9 Inch

Bringing More Smiles

annual report '12

Shield®

Shield Corporation Limited

[An ISO 9001 and ISO 14001 certified company]

9 Inch

to be alive
in to
totally
and
Openly
participate
in the
Simplicity
and elegance
of
here and now

Donald Altman


annual report '12
Shield®

Optimism is the faith that leads to Achievement

Helen keller

Contents

be true
to who
you are

History

of spreading smiles

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.

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

Vision

spreading smiles

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.

Mission

spreading smiles

New & Improved Toothpaste

Newer Smiles

Shield®

New Shield toothpaste! For healthier teeth & newer smile.
Calcium fluoride toothpaste,
available in CINNAMON and PEPPERMINT

Fights Cavities, Removes Plaque, Freshens Breath

ہنسو . . . ذرا اور کِھلکھلا کے


Shield®
CALCIUM FLUORIDE TOOTHPASTE
Peppermint
STRONGER TEETH HEALTHIER GUMS
Shield®
CALCIUM FLUORIDE TOOTHPASTE
Cinnamon
STRONGER TEETH HEALTHIER GUMS
100 gm
Fights Cavities, Removes Plaque, Freshens Breath

LEADING THE NATION IN
Shield
ZOO FEEDER
Shield
Soother
Odorless, tasteless, non-toxic, soft & supple
Shield
SUPER SOFT
Change your toothbrush EVERY 3 MONTHS
giggles
Making brush time FUN TIME
Funtoo
BLESSINGS
BLESSINGS
NON-SPILL
Shield
CALCIUM FLUORIDE TOOTHPASTE
Peppermint
STRONGER TEETH HEALTHIER GUMS
Fights Cavities, Removes Plaque, Freshens Breath
100 gm

ORALCARE AND BABYCARE

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

Human Resourse & Remuneration Committee

Mr. Muhammad Hanif Janoo	Chairman
Mr. Vali Muhammad A. Habib	Member
Mr. M. Haroon 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 Registration Office	Central Depository Company of Pakistan CDC House, Shahrah-e-Faisal, Karachi.
Registered Office	509, Business Avenue, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi.
Factory	Plot No. 368/4 & 5, Landhi Industrial Area Baldia Road, Karachi.
Email & URL	mail@shield.com.pk www.shield.com.pk

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors of Shield Corporation Limited are pleased to present the annual report along with the audited financial statements and report on Shield's management endeavors for the year ended June 30, 2012. The performance highlights are:

Financial Performance

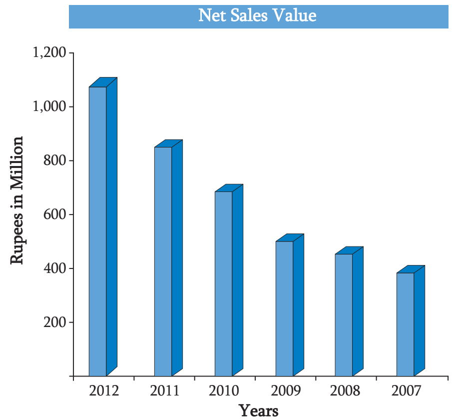
	2012 (Rupees)	2011 (Rupees)
Sales	1,061,000,021	829,901,077
Profit after Taxation	37,443,822	30,539,824
Un-appropriated Profit Brought Forward	72,571,134	45,931,310
Profit Available for Appropriation	110,014,956	76,471,134
Basic Earnings Per Share	9.60	7.83

1. We are delighted to inform the shareholders that by the grace of God, your company has made history by successfully concluding this year with a sales turnover of Rs. 1.06 billion, an increase of 28% over the previous year sales.

2. This also means a post-tax profit increase of 23% over last year. This signifies the fact that how the company responded to the challenge of improving the profitability despite significant increase in cost on all the fronts from utilities to management.

3. Execution and accomplishment of this impressive performance owes to the strategic decisions taken by your management during the year which helped your company to increase the sales to this level. Some decisions paid back quickly and some will pay in the longer term.

4. The Board of Directors feels delighted to announce 15% dividend for this financial year.



Our Business Diversity

Shield Corporation Limited was established in 1975 (with its former name Transpak Corporation Limited) & by virtue of its competent team & diversified range of products Shield® is the leader in Oral and Baby Care segment of Pakistan.

All our products are manufactured on processes consistent with sophisticated European Technologies fully complying with the International Standards. Raw materials are imported from America and Europe, compliant with FDA and certified from their reputed suppliers.

Baby Care

Baby care portfolio constitutes two brands; Shield® and BLESSINGS®. Shield baby care covers products range and accessories that are economically affordable while Blessings offers premium baby toiletries, feeding range and accessories.

Thus, we can proudly claim that Shield® is the market leader in Pakistan when it comes to baby feeding products.

Oral Care

Shield® Oral care portfolio includes a diverse range of toothbrushes and toothpaste customized for individual needs. Shield® toothbrushes range from basic low price toothbrushes ANGULAR® & BIO-JUNIOR® to Pakistan's only Antibacterial toothbrush with silver coated filaments ANTIBAC®.

Shield®

Shield® has also entered into premium kid's toothbrush category with GIGGLES® and FUNTOO® and specialized adult toothbrush having gum-massagers with GUMPRO®. Our range and quality is instrumental in helping us to hold the spot amongst highest selling brands of tooth brushes in Pakistan. Shield® toothbrushes range also hold the distinction of being the only range of toothbrushes which use DuPont's nylon filaments in Pakistan. Shield® toothpaste is available nationwide with two distinctly beneficial flavors; Cinnamon and Peppermint, competing against several multi-national and local family toothpaste brands. Recently, the toothpaste has been re-launched in new and effective packaging which has been appreciated by the consumer.

Management Objectives / Strategies / Threats and Opportunities of Market Trends

Your management is determined and clear-headed on keeping the leadership position in oral and baby care product segments; InshaALLAH. In baby care we are head and shoulders above the competition but in Oral care, we are striving to recapture our lost leadership position. In oral care, there are two product lines, toothbrush and toothpaste. In toothbrush, Shield® is one of the largest selling brands. In toothpaste, we have a long way to go.

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

Your management had put lot of resources in baby diaper segment, but due to cost competitiveness and low margins, your management has decided to reprioritize this category on the agenda. This decision was taken after careful consideration of the current market situation and long term impact on your company.

Core Changes – Plans and Strategies

For last two decades, Shield® has shown a success track record and launched a variety of Quality Products and set new milestones in the market with an ultimate objective of 'Care'. For that reason, all the intermediaries have always shown a satisfactory trend with the operations and marketing activities of the company.

Presently, the management is aggressively heading towards new frontiers. Bringing new technologies, introducing new categories for consumers and introducing Pakistan as a reputable name in International markets.

Human Resource Management

Your management has recently organized its human resource department with a full time resource person who is looking after the development of Shield's human capital that certainly has contributed as you can see that your company has gone into billion rupees sales and to keep up the pace, your company has set aggressive plans. It was imperative to optimally organize our human capital to attract best available talent which will take Shield® to new heights. Your management is confident that with this new department in full swing, the results will be ensured and looking at the future we also feel that your company will be able to face human resource challenges in a better way.

Corporate Sustainability

'Care' is the core of spirit, which has made Shield® a recognized household name in Pakistan. This approach has been the cardinal element of every managerial decision that has been incorporated at every step of the system which is directed towards the ultimate goal of 'Customer Care'. This "care-oriented" approach has been achieved through commitment to the principle of continuous improvement, understanding the consumer behavior and robust quality vigilance by our qualified quality personnel and technologists.

The management at Shield® firmly believes in doing business with a purpose. Shield® is always seeking opportunities to contribute towards society by supporting worthy causes and by carrying out activities, which add value to the lives of people coming in contact with the company in any capacity.

Further, fostering education and knowledge is the area of our increased focus, where management wants to play a meaningful role. A reasonable part of the marketing budget is allocated to support and conduct activities, which contribute towards betterment of education and knowledge especially for our youth. Besides, every care is taken in designing all corporate communication to ensure that we always uphold our cultural, social and moral values.

