance as at July 01, 2010	3,400,000	121,350,291	2,500,000	244,669,686	6,568,212	2,290,376	1,555,208	19,093,199	401,426,972
Additions	1,523,000	11,957,957	-	34,331,432	2,070,040	527,624	865,950	243,199	51,519,202
Disposals	-	-	-	(2,351,460)	-	-	-	(7,991,696)	(10,343,156)
Balance as at June 30, 2011	4,923,000	133,308,248	2,500,000	276,649,658	8,638,252	2,818,000	2,421,158	11,344,702	442,603,018
IMPAIRMENT									
Balance as at July 01, 2009	-	-	-	3,904,665	-	-	-	-	3,904,665
Charge for the year	-	-	-	-	-	-	-	-	-
On disposals	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2010	-	-	-	3,904,665	-	-	-	-	3,904,665
Balance as at July 01, 2010	-	-	-	3,904,665	-	-	-	-	3,904,665
Charge for the year	-	-	-	-	-	-	-	-	-
On disposals	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2011	-	-	-	3,904,665	-	-	-	-	3,904,665
DEPRECIATION									
Balance as at July 01, 2009	561,150	19,369,590	125,000	110,402,714	1,539,727	530,378	612,220	9,013,705	142,154,484
Charge for the year	34,000	1,946,917	237,500	12,829,949	415,367	140,259	255,771	2,114,746	17,974,509
On disposals	-	-	-	-	-	-	-	(879,399)	(879,399)
Balance as at June 30, 2010	595,150	21,316,507	362,500	123,232,663	1,955,094	670,637	867,991	10,249,052	159,249,594
Balance as at July 01, 2010	595,150	21,316,507	362,500	123,232,663	1,955,094	670,637	867,991	10,249,052	159,249,594
Charge for the year	36,587	10,062,349	213,750	12,990,803	543,566	196,185	310,905	1,334,254	25,688,399
On disposals	-	-	-	(1,507,409)	-	-	-	(4,634,741)	(6,142,150)
Balance as at June 30, 2011	631,737	31,378,856	576,250	134,716,057	2,498,660	866,822	1,178,896	6,948,565	178,795,843
CARRYING AMOUNT - 2010	2,804,850	100,033,784	2,137,500	117,532,358	4,613,118	1,619,739	687,217	8,844,147	238,272,713
CARRYING AMOUNT - 2011	4,291,263	101,929,392	1,923,750	138,028,936	6,139,592	1,951,178	1,242,262	4,396,137	259,902,510
RATE OF DEPRECIATION (%)	1%	10%	10%	10%	10%	10%	30%	20%	

	Note	2011 (Rupees)	2010 (Rupees)
4.2 Depreciation has been charged to:			
Cost of sales	19	23,381,579	14,810,866
Selling and distribution expenses	20	1,085,301	1,860,434
Administrative and general expenses	21	1,221,519	1,303,209
		<u>25,688,399</u>	<u>17,974,509</u>

4.3 Detail of disposal of fixed Assets

Detail of operating assets sold are as follows

Particulars	Original cost (Rupees)	Accumulated depreciation (Rupees)	Written down value (Rupees)	Sales proceeds (Rupees)	Profit/(loss) (Rupees)	Sold to	Mode of disposal
Vehicles	901,000	568,754	332,246	350,000	17,754	Mr. Siddique Ahmed	Negotiation
"	901,000	566,732	334,268	327,369	(6,899)	Mr. Kamran	Negotiation
"	1,247,500	1,035,910	211,590	250,000	38,410	Mr. Syed Umair	Negotiation
"	631,352	265,369	365,983	385,000	19,017	Mr. Khadim Hussain	Negotiation
"	955,000	369,923	585,077	610,000	24,923	Mr. Shahid Jamal	Negotiation
"	955,000	372,267	582,733	610,000	27,267	Mr. Farhan Zakiuddin Khan	Negotiation
"	390,000	231,832	158,168	163,800	5,632	Mr. Tariq Khan	Negotiation
"	398,425	184,651	213,774	235,000	21,226	Mr. Abdul Rauf	Negotiation
"	172,080	6,979	165,101	180,000	14,899	Mr. Habib ur Rehman	Negotiation
"	341,500	281,741	59,759	100,000	40,241	Mr. Tasawar Hussain	Negotiation
"	341,500	276,421	65,079	100,000	34,921	Mr. Shakil Ahmed	Negotiation
"	112,159	8,817	103,342	150,000	46,658	Mr. Saeed ur Rehman	Negotiation
Machinery	1,334,042	595,651	738,391	770,000	31,609	Mr. Syed Ali Furqan Naqvi	Negotiation
"	1,017,418	911,758	105,660	200,000	94,340	Mr. Mirza M. Farooq	Negotiation
Items having book value of less than Rs. 50,000 each	645,180	465,345	179,835	205,500	25,665	Various	Various
June 30, 2011	10,343,156	6,142,150	4,201,006	4,636,669	435,663		
June 30, 2010	1,647,863	879,399	768,464	1,117,873	349,409		