Your company has actively promoted "Adult Literacy". It was adult education under the title "Agahi Adult Literacy Program" launched by The Citizens Foundation along with National Foods, Shield Corporation, Literate Pakistan Foundation and USAID. A significant part of marketing budget is being spent on this initiative.

One of the key initiatives over last many years has been Annual Calendar, which have been widely sought out. Shield's calendar gives a learning lead at grass root. Every year your marketing team comes out with a concept which becomes a learning tool for children. As such Shield's calendar is always in greater demand especially by schools as well as cross section of our society.

The marketing philosophy at Shield® is an offshoot of the commitment towards good corporate citizenship. It believes that instead of adopting a run-of-mill marketing approach, it should aim to come up with new ideas, which not only help in achieving its marketing objectives, but also achieve broader social objectives. It aims to bring about a change in marketing communication by coming up with concepts, which are meaningful and promotes a behavioral change at the consumer level. Shield's 'Dentists Recommend Changing Your Toothbrush Every Three Months' is one example of such effort. Sponsoring school health programs, initiating awards and scholarships at schools, colleges and universities, supporting art and literature and providing help to selected Government hospitals and NGO's are some of the activities which occupy our agenda on priority.

Your company is celebrating World Oral Health Day since last 2 years on 12th September, in association with Pakistan Dental Association, Asia Pacific Dental Federation, Institute of Advance Dental Sciences and Research and Journal of Pakistan Dental Association World Oral Health Day aims to promote awareness on cosmetic value that your teeth and gum add to the personality and how oral health diseases can affect general health and wellbeing.

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

The key messages communicated during World Oral Health day include:

- The importance of nylon filaments in toothbrush which absorb moisture and do not damage your teeth.
- To encourage visit to dentists regularly.

Key elements of World Oral Health Day campaign by Shield® include:

- Dental checkups are conducted at major dental colleges and participants are provided with informative material.
- School Activities are conducted where children are briefed about the importance of oral hygiene and dental checkups will also be conducted.
- Interactive stalls are setup at shopping malls where dental checkups are conducted and informative material provided to everyone.

Corporate Vision & Mission

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

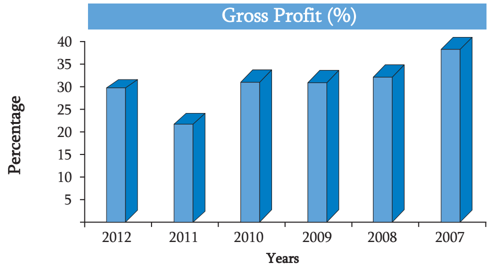
Capital Expenditure

The Company in current year has made investment in latest models of machines and moulds, utilities and building amounting Rs. 36.05 million helping the company to remain competitive. As explained earlier, to keep the leadership position it is imperative we keep investing judiciously in plant and machinery to ensure long term competitiveness and products innovation.

Exports

Your management is aggressively exploring export market. We are successful in exporting to Kuwait, Uganda, China and Afghanistan amounting to Rs. 6.19 million.

Key Performance Measures	2012	2011	2010
Gross Profit Margin (%)	28.64	24.80	30.03
Profit before tax (%)	4.19	4.86	6.57
Basic Earnings per Share (Rs.)	9.60	7.83	5.68
Return on Shareholders' Equity (%)	17.50	16.92	14.39



Corporate Governance

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

Board Meetings

During the year five (5) 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	4
Mr. M. Haroon Qassim	5
Mr. Vali Muhammad A. Habib	5
Mr. Muhammad Hanif Janoo	5
Ms. Saadia Butt Naveed	5
Mr. Muhammad Jamil Qassim	5
Mr. Muhammad Salman Qassim	5

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

Board Changes

There is no change in board during the year.

Pattern of Shareholding

Pattern of shareholding is annexed to this report.

The Directors, CEO, HOA, Company Secretary and CFO, their spouses and minor children did not carry out any trade in the shares of the Company.

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 three directors, out of which two are non-executive directors including the Chairman. 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 and all members of Audit Committee had attended four meetings.

Head of Audit (HOA)

The board, on the recommendation of Audit Committee, appointed Head of Audit as required by the Code of Corporate Governance, 2012.

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, 2013 at a fee to be mutually agreed.

Internal Auditors

The Internal Audit Function is outsourced to independent audit firm reporting to HOA & 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 note annexed to the financial statement.

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 unaudited accounts amounted to Rs. 11.07 millions.

j. The key operating and financial data for the last six years in summarized form is annexed.

Future Outlook

Pakistan has recently been placed in the 7th largest economies by the international world. The population base gives a significant impetus to Pakistan's economy. Despite the prevailing situation, we see flourishing consumption and aspiration by the consumer to buy well known brands.

Alhamdolillah, ***Shield***® as a brand has a very strong perception in the minds of the consumer. With this edge, we are confident that future is extremely bright for your company. Day to day challenges keep the management on its toes and the commitment level and confidence are bound to deliver the best.

We also feel that oral care category holds strong competition for your company and to strengthen this product category we have recently taken steps which will bear fruits in long run.

Moreover, your company has very aggressive plans to keep the dominance in baby care segments by bringing new technologies and products which can satisfy consumers' aspirations for high value brand. Though it is easier said than done, lot of planning, hard work, commitment and dedication of Shield's staff is funneled into it to keep ahead of the competition and maintain leadership position.

Acknowledgement

Your Company has emerged successfully through this year's stiff 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 also appreciate the continuous support of our valued customers and shareholders and we look forward to keep delivering successfully in the future.

On behalf of Board of Directors

M. Haroon Qassim
Managing Director

Karachi: September 10, 2012

KEY FINANCIAL DATA

SIX YEARS AT A GLANCE

	2012	2011	2010	2009	2008	2007
	Rupees					
Balance Sheet						
Paid up capital	39,000,000	39,000,000	39,000,000	30,000,000	30,000,000	30,000,000
Reserves & un-appropriated profit	175,014,956	141,471,134	114,831,310	101,696,419	99,878,432	98,606,754
Shareholders equity	214,014,956	180,471,134	153,831,310	131,696,419	129,878,432	128,606,754
Non-current laibilities	151,347,826	140,592,719	125,832,735	78,319,852	25,996,804	19,570,050
Current liabilities	265,885,604	300,815,924	146,301,373	148,217,947	144,241,898	142,724,481
Total liabilities	631,248,386	621,879,777	425,965,418	358,234,218	300,117,134	290,901,285
Non-current assets	288,275,357	292,063,020	275,583,756	207,354,965	154,781,634	125,250,513
Current assets	342,973,029	329,816,757	150,381,662	150,879,253	145,335,500	165,650,772
Total assets	631,248,386	621,879,777	425,965,418	358,234,218	300,117,134	290,901,285
Profit and Loss Account						
Sales	1,061,000,021	829,901,077	661,131,009	489,090,058	443,521,032	372,604,442
Cost of sales	757,080,081	624,047,664	462,584,004	342,278,520	301,785,595	228,023,712
Gross profit	303,919,940	205,853,413	198,547,005	146,811,538	141,735,437	144,580,730
Selling and distribution expenses	215,302,475	131,338,208	128,994,609	109,631,278	105,966,940	106,287,018
Administrative and general expenses	19,843,857	15,697,978	14,121,680	13,589,877	17,377,473	16,192,480
Other operating expenses	5,435,250	4,626,343	3,802,253	2,039,346	2,046,569	2,553,683
Other operating income	1,403,383	1,501,896	647,207	461,501	271,326	306,680
Operating profit	64,741,741	55,692,780	52,275,670	22,012,538	16,615,781	19,854,229
Finance costs	20,266,243	15,331,314	8,855,422	10,150,402	7,185,970	6,624,248
Profit before taxation	44,475,498	40,361,466	43,420,248	11,862,136	9,429,811	13,229,981
Taxation	7,031,676	9,821,642	21,285,357	7,044,149	3,658,133	4,000,000
Profit after taxation	37,443,822	30,539,824	22,134,891	4,817,987	5,771,678	9,229,981

HORIZONTAL ANALYSIS

Balance Sheet Analysis (%)	2012	2011	2010	2009	2008	2007
	Change from preceeding year					
Non-current assets	(1.30)	5.98	32.90	33.97	23.58	9.31
Current assets	3.99	119.32	(0.33)	3.81	(12.26)	80.62
Total assets	1.51	45.99	18.91	19.36	3.17	41.01
Share capital and reserves	18.59	17.32	16.81	1.40	0.99	3.82
Non-current liabilities	7.65	11.73	60.67	201.27	32.84	11.11
Current liabilities	(11.61)	105.61	(1.29)	2.76	1.06	120.24
Total equity and liabilities	1.51	45.99	18.91	19.36	3.17	41.01

Profit and Loss Account Analysis (%)

	Change from preceeding year					
Net sales	27.85	25.53	35.18	10.27	19.03	18.20
Cost of sales	21.32	34.90	35.15	13.42	32.35	22.64
Gross profit	47.64	3.68	35.24	3.58	(1.97)	11.81
Selling and distribution expenses	63.93	1.82	17.66	3.46	(0.30)	16.84
Administrative and general expenses	26.41	11.16	3.91	(21.80)	7.32	13.06
Other operating expenses	17.48	21.67	86.44	(0.35)	(19.86)	32.93
Other operating income	(6.56)	132.06	40.24	70.09	(11.53)	27.05
Operating profit	16.25	6.54	137.48	32.48	(16.31)	(11.13)
Finance costs	32.19	73.13	(12.76)	41.25	8.48	49.26
Profit before taxation	10.19	(7.04)	266.04	25.79	(28.72)	(26.10)
Taxation	(28.41)	(53.86)	202.17	92.56	(8.55)	(11.09)
Profit after taxation	22.61	37.97	359.42	(16.52)	(37.47)	(31.14)

VERTICAL ANALYSIS

	2012	2011	2010	2009	2008	2007
Balance Sheet Analysis (%)						
Non-current assets	45.67	46.96	64.70	57.88	51.57	43.06
Current assets	54.33	53.04	35.30	42.12	48.43	56.94
Total assets	100.00	100.00	100.00	100.00	100.00	100.00
Share capital and reserves	33.90	29.02	36.11	36.76	43.28	44.21
Non-current liabilities	23.98	22.61	29.54	21.86	8.66	6.73
Current liabilities	42.12	48.37	34.35	41.38	48.06	49.06
Total equity and liabilities	100.00	100.00	100.00	100.00	100.00	100.00

Profit and Loss Account Analysis (%)

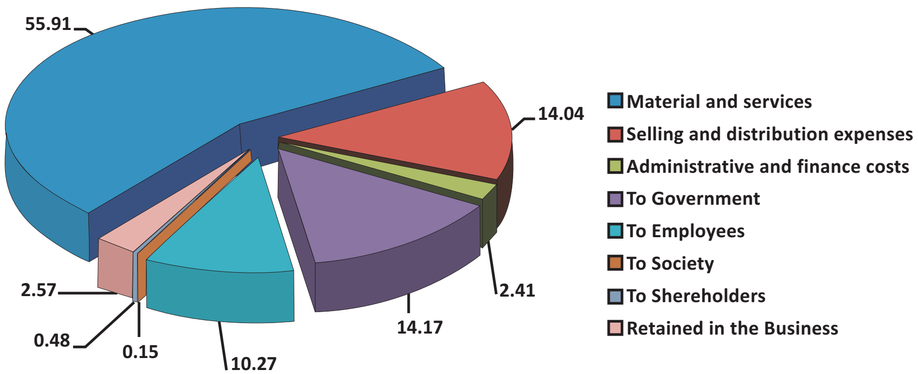
	2012	2011	2010	2009	2008	2007
Net sales	100.00	100.00	100.00	100.00	100.00	100.00
Cost of sales	71.36	75.20	69.97	69.98	68.04	61.20
Gross profit	28.64	24.80	30.03	30.02	31.96	38.80
Selling and distribution expenses	20.29	15.83	19.51	22.42	23.89	28.53
Administrative and general expenses	1.87	1.89	2.14	2.78	3.92	4.35
Other operating expenses	0.51	0.56	0.58	0.42	0.46	0.69
Other operating income	0.13	0.18	0.10	0.09	0.06	0.08
Operating profit	6.10	6.71	7.91	4.50	3.75	5.33
Finance costs	1.91	1.85	1.34	2.08	1.62	1.78
Profit before taxation	4.19	4.86	6.57	2.43	2.13	3.55
Taxation	0.66	1.18	3.22	1.44	0.82	1.07
Profit after taxation	3.53	3.68	3.35	0.99	1.30	2.48

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:

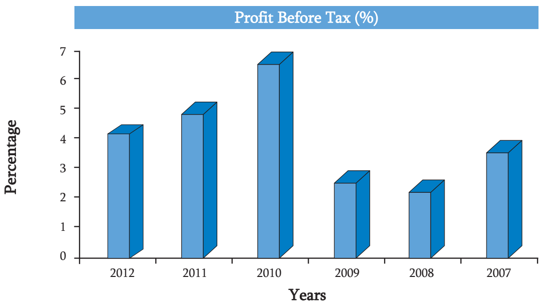
	2012 Rupees	2012 %	2011 Rupees	2011 %
Revenue Generated				
Total revenue	1,228,687,380	100.00	984,444,694	100.00
Revenue Distributed				
Material and services	686,918,681	55.91	567,430,901	57.64
Selling and distribution expenses	172,421,744	14.04	94,413,769	9.59
Administrative and finance costs	29,663,853	2.41	23,911,293	2.43
Income tax	7,031,676	0.57	9,821,642	1.00
Worker's welfare fund	907,663	0.07	823,703	0.08
Sales tax	166,283,976	13.53	153,041,721	15.55
To Government	174,223,315	14.17	163,687,066	16.63
Salaries, wages and other benefits	126,196,965	10.27	103,141,841	10.48
To Employees	126,196,965	10.27	103,141,841	10.48
Donations	1,819,000	0.15	1,320,000	0.13
To Society	1,819,000	0.15	1,320,000	0.13
Cash dividend *	5,850,000	0.48	3,900,000	0.40
To Shareholders	5,850,000	0.48	3,900,000	0.40
Retained in the Business	31,593,822	2.57	26,639,824	2.70
	1,228,687,380	100.00	984,444,694	100.00

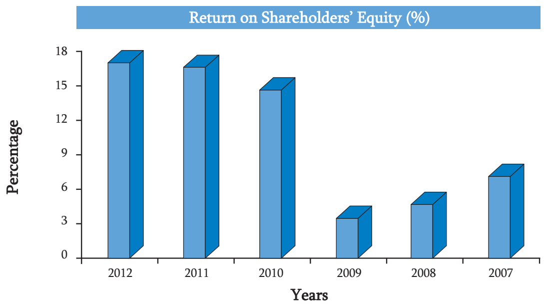
* Represents final cash dividend @ Rs. 1.5 per share proposed by the Board of Directors subsequent to the year end.