4.4 Capital Work In Progress

The CWIP comprise the following:

Civil Works	8,787,363	14,130,735
Plant & Machinery	9,705,650	7,731,461
Advances to contractors/suppliers		
- Leasehold land	-	6,523,000
	<u>18,493,013</u>	<u>28,385,196</u>

5. Intangible Assets - Software**Cost**

Balance as at July 01, 2010	2,353,700	-
Additions	40,000	2,353,700
Balance as at June 30, 2011	<u>2,393,700</u>	<u>2,353,700</u>

Amortization

Balance as at July 01, 2010	784,567	-
Charge for the year	5.1 797,900	784,567
Balance as at June 30, 2011	<u>1,582,467</u>	<u>784,567</u>

Carrying amount as at June 30, 2011

811,233 1,569,133

	Note	2011 (Rupees)	2010 (Rupees)
5.1 Amortization for the year has been allocated as under:			
Cost of sales	19	265,967	261,522
Selling and distribution expenses	20	265,966	261,522
Administrative and general expenses	21	265,967	261,523
		<u>797,900</u>	<u>784,567</u>
6. Stock-in-Trade			
Raw & packing materials			
- in hand		128,159,031	70,700,595
- in transit		30,845,723	17,654,919
Work-in-process		15,059,487	10,884,592
Finished goods		106,651,344	20,681,170
		<u>280,715,585</u>	<u>119,921,276</u>
7. Loans and Advances			
Loan - secured and considered good			
Employees		1,757,662	531,009
Advances - unsecured & considered good			
Suppliers		1,390,135	4,842,794
Collector of Customs		3,766,893	-
Others		315,449	192,000
		<u>7,230,139</u>	<u>5,565,803</u>
8. Deposits and Short term Prepayments			
Deposits		635,000	549,950
Short term prepayments		176,867	2,852
		<u>811,867</u>	<u>552,802</u>
9. Taxation			
Income tax			
- advance		15,342,050	7,681,678
- refunds due from government		10,629,499	4,604,981
Sales tax		2,886,615	2,886,615
		<u>28,858,164</u>	<u>15,173,274</u>
10. Cash and Bank Balances			
In hand		186,789	294,412
At bank in current accounts		2,154,038	174,811
		<u>2,340,827</u>	<u>469,223</u>
11. Issued, Subscribed and Paidup Capital			
Ordinary shares of Rs. 10/- each			
		2011	2010
		3,000,000	3,000,000
		900,000	900,000
		<u>3,900,000</u>	<u>3,900,000</u>
		30,000,000	30,000,000
		9,000,000	9,000,000
		<u>39,000,000</u>	<u>39,000,000</u>
12. Deferred Liabilities			
Gratuity	12.1	16,191,772	15,332,735
Deferred taxation	12.2	40,205,000	35,500,000
		<u>56,396,772</u>	<u>50,832,735</u>

	Note	2011 (Rupees)	2010 (Rupees)
12.1 Gratuity			
Opening net liability		15,332,735	13,319,852
Expense for the year		4,547,682	4,781,806
		<u>19,880,417</u>	<u>18,101,658</u>
Benefits paid		(3,688,645)	(2,768,923)
Closing net liability		<u>16,191,772</u>	<u>15,332,735</u>
Charge for / (Income from) the Defined Benefit Plan			
Current service cost		2,106,227	2,230,702
Interest cost		2,441,455	1,651,813
Recognised actuarial losses		-	899,290
		<u>4,547,682</u>	<u>4,781,805</u>
Reconciliation			
Present value of obligation		16,191,772	15,332,735
Closing net liability		<u>16,191,772</u>	<u>15,332,735</u>