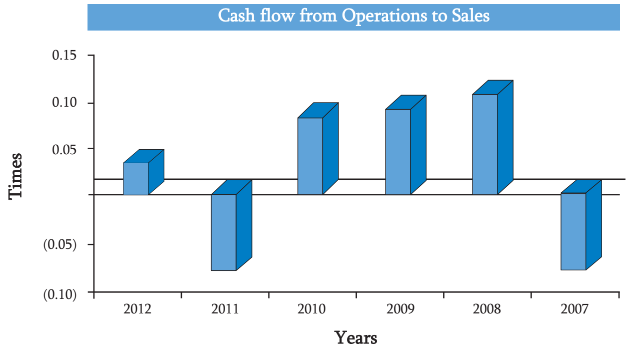
OPERATING & FINANCIAL HIGHLIGHTS

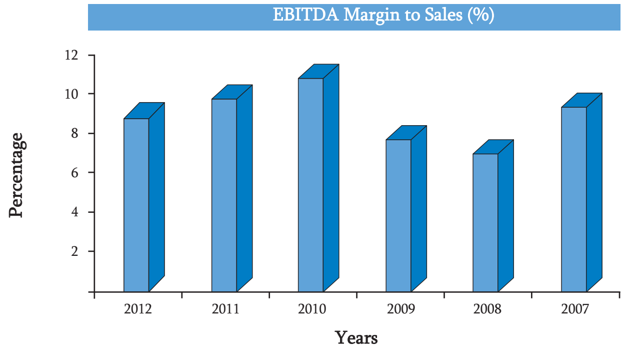
	2012	2011	2010	2009	2008	2007
Profitability Ratios						
Gross profit (%)	28.64	24.80	30.03	30.02	31.96	38.80
Profit before tax (%)	4.19	4.86	6.57	2.43	2.13	3.55
EBITDA margin to sales (%)	8.81	9.90	10.74	7.80	6.93	9.39
Liquidity Ratios						
Current ratio	1.29	1.10	1.03	1.02	1.01	1.16
Acid-test ratio	0.19	0.15	0.18	0.18	0.30	0.37
Cash flow from operations to sales	0.03	(0.08)	0.07	0.09	0.11	(0.08)
Activity / Turnover Ratios						
Recievables turnover (Days)	1.20	2.22	3.04	5.23	6.68	34.40
Recievables turnover (Times)	314.88	169.99	123.81	69.81	54.62	10.61
Inventory turnover (Days)	136.92	117.16	95.26	117.75	120.12	172.70
Inventory turnover (Times)	2.67	3.12	3.83	3.10	3.04	2.11
Creditors turnover (Days)	31.65	34.97	64.11	83.00	68.00	67.59
Creditors turnover (Times)	11.57	10.44	5.69	4.40	5.37	5.40
Asset turnover ratio	1.68	1.33	1.55	1.37	1.48	1.28
Fixed assets turnover ratio	3.68	2.84	2.40	2.36	2.87	2.97
Operating cycle (Days)	106.47	84.41	34.19	39.98	58.80	139.51
Investment/Market Ratios						
Book value per share (Rs.)	54.88	46.27	39.44	43.90	43.29	42.87
Market value per share - year end - (Rs.)	129.51	80.46	48.90	67.50	57.00	125.00
Price earnings ratio	13.49	10.27	8.62	42.03	29.63	40.63
Dividend yield ratio	1.16	1.24	2.04	-	1.75	1.20
Dividend payout ratio	0.16	0.13	0.18	-	0.52	0.49
Dividend cover ratio	6.40	7.83	5.68	-	1.92	2.05
Dividend per share (%)	15.00	10.00	10.00	-	10.00	15.00
Bonus per share (%)	-	-	-	30.00	-	-
Capital Structure Ratios						
Debt/Equity ratio (%)	70.72	77.90	81.80	59.47	20.02	15.22
Interest cover ratio	3.19	3.63	5.90	2.17	2.31	3.00
Return on shareholders' equity (%)	17.50	16.92	14.39	3.66	4.44	7.18
Earning per share (Rs.)	9.60	7.83	5.68	1.61	1.92	3.08

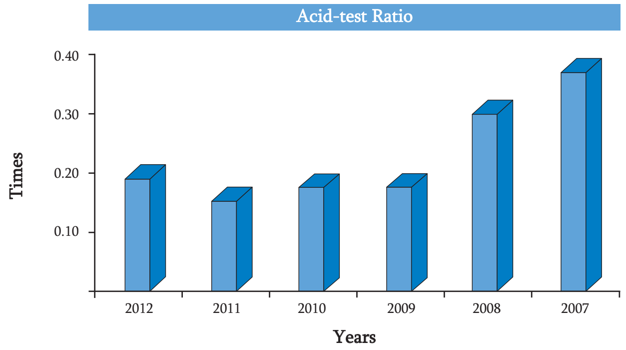


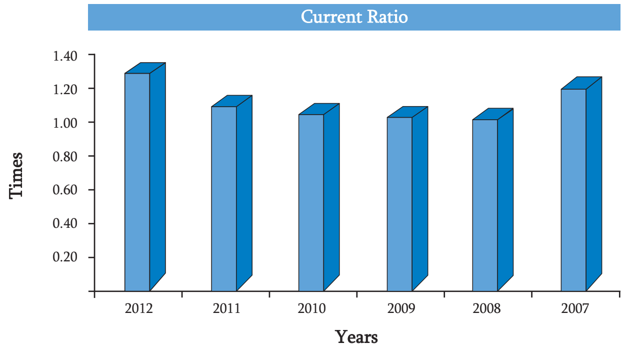


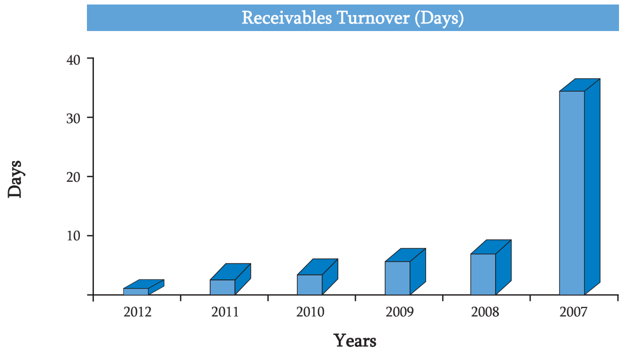
Shield®

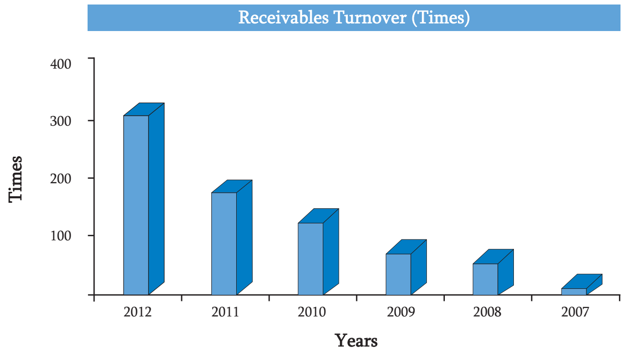

Cash flow from Operations to Sales
0.15
0.10
0.05
(0.05)
(0.10)
Times
2012
2011
2010
2009
2008
2007
Years


EBITDA Margin to Sales (%)
12
10
8
6
4
2
Percentage
2012
2011
2010
2009
2008
2007
Years

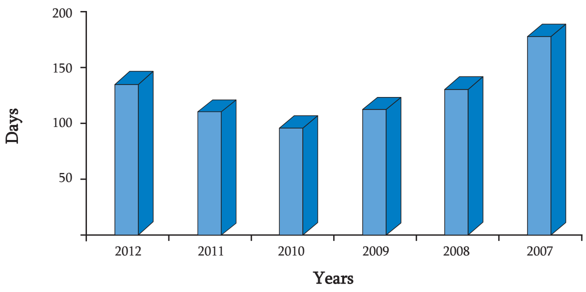

Acid-test Ratio
0.40
0.30
0.20
0.10
Times
2012
2011
2010
2009
2008
2007
Years


Current Ratio
1.40
1.20
1.00
0.80
0.60
0.40
0.20
Times
2012
2011
2010
2009
2008
2007
Years

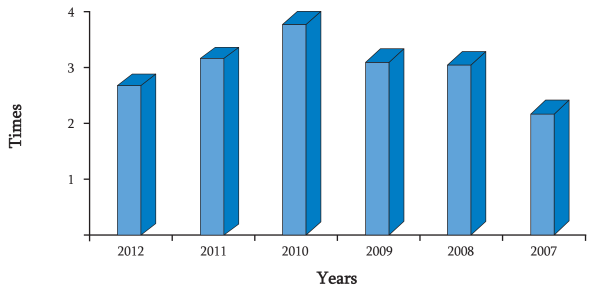

Receivables Turnover (Days)
40
30
20
10
Days
2012
2011
2010
2009
2008
2007
Years


Receivables Turnover (Times)
400
300
200
100
Times
2012
2011
2010
2009
2008
2007
Years

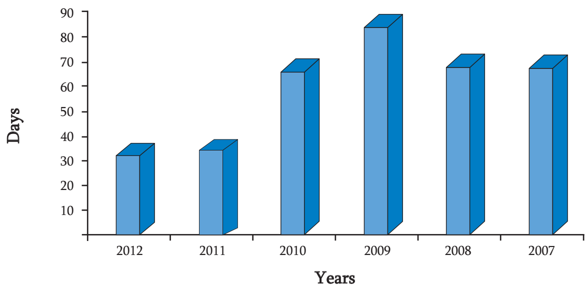
Inventory Turnover (Days)



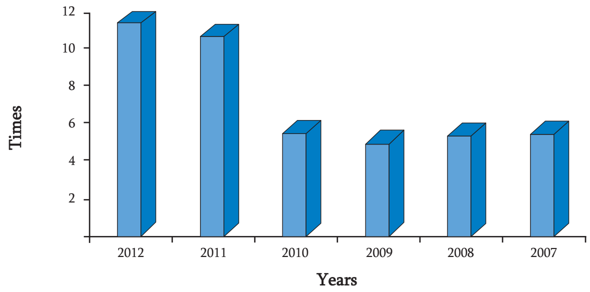
Inventory Turnover (Times)



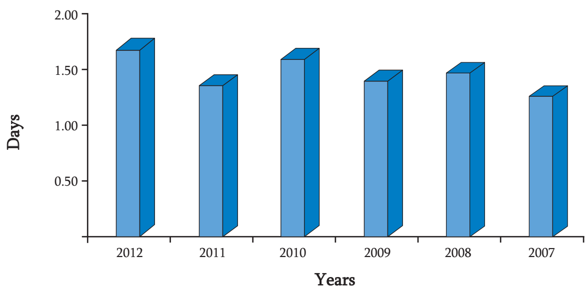
Creditors Turnover (Days)



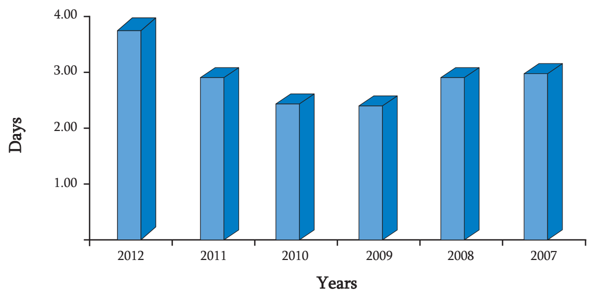
Creditors Turnover (Times)



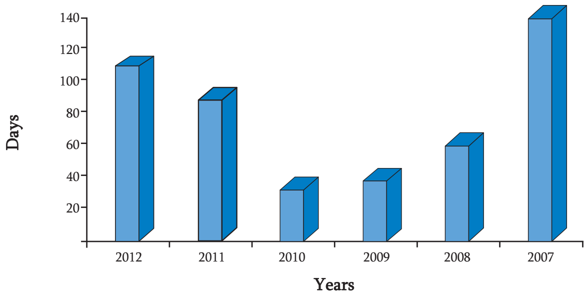
Assets Turnover Ratio



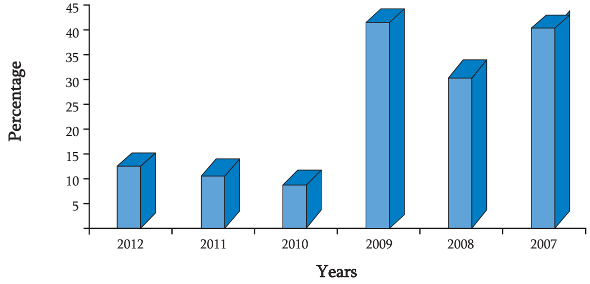
Fixed Assets Turnover Ratio



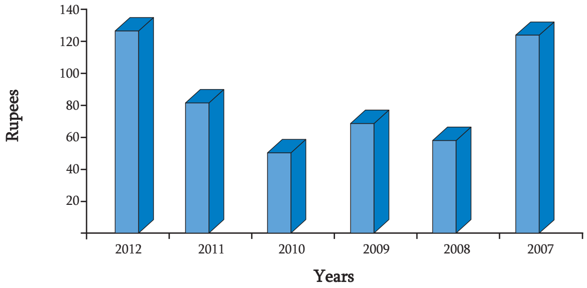
Operating Cycle (Days)



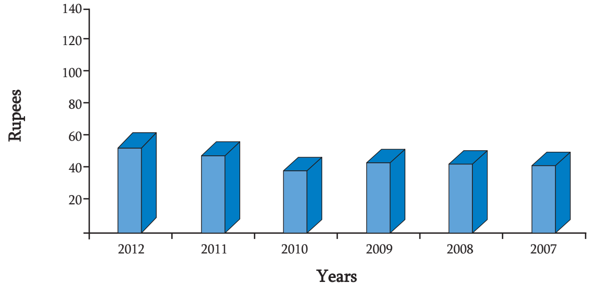
Price Earning Ratio



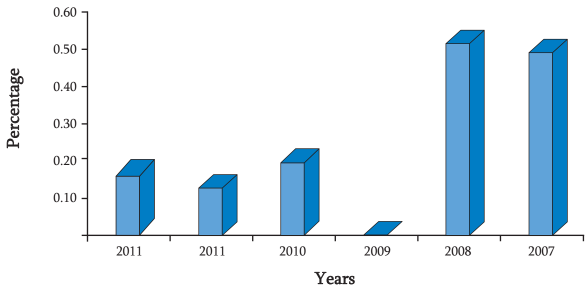
Market Value Per Share (Rs.)



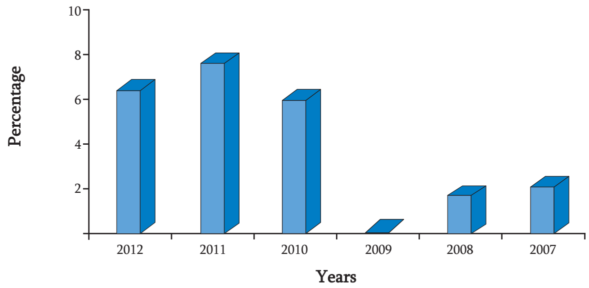
Book Value Per Share (Rs.)