12.1.1 Historical Information

	2011	2010	2009	2008	2007
Present value of defined benefit obligation	16,191,772	15,332,735	13,319,852	11,246,804	7,620,050
Fair value of plan assets	-	-	-	-	-
Surplus / (deficit) in the plan	16,191,772	15,332,735	13,319,852	11,246,804	7,620,050
Unrecognised actuarial gain / (loss)	-	-	-	-	-
(Asset) / liability in balance sheet	<u>16,191,772</u>	<u>15,332,735</u>	<u>13,319,852</u>	<u>11,246,804</u>	<u>7,620,050</u>
Experience adjustment arising on plan liabilities (gain) / loss	-	-	-	-	-
Experience adjustment arising on plan assets gain / (loss)	-	-	-	-	-

12.2 Deferred taxation

The liability for deferred taxation comprises of timing difference relating to:

Accelerated tax depreciation	44,753,413	40,317,118
Provision for gratuity	(4,547,682)	(4,798,481)
	<u>40,205,731</u>	<u>35,518,637</u>

12.2.1 Provision for deferred tax has been rounded off to Rs. 40.205 million (2010: Rs. 35.50 million)

13. Due to Directors

This represents mark up free loans from directors.

14. Long Term Finance - Secured

	Installment payable	Repayment period	Mark-up rate	Note		
Diminishing musharakah arrangements						
Meezan Bank Limited	monthly	2011-14	2% above 6 months KIBOR	14.1	14,705,531	-
Less: Current portion shown under current liabilities						
Meezan Bank Limited					(5,509,584)	-
					<u>9,195,947</u>	<u>-</u>

14.1 Islamic finance under diminishing musharakah is secured by a first exclusive charge over particular machinery of the company.

	Note	2011 (Rupees)	2010 (Rupees)
15. Trade and Other Payable			
Creditors		52,412,661	62,774,909
Accrued expenses		5,843,693	2,800,241
Retention money		3,252,726	5,702,043
Workers' welfare fund		823,703	886,128
Workers' profit participation fund	15.1	2,167,640	2,341,125
Unclaimed dividend		477,313	456,535
Sales tax payable		2,572,417	1,471,752
Advances from customers	15.2	50,935,224	1,835,411
Others		352,503	-
		<u>118,837,880</u>	<u>78,268,144</u>
15.1 Workers' Profit Participation Fund			
Balance at the beginning of the year		2,341,125	449,074
Interest on the funds utilized @ 16% (2010: 16%) Per annum		188,829	58,277
Allocation for the year		2,167,640	2,341,125
		<u>4,697,594</u>	<u>2,848,476</u>
Payments		(2,529,954)	(507,351)
Balance at the end of the year		<u>2,167,640</u>	<u>2,341,125</u>

15.2 Advance from customers include Rs. 49,305,408 (2010: Rs. 1,438,724) which are due to related parties.

16. Short Term Bank Finances - Secured

Running finance	16.1	49,650,678	914,162
Murabaha finance	16.2	114,148,018	61,418,220
		<u>163,798,696</u>	<u>62,332,382</u>

16.1 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. 50 million (2010: Rs. 50 million) at a markup ranging from 37 to 40 paisas (2010: 37 to 38 paisas) per 1,000 rupees per day.

16.2 This represent murabaha finance obtained under profit arrangements and are secured against hypothecation of moveable fixed assets and hypothecation of current Assets of the Company. The Company enjoys a total facility of Rs. 130 million (2010: Rs. 100 million) at a profit rate ranging from 34 to 38 paisas (2010: 33 to 35) per 1,000 rupees per day.

17. Contingencies & Commitments

17.1 Contingencies:

17.1.1 Contingent liability in respect of guarantee and counter guarantee as at June 30, 2011 was Rs. 6.69 million (2010: Rs. 6.69 million). Out of this Rs. 5 million (2010: Rs. 5 million) represents surety provided in relation to defending a trade mark in the High Court for Rs. 42 million (2010: 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.