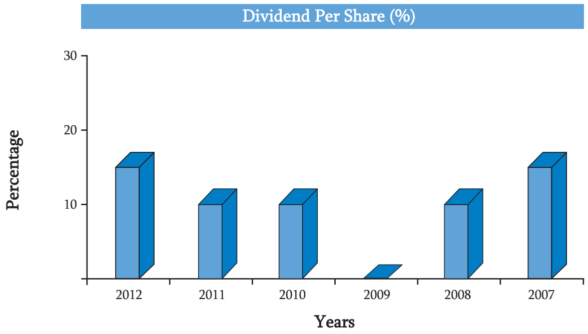


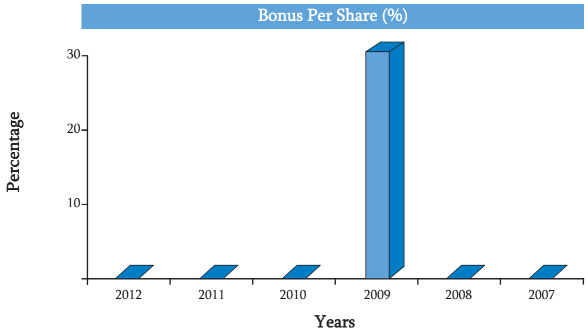
Dividend Payout Ratio

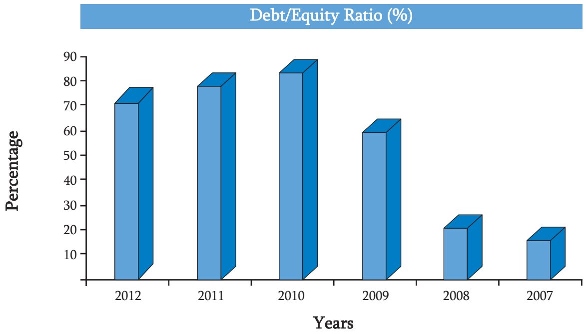


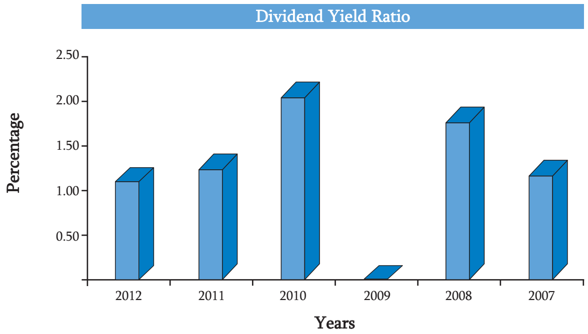
Dividend Cover Ratio

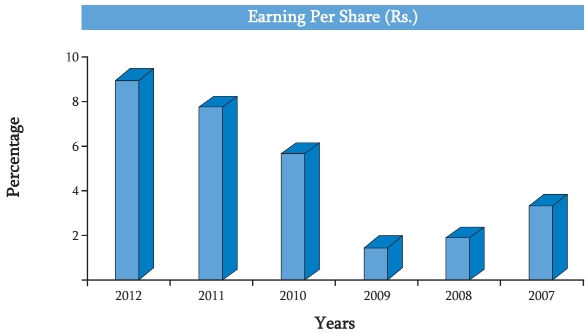


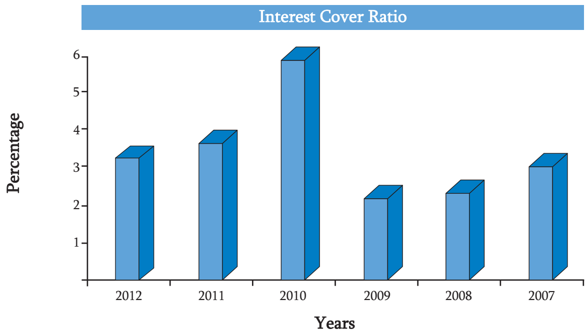

Dividend Per Share (%)
Percentage
30
20
10
2012
2011
2010
2009
2008
2007
Years


Bonus Per Share (%)
Percentage
30
20
10
2012
2011
2010
2009
2008
2007
Years


Debt/Equity Ratio (%)
Percentage
90
80
70
60
50
40
30
20
10
2012
2011
2010
2009
2008
2007
Years


Dividend Yield Ratio
Percentage
2.50
2.00
1.50
1.00
0.50
2012
2011
2010
2009
2008
2007
Years


Earning Per Share (Rs.)
Percentage
10
8
6
4
2
2012
2011
2010
2009
2008
2007
Years


Interest Cover Ratio
Percentage
6
5
4
3
2
1
2012
2011
2010
2009
2008
2007
Years

PATTERN OF SHAREHOLDING

Pattern of shareholding as at June 30, 2012

Number of Shareholders	Shareholding From	Shareholding To	Total Share Held
237	1	100	3,637
78	101	500	21,144
21	501	1,000	15,422
24	1,001	5,000	53,007
2	5,001	15,000	21,278
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
372			3,900,000

Categories of Shareholders as at June 30, 2012

Category No.	Categories of Shareholders	No of Shares Held	Category Wise No. of Folios / CDC Account	Category Wise	Percentage
1.	Individuals	268,664	358	268,664	6.89
2.	Joint Stock Companies	674	3	674	0.02
3.	Directors, Chief Executive Officer and their Spouse		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. 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	372	3,900,000	100.00

Shareholders holding five percent or more voting interest in the Company

Total paid-up capital of the Company	3,900,000 Shares
5% of the paid-up capital of the Company	195,000 Shares

Name(s) of Shareholder(s)	Description	No. of Shares Held	Percentage
Mr. Ebrahim Qassim	Falls In Category # 3	556,050	14.26%
Mr. M. Haroon Qassim	Falls In Category # 3	462,509	11.86%
Mr. Muhammad Jamil Qassim	Falls In Category # 3	411,710	10.56%
Mr. Muhammad Salman Qassim	Falls In Category # 3	417,430	10.70%
Mrs. Kulsum Bano	Falls In Category # 3	758,615	19.45%
Mrs. Zohra Bano	Falls In Category # 3	346,840	8.89%
Mrs. Saba Qassim	Falls In Category # 3	320,288	8.21%
Mrs. Wazira Parveen	Falls In Category # 3	300,820	7.71%
		3,574,262	**91.65%**

Financial Calender

The Company follows the period of July 01 to June 30 as the financial year
For the financial year 2012-13, financial results will be announced as per the following tentative schedule.

Un-Audited First Quarter Financial Results	Last week of October, 2012
Reviewed Half yearly Financial Results	Third week of February, 2013
Un-Audited Financial Results for Third Quarter	Last week of April, 2013
Audited Annual Results for the year ended June 30, 2013	Second week of September, 2013

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2012

This statement is being presented to comply with the Code of Corporate Governance (the code) as incorporated in listing Regulations of Stock Exchanges of Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Executive Directors	Mr. M. Haroon Qassim Mr. Muhammad Salman Qassim
Independent Directors	Mr. Muhammad Hanif Janoo Ms. Saadia Butt Naveed
Non-Executive Directors	Mr. Ebrahim Qassim Mr. Vali Muhammad A. Habib Mr. Muhammad Jamil Qassim

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the board during the year.

5. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board ensures arrangement of orientation courses for its directors to apprise them of their duties and responsibilities. As at June 30, 2012 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.

10. The board has approved the appointment of Head of Audit (HOA) including his remuneration and terms and conditions of employment. The board has ratified the terms of employment of CFO & Company Secretary.

11. HOA, CFO and Company Secretary meets the qualification criteria set out by the code.

12. The directors' report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

13. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

14. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

15. The company has complied with all the corporate and financial reporting requirements of the Code.

16. The board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors including the Chairman of the committee.

17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

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

19. The board has set up an effective internal audit function.The board has outsourced the internal audit function to KPMG Taseer Hadi & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

20. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

21. 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.

22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

24. We confirm that all other material principles enshrined in the Code have been complied with.

M. Haroon Qassim
Managing Director

GLOBAL PRESENCE
LOCAL EXCELLENCE

Taher Moochhala (FCA)
Najeeb Moochhala (FCA)
Hussaini Fakhruddin (FCA)
Muhammed Saleem (FCA)

Moochhala Gangat & Co
Chartered Accountants

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 expresses 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 (x) 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, 2012.

Moochhala Gangat & Co.
Chartered Accountants

Date: September 10, 2012
Place: Karachi

Name of the audit engagement partner:
Mr. Najeeb Moochhala

Taher Moochhala (FCA)
Najeeb Moochhala (FCA)
Hussaini Fakhruddin (FCA)
Muhammed Saleem (FCA)

Moochhala Gangat & Co
Chartered Accountants

GLOBAL PRESENCE
LOCAL EXCELLENCE

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of SHIELD CORPORATION LIMITED as at June 30, 2012 and the related Profit and Loss Account, 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 Profit and Loss Accounts together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

  (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, Profit and Loss Accounts, 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, 2012 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.