17.1.2 The Company is defending a law suit amounting to Rs. 2.89 million (2010: Rs. 2.89 million) in respect of input sales tax claim disallowed by the tax authorities. The case is pending at the High Court. The management is hopeful that the same will be allowed, as such no provision has been in these financial statements.

17.2 Commitments:

17.2.1 The company has letter of credit commitments for purchases amounting to Rs. 44.48 million (2010: Rs. 56.69 million)

17.2.2 The company has letter of credit and other commitments for capital expenditures amounting to Rs. 1.65 million (2010: Rs. 42.82 million)

17.2.3 The company has commitments in respect of Ijarah as follows:

	Note	2011 (Rupees)	2010 (Rupees)
More than one year but less than 3 years		39,507,524	32,491,311
Less than one year		39,387,819	16,237,939
		<u>78,895,343</u>	<u>48,729,250</u>
18. Net Sales			
Sales - local		982,330,879	777,532,381
Sales tax and excise duties		(153,041,721)	(117,264,987)
		<u>829,289,158</u>	<u>660,267,394</u>
Sales - export		611,919	863,615
		<u>829,901,077</u>	<u>661,131,009</u>
19. Cost of Sales			
Raw & packaging materials consumed	19.1	543,703,546	359,400,697
Other costs			
Salaries, wages and benefits	19.2	56,616,763	41,026,483
Fuel and power		34,347,481	18,275,797
Stores and spares consumed		12,250,806	4,939,428
Depreciation	4.2	23,381,579	14,810,866
Amortization	5.1	265,967	261,522
Repairs and maintenance		6,280,431	5,611,409
Traveling and conveyance		1,933,606	1,583,967
Ijarah		28,473,989	-
Rents, rates and taxes		230,000	2,136,356
Insurance		4,083,379	1,714,754
Freight and octroi		272,649	78,008
Printing and stationery		343,754	449,397
Postage, telegram and telephone		630,672	599,452
Legal and professional		1,003,400	823,426
Others		374,711	450,135
		<u>170,489,187</u>	<u>92,761,000</u>
Opening Inventory of work in process		10,884,592	5,352,910
Closing Inventory of work in process		(15,059,487)	(10,884,592)
		<u>710,017,838</u>	<u>446,630,015</u>
Opening Inventory of finished goods		20,681,170	36,635,159
Closing Inventory of finished goods		(106,651,344)	(20,681,170)
		<u>624,047,664</u>	<u>462,584,004</u>
19.1 Raw & Packaging Material Consumed			
Opening stock		70,700,595	65,292,321
Purchases		601,161,982	364,808,971
		<u>671,862,577</u>	<u>430,101,292</u>
Closing stock		(128,159,031)	(70,700,595)
		<u>543,703,546</u>	<u>359,400,697</u>

19.2 This includes Rs. 3,459,988 (2010: Rs. 3,048,901) in respect of retirement benefits.



	Note	2011 (Rupees)	2010 (Rupees)
20. Selling and Distribution Expenses			
Salaries and other benefits	20.1	36,924,439	39,378,308
Traveling and conveyance		16,861,013	12,885,721
Depreciation	4.2	1,085,301	1,860,434
Amortization	5.1	265,966	261,522
Advertisement and sales promotion		56,064,607	58,745,290
Postage, telegram and telephone		1,213,640	1,053,635
Vehicle repair and maintenance		2,810,736	3,899,167
Rents, rates and taxes		460,320	712,128
Insurance		266,390	247,698
Freight and octroi		12,543,384	7,383,544
Legal and professional		2,316,000	2,038,700
Others		526,412	528,462
		<u>131,338,208</u>	<u>128,994,609</u>
20.1 This includes Rs. 2,257,179 (2010: Rs. 2,100,286) in respect of retirement benefits			
21. Administrative and General Expenses			
Salaries and other benefits	21.1	7,432,999	6,524,747
Repairs and maintenance		1,357,244	841,615
Depreciation	4.2	1,221,519	1,303,209
Amortization	5.1	265,967	261,523
Traveling and conveyance		938,253	241,330
Postage, telegram and telephone		447,237	366,511
Rent, rates and taxes		1,198,376	1,039,464
Insurance		441,272	402,878
Electricity		339,178	268,856
Printing and stationery		727,948	1,715,314
Legal and professional		798,016	261,850
Security		285,950	482,354
Fees and subscription		191,014	228,529
Others		53,005	183,500
		<u>15,697,978</u>	<u>14,121,680</u>
21.1 This includes Rs. 596,014 (2010: Rs. 840,063) in respect of retirement benefits			
22. Other Operating Expenses			
Auditors' remuneration	22.1	315,000	300,000
Charity and donations	22.2	1,320,000	100,000
Workers' profit participation fund - Current	15.1	2,167,640	2,341,125
Workers' profit participation fund - Prior		-	175,000
Workers' welfare fund - Current		823,703	886,128
		<u>4,626,343</u>	<u>3,802,253</u>
22.1 This includes:			
Annual audit fee		250,000	250,000
Half yearly review fees		45,000	30,000
Compliance with corporate governance review fee		20,000	20,000
		<u>315,000</u>	<u>300,000</u>
22.2 The directors or their spouses have no interest in the donation made during the year			
23. Other Operating Income			
Gain on disposal of fixed assets	4.3	435,663	349,409
Others		1,066,233	297,798
		<u>1,501,896</u>	<u>647,207</u>
24. Finance Costs			
Mark-up / profit on short term bank finances		14,325,720	8,383,809
Interest on WPPF	15.1	188,829	58,277
Rent on diminishing musharakah		418,218	-
Bank charges		398,547	413,336
		<u>15,331,314</u>	<u>8,855,422</u>

	Note	2011 (Rupees)	2010 (Rupees)
25. Taxation			
Current		9,375,000	3,308,656
Prior		(4,258,358)	2,476,701
Deferred		4,705,000	15,500,000
		<u>9,821,642</u>	<u>21,285,357</u>
25.1 Relationship between Tax Expense and Accounting Profit			
Profit before taxation		<u>40,361,466</u>	<u>43,420,248</u>
Corporate tax rate		35%	35%
Tax on accounting profit		14,126,513	15,197,087
Tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes		(40,394)	3,620,225
Tax effect on exports under final tax regime		(6,119)	(8,656)
Effect of change in prior years' tax		<u>(4,258,358)</u>	<u>2,476,701</u>
Tax charge		<u>9,821,642</u>	<u>21,285,357</u>
26. Earning Per Share - Basic & Diluted			
Profit after taxation		<u>30,539,824</u>	<u>22,134,891</u>
Number of ordinary shares		<u>3,900,000</u>	<u>3,900,000</u>
Basic earnings per share		<u>7.83</u>	<u>5.68</u>

27. 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:

	2011				2010			
	Chief Executive	Executive Director	Executives	Total	Chief Executive	Executive Director	Executives	Total
Emoluments	-	-	5,020,804	5,020,804	-	-	3,291,286	3,291,286
House rent allowance	-	-	2,259,363	2,259,363	-	-	1,481,087	1,481,087
Utilities	-	-	502,078	502,078	-	-	329,128	329,128
Gratuity	-	-	684,450	684,450	-	-	1,262,530	1,262,530
Provident fund	-	-	389,082	389,082	-	-	257,694	257,694
Other benefits	-	-	907,093	907,093	-	-	458,502	458,502
	-	-	<u>9,762,870</u>	<u>9,762,870</u>	-	-	<u>7,080,227</u>	<u>7,080,227</u>
No. of persons	1	1	6	8	1	0	4	5

27.1 Chief executive, executive director and some senior executives are provided with free use of cars owned and maintained by the Company and some other benefits in accordance with the Company policy.

27.2 Chief executive and executive director have not drawn any remuneration from the Company.

28. Transactions with Related Parties

Related parties comprise of associated undertakings, employees provident fund, directors and key management personnel of the Company. There are no transactions with key management personnel other than under the terms of employment. Details of transactions with related parties during the period were as follows:

Relationship	Nature of transactions	Note	2011 (Rupees)	2010 (Rupees)
Associated companies	Sale of goods		772,680,764	619,136,749
Staff retirement funds	Contribution to employees provident fund		1,765,806	1,602,418

29. Capacity and Production

The capacity and production of the Company's manufacturing facility is undeterminable as it is a multi product plant involving varying processes of manufacture.