Moochhala Gangat & Co.
Chartered Accountants

Date: September 10, 2012
Place: Karachi

Name of the audit engagement partner:
Mr. Najeeb Moochhala

BALANCE SHEET
AS AT JUNE 30, 2012

	Note	2012 (Rupees)	2011 (Rupees)
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	275,707,377	278,395,523
Intangible assets - software	5	76,666	811,233
Long term deposits		12,491,314	12,856,264
		288,275,357	292,063,020
Current Assets			
Store and spares		7,507,167	5,276,807
Stock-in-trade	6	285,720,906	280,715,585
Trade debtors - unsecured, considered good		1,953,453	4,583,368
Loans and advances	7	7,169,775	7,230,139
Deposits and short term prepayments	8	819,513	811,867
Taxation	9	37,631,465	28,858,164
Cash and bank balances	10	2,170,750	2,340,827
		342,973,029	329,816,757
Total Assets		631,248,386	621,879,777
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised Capital			
15,000,000 (2011: 10,000,000) ordinary shares of Rs.10/- each		150,000,000	100,000,000
Issued, subscribed & paid-up capital	11	39,000,000	39,000,000
Reserves		175,014,956	141,471,134
		214,014,956	180,471,134
Non-Current Liabilities			
Deferred liabilities	12	61,582,636	56,396,772
Due to directors	13	75,000,000	75,000,000
Long term financing - secured	14	14,765,190	9,195,947
		151,347,826	140,592,719
Current Liabilities			
Trade and other payables	15	93,899,826	118,837,880
Accrued mark-up on bank finances		3,775,921	3,294,764
Current portion of long term financing	14	8,354,744	5,509,584
Short term bank finances - secured	16	149,310,113	163,798,696
Provision for taxation		10,545,000	9,375,000
		265,885,604	300,815,924
Contingencies and Commitments	17	-	-
Total Equity and Liabilities		631,248,386	621,879,777

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

M. Haroon Qassim	Vali Muhammad A. Habib
Managing Director	Director

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 (Rupees)	2011 (Rupees)
Net sales	18	1,061,000,021	829,901,077
Cost of sales	19	(757,080,081)	(624,047,664)
Gross profit		303,919,940	205,853,413
Selling and distribution expenses	20	(215,302,475)	(131,338,208)
Administrative and general expenses	21	(19,843,857)	(15,697,978)
Other operating expenses	22	(5,435,250)	(4,626,343)
Other operating income	23	1,403,383	1,501,896
Operating profit		64,741,741	55,692,780
Finance costs	24	(20,266,243)	(15,331,314)
Profit before taxation		44,475,498	40,361,466
Taxation	25	(7,031,676)	(9,821,642)
Profit after taxation		37,443,822	30,539,824
Other comprehensive income		-	-
Total comprehensive income for the year		37,443,822	30,539,824
Earning per share - basic and diluted	26	9.60	7.83

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, 2012

	2012 (Rupees)	2011 (Rupees)
Cash Generated from Operations		
Profit before taxation	44,475,498	40,361,466
Adjustments for:		
Depreciation	27,856,077	25,688,399
Amortization	829,567	797,900
Provision for gratuity	7,358,098	4,547,682
(Gain) on disposal of property, plant & equipment	(76,159)	(435,663)
Finance costs	20,266,243	15,331,314
Profit before working capital changes	56,233,826	45,929,632
(Increase) / Decrease in Current Assets:		
Stores and spares	(2,230,360)	(1,558,322)
Stock-in-trade	(5,005,321)	(160,794,309)
Trade debtors	2,629,915	304,431
Loans and advances	60,364	(1,664,336)
Deposits and short term prepayments	(7,646)	(166,065)
	(4,553,048)	(163,878,601)
Increase / (Decrease) in Current liabilities		
Trade & other payables	(24,950,773)	40,548,958
Cash generated from / (used for) operations	71,205,503	(37,038,545)
Payments for:		
Gratuity	(2,598,234)	(3,688,645)
Finance costs	(19,785,086)	(14,428,741)
Taxes	(14,208,977)	(12,735,188)
Net cash from / (used in) operating activities **(A)**	34,613,206	(67,891,119)
Cash Flow From Investing Activities		
Fixed capital expenditure including capital work-in-progress	(26,587,612)	(41,667,019)
Long term deposits	364,950	(5,499,550)
Sales proceeds from disposal of property, plant & equipment	1,400,840	4,636,669
Net cash used in investing activities **(B)**	(24,821,822)	(42,529,900)
Cash Flow From Financing Activities		
Dividend paid	(3,887,281)	(3,879,222)
Long term financing - Diminshing musharakah	8,414,403	14,705,531
Net cash generated from financing activities **(C)**	4,527,122	10,826,309
Net (decrease) / increase in cash and cash equivalents **(A+B+C)**	14,318,506	(99,594,710)
Cash and cash equivalents at the beginning of the year	(161,457,869)	(61,863,159)
Cash and cash equivalents at the end of the year	(147,139,363)	(161,457,869)
Cash and Cash Equivalents		
Cash and bank balances	2,170,750	2,340,827
Short term bank finances	(149,310,113)	(163,798,696)
	(147,139,363)	(161,457,869)

The annexed notes form an integral part of these financial statements

M. Haroon Qassim	Vali Muhammad A. Habib
Managing Director	Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

	Share Capital (Rupees)	Capital Reserve	Revenue Reserve		Total (Rupees)
		Share Premium (Rupees)	General Reserve (Rupees)	Unappropriated Profit (Rupees)	
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 July 01, 2011	39,000,000	10,000,000	55,000,000	76,471,134	180,471,134
Dividend for the year June 30, 2011 - @ Rs. 1.00 per share	-	-	-	(3,900,000)	(3,900,000)
Total comprehensive income for the year ended June 30, 2012	-	-	-	37,443,822	37,443,822
Balance as at June 30, 2012	39,000,000	10,000,000	55,000,000	110,014,956	214,014,956

The annexed notes form 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, 2012

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 Initial application of standards, amendments or an interpretation to existing standards

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

2.3.1 Amendments to published standards effective in current year

New and amended standards and interpretations mandatory for the first time for the financial year beginning on or after July 01, 2011 that are either not relevant to the company's current operations (although they may affect the accounting for future transactions and events) or do not have a significant impact on the company's financial statements other than certain additional disclosures, are as follows:

IFRS 7, 'Financial Instruments: Disclosures' (Amendments), 'Financial Instruments', emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments.

IAS 1, 'Presentation of financial statements' (Amendments), now requires an entity to present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The company has preferred to present this analysis in the statement of changes in equity.

IAS 24, 'Related Party Disclosures' (Revised), issued in November 2009. It supersedes IAS 24, 'Related Party Disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities.

IAS 32, 'Financial Instruments: Presentation' (Amendment), 'Classification of rights issues' , issued in October 2009. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities.

IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (Amendment); 'Prepayments of a minimum funding requirement'. The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions.

IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of he financial liability (debt for equity swap). It requires a gain or loss to be recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after July 01, 2012 or later periods, and the company has not early adopted them, however, these are not expected to have any material impact on the company's financial statements:

IFRS 7, 'Financial Instruments: Disclosures' (Amendment), 'Disclosures on transfers of financial assets', issued on October 08, 2010. The new disclosure requirements apply to transferred financial assets. An entity transfers a financial asset when it transfers the contractual rights to receive cash flows of the asset to another party. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial asset. These amendments are effective for the financial reporting periods commencing on or after July 01, 2012.

IFRS 9, 'Financial Instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities. This standard is applicable for the financial reporting periods commencing on or after January 01, 2013, but is available for early adoption. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace IAS 39, 'Financial Instruments' Recognition and measurement'. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. There will be no impact on the company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the company does not have any such liabilities.

IFRS 10, 'Consolidated Financial Statements', applicable for the financial reporting periods commencing on or after January 01, 2013. It builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 11, 'Joint Arrangements', applicable for the financial reporting periods commencing on or after January 01, 2013, is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

IFRS 12, 'Disclosures of interests in other entities'. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard is applicable for the financial reporting periods commencing on or after January 01, 2013, but is available for early adoption.

IFRS 13, 'Fair value measurement'. This standard provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.This standard is applicable for the financial reporting periods commencing on or after January 01, 2013, but is available for early adoption.

IAS 1, 'Presentation of Financial Instruments' (Amendment). The main change resulting from this amendment is the requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments). The amendment does not address which items are presented in OCI. These amendments are applicable for the financial reporting periods commencing on or after July 01, 2012.

IAS 12, 'Income Taxes' (Amendments). These are applicable on accounting periods beginning on or after January 01, 2012. IAS 12, 'Income taxes', currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment Property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes - recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. These amendments are applicable for the financial reporting periods commencing on or after July 01, 2012.