30. Summarized working Result by Line of Business

	2011			2010		
	Dental care	Baby care	Total	Dental care	Baby care	Total
Sales	150,942,937	678,958,140	829,901,077	132,686,150	528,444,859	661,131,009
Cost of sales	(127,432,350)	(496,615,314)	(624,047,664)	(108,927,155)	(353,656,849)	(462,584,004)
Gross profit	23,510,587	182,342,826	205,853,413	23,758,995	174,788,010	198,547,005
Selling and distribution expenses	(23,640,877)	(107,697,331)	(131,338,208)	(23,219,029)	(105,775,580)	(128,994,609)
Administrative and general expenses	(2,825,636)	(12,872,342)	(15,697,978)	(2,613,902)	(11,907,778)	(14,521,680)
Operating profit / (loss)	(2,955,926)	61,773,153	58,817,227	(2,073,936)	57,104,652	55,030,716

31. Financial Instruments and Related Disclosures

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
- Fair value of financial assets and liabilities
- Capital Risk management

31.1 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:

Trade debtors	4,583,368	4,887,799
Loans and advances	7,230,139	5,565,803
Deposits and other receivables	635,000	642,950
Cash and bank balances	2,340,827	469,223

31.1.1 The maximum exposure to credit risk for trade debts amounting to Rs. 4.58 million (2010: Rs. 4.89 million), at the balance sheet date by geographic region is as follows:

Domestic	4,583,368	4,887,799
Export	-	-
	<u>4,583,368</u>	<u>4,887,799</u>

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

	Note	2011 (Rupees)	2010 (Rupees)
Distributor / Wholeseller		4,376,448	4,708,016
End-user customers		206,920	179,783
		<u>4,583,368</u>	<u>4,887,799</u>

31.1.3 Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors past due upto one year do not require any impairment and no impairment allowance is necessary in respect of remaining portion of past due over one year.

31.2 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 following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	2011					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Trade and other payables	118,837,880	(118,837,880)	(118,837,880)	-	-	-
Short term bank finances	163,798,696	(163,798,696)	(163,798,696)	-	-	-
	<u>282,636,576</u>	<u>(282,636,576)</u>	<u>(282,636,576)</u>	<u>-</u>	<u>-</u>	<u>-</u>

	2010					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Trade and other payables	78,268,144	(78,268,144)	(78,268,144)	-	-	-
Short term bank finances	62,332,382	(62,332,382)	(62,332,382)	-	-	-
	<u>140,600,526</u>	<u>(140,600,526)</u>	<u>(140,600,526)</u>	<u>-</u>	<u>-</u>	<u>-</u>

31.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is not exposed to any market risk.

31.3.1 Interest Rate Risk

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

31.3.2 Foreign Exchange Risk

Foreign exchange risk is the risk of loss through change in foreign exchange rates. The Company is exposed to foreign exchange due to transactions denominated in foreign currencies.

31.4 Fair value of financial assets and liabilities

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

31.5 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.

32. 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.

32.1 Trade Debtors

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

32.2 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.

32.3 Defined retirement benefit scheme

The Company operates an unfunded gratuity scheme for all its permanent employees. Estimates of liability in respect of staff retirement gratuity (3.4.2.1)

32.4 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.

32.5 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.

32.6 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.

33. Corresponding Figures

Certain corresponding figures have been reclassified / rearranged for the purpose of better presentation. The summary of material reclassification are as follows:

Notes	Reclassification		Nature	Rupees
	From	To		
21	Administrative and general expenses	Other Operating expenses	Reclassification of Auditor's remuneration	315,000
21	Administrative and general expenses	Other Operating expenses	Reclassification of Charity & Donation	100,000

34. Subsequent Event

The Board of Directors in their meeting held on September 20, 2011 have proposed 10% Dividend for the year ended June 30, 2011, amounting to Rs. 3.90 million for approval of the shares holders of the Company in the Annual General Meeting to be held on October 25, 2011.

35. Authorisation of Financial Statements and Appropriations

These financial statements were authorised for issue on September 20, 2011 by the Board of Directors.

36. General

Figures have been rounded off to the nearest rupee.



M. Haroon Qassim
Managing Director



Vali Muhammad A. Habib
Director

NOTICE OF THE MEETING

Notice is hereby given that the 40th Annual General Meeting of the Shareholders of the Company will be held on Tuesday October 25, 2011 at 3:00 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 the last Extra Ordinary General Meeting held on April 29, 2011.
2. To receive, consider and adopt the audited Financial Statements for the year ended June 30, 2011 along with Auditors' and Directors' report thereon.
3. To consider & approve the 10% Dividend as approved by the Board of Directors.
4. To appoint Auditors of the Company for the year ending June 30, 2012 and fix their remuneration.

B. SPECIAL BUSINESS

5. To consider, and if thought fit, to pass the following resolution as a special resolution:
 "Resolved that the Authorised Capital of the Company be increased to Rs. 150,000,000/- (Rupees One hundred and fifty million) by creation of 5 million ordinary shares of Rs. 10/- each" and that:
 - a. Clause 5 of the Memorandum of Association of the Company be and is hereby amended to read as follows:
 "The Share Capital of the Company is Rs. 150,000,000 (Rupees One hundred and fifty million) divided into 15,000,000 Ordinary shares of Rs. 10/- each."
 - b. Clause 4 of the Articles of Association of the Company be and is hereby amended to read as follows:
 "The Share Capital of the Company is Rs. 150,000,000 (Rupees One hundred and fifty million) divided into 15,000,000 Ordinary shares of Rs. 10/- each."
6. 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 20, 2011

Statement under Section 160(1)(b) of the Companies Ordinance, 1984:

This statement is annexed to the Notice of the Annual General Meeting of Shield Corporation Limited to be held on October 25, 2011 at which certain special business to be transacted. The purpose of this statement is to set forth the material facts concerning such special business.

ITEM NO 5 OF THE AGENDA

In order to issue shares in future, the Board of Directors has proposes to the members of the company to approve an increase of authorised share capital of Shield Corporation Limited to Rs. 150,000,000/- by creation of 5 million ordinary shares of Rs. 10/- each. The directors of the Company have no interest directly or indirectly in the special resolution to the extent that they are members of the Company.



Notes:

1. The share transfer book of the Company will remain closed from 19-10-2011 to 25-10-2011 (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 at the Meeting on him/her behalf. Instrument appointing Proxy must be deposited at the registered office of the Company not less than 48 hours before the time of holding the meeting.
 3. Members are requested to communicate to the Company of any change of their address.
 4. CDC Account Holders will further have to follow the under mentioned 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
 5. 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 in the district 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 40th Annual General
Meeting of the Company to be held on Tuesday October 25, 2011 and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____, 2011

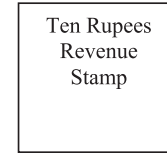
Signed in the presence of:

(Signature of Witness 1)
Name:
CNIC No:

					-									-	
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(Signature of Witness 2)
Name:
CNIC No:

					-									-	
--	--	--	--	--	---	--	--	--	--	--	--	--	--	---	--



(Name in Block Letters)
Folio No.

Signature of the Shareholder

- Notes:
1. Member is requested:
 - a) to affix Revenue Stamp of Rs 10/- at the place indicated above
 - b) to sign in the same style of signature as registered with the Company.
 - c) to write down his/her Folio Number.
 2. For the appointment of the above proxy to be valid, this instrument of 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.
 3. Any alteration made in this instrument of proxy should be initialed by the person who signs it.
 4. 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.
 5. 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:
1. The proxy must be witnessed by two persons whose names addresses and CNIC shall be mentioned on the form.
 2. Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 3. The proxy shall produce his/her original CNIC or Passport at the time of meeting.
 4. In case of corporate entity, the Board of Directors resolution/power of attorney with the specimen signature shall be submitted (unless it has been provided earlier) 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-75400, Pakistan.
Website: www.shield.com.pk, Email: mail@shield.com.pk