IAS 19, 'Employee Benefits' (Amendment). The amendment will eliminate the corridor approach and calculate finance costs on a net funding basis. These amendments are applicable for the financial reporting periods commencing on or after January 01, 2013, but are available for early adoption. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

3. Summary of Significant Accounting Policies

3.1 Property, Plant and Equipment

3.1.1 Operating fixed assets

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

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

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 assets

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 ljarah term.

3.2 Stores and Spares

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

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

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	12.5%
Expected rate of salary increase	12.5%

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, 2012.

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.

	Note	2012 (Rupees)	2011 (Rupees)
4. Property, plant and equipment			
Operating fixed assets	4.1	263,956,337	259,902,510
Capital work in progress	4.4	11,751,040	18,493,013
		275,707,377	278,395,523

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, 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
Balance as at July 01, 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
Additions	-	9,197,402	-	26,854,361	492,912	354,750	884,700	446,457	38,230,582
Disposals	-	-	-	-	-	(24,650)	(377,500)	(2,975,886)	(3,378,036)
Balance as at June 30, 2012	4,923,000	142,505,650	2,500,000	303,504,019	9,131,164	3,148,100	2,928,358	8,815,273	477,455,564
IMPAIRMENT									
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
Balance as at July 01, 2011	-	-	-	3,904,665	-	-	-	-	3,904,665
Charge for the year	-	-	-	4,995,997	-	-	-	-	4,995,997
On disposals	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2012	-	-	-	8,900,662	-	-	-	-	8,900,662
DEPRECIATION									
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
Balance as at July 01, 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
Charge for the year	49,230	10,293,760	192,375	15,207,935	641,681	214,206	489,420	767,470	27,856,077
On disposals	-	-	-	-	-	(5,517)	(277,646)	(1,770,192)	(2,053,355)
Balance as at June 30, 2012	**680,967**	**41,672,616**	**768,625**	**149,923,992**	**3,140,341**	**1,075,511**	**1,390,670**	**5,945,843**	**204,598,565**
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
CARRYING AMOUNT - 2012	**4,242,033**	**100,833,034**	**1,731,375**	**144,679,365**	**5,990,823**	**2,072,589**	**1,537,688**	**2,869,430**	**263,956,337**
RATE OF DEPRECIATION (%)	1%	10%	10%	10%	10%	10%	30%	20%	

	Note	2012 (Rupees)	2011 (Rupees)
4.2 Depreciation has been charged to:			
Cost of sales	19	25,884,470	23,381,579
Selling and distribution expenses	20	964,113	1,085,301
Administrative and general expenses	21	1,007,494	1,221,519
		27,856,077	25,688,399

4.3 Detail of disposal of fixed assets

Detail of operating assets sold are as follows

Particulars	Cost (Rupees)	Accumulated depreciation (Rupees)	Written down value (Rupees)	Sales proceeds (Rupees)	Profit/ (loss) (Rupees)	Sold to	Mode of disposal
Vehicles	314,057	-	314,057	335,000	20,943	Mr. Abdul Samad	Negotiation
"	363,383	208,845	154,538	174,851	20,313	Mr. Muhammad Farooq	Negotiation
"	1,238,000	849,401	388,599	309,500	(79,099)	Mr. Naeem Ilyas Khanani	Negotiation
"	475,100	336,026	139,074	150,000	10,926	Mr. Iftikhar Ahmed	Negotiation
"	364,076	210,988	153,088	220,734	67,646	Mr. Muhammad Saleem	Negotiation
Items having book value of less than Rs. 50,000 each	623,420	448,095	175,325	210,755	35,430	Various	Various
June 30 2012	**3,378,036**	**2,053,355**	**1,324,681**	**1,400,840**	**76,159**		
June 30, 2011	10,343,156	6,142,150	4,201,006	4,636,669	435,663		

	Note	2012	2011
4.4 Capital work in progress			
The CWIP comprise the following:			
Civil Works		1,000,390	8,787,363
Plant & Machinery		10,650,650	9,705,650
Advance for office		100,000	-
		11,751,040	18,493,013
5. Intangible Assets - Software			
Cost			
Balance as at July 01, 2011		2,393,700	2,353,700
Additions		95,000	40,000
Balance as at June 30, 2012		2,488,700	**2,393,700**
Amortization			
Balance as at July 01, 2011		1,582,467	784,567
Charge for the year	**5.1**	829,567	797,900
Balance as at June 30, 2012		2,412,034	**1,582,467**
Carrying amount as at June 30, 2012		76,666	**811,233**
5.1 Amortization for the year has been allocated as under:			
Cost of sales	**19**	276,523	265,967
Selling and distribution expenses	**20**	276,522	265,966
Administrative and general expenses	**21**	276,522	265,967
		829,567	797,900
6. Stock-in-trade			
Raw & packing materials			
- in hand		154,042,700	128,159,031
- in transit		3,955,291	30,845,723
Work-in-process		17,383,537	15,059,487
Finished goods		110,339,378	106,651,344
		285,720,906	280,715,585

	Note	2012 (Rupees)	2011 (Rupees)
7. Loans and Advances			
Loan - secured and considered good			
Employees		1,812,769	1,757,662
Advances - unsecured & considered good			
Suppliers		761,131	1,390,135
Collector of customs		4,292,275	3,766,893
Others		303,600	315,449
		7,169,775	7,230,139
8. Deposits and short term prepayments			
Deposits		437,900	635,000
Short term prepayments		381,613	176,867
		819,513	811,867
9. Taxation			
Income tax			
- advance		19,651,461	15,342,050
- refunds due from government		15,093,389	10,629,499
Sales tax		2,886,615	2,886,615
		37,631,465	28,858,164
10. Cash and bank balances			
In hand		312,920	186,789
At bank in current accounts		1,857,830	2,154,038
		2,170,750	2,340,827

11. Issued, subscribed and paidup capital

Ordinary shares of Rs. 10/- each

2012	2011			
3,000,000	3,000,000	Issued for cash	30,000,000	30,000,000
900,000	900,000	Issued as bonus shares	9,000,000	9,000,000
3,900,000	3,900,000		39,000,000	39,000,000

	Note	2012 (Rupees)	2011 (Rupees)
12. Deferred liabilities			
Gratuity	**12.1**	20,951,636	16,191,772
Deferred taxation	**12.2**	40,631,000	40,205,000
		61,582,636	56,396,772
12.1 Gratuity			
Opening net liability		16,191,772	15,332,735
Expense for the year		7,358,098	4,547,682
		23,549,870	19,880,417
Benefits paid		(2,598,234)	(3,688,645)
Closing net liability		20,951,636	16,191,772
Charge for / (Income from) the defined benefit plan			
Current service cost		2,824,953	2,106,227
Interest cost		2,084,972	2,441,455
Recognised actuarial losses		2,448,173	-
Expense for the year		7,358,098	4,547,682

12.1.1 Historical information

	2012	2011	2010	2009	2008
Present value of defined benefit obligation	20,951,636	16,191,772	15,332,735	13,319,852	11,246,804
Fair value of plan assets	-	-	-	-	-
Surplus / (deficit) in the plan	20,951,636	16,191,772	15,332,735	13,319,852	11,246,804
Unrecognised actuarial gain / (loss)	-	-	-	-	-
(Asset) / liability in balance sheet	20,951,636	16,191,772	15,332,735	13,319,852	11,246,804
Experience adjustment arising on plan liabilities (gain) / loss	-	-	-	-	-
Experience adjustment arising on plan assets gain / (loss)	-	-	-	-	-

	Note	2012 (Rupees)	2011 (Rupees)
12.2 Deferred taxation			
The liability for deferred taxation comprises of timing difference relating to:			
Accelerated tax depreciation		47,964,142	44,753,413
Provision for gratuity		(7,333,073)	(4,547,682)
		40,631,069	40,205,731

12.2.1 Provision for deferred tax has been rounded off to Rs. 40.631 million (2011: Rs. 40.205 million)

13. Due to directors

This represents mark up free loans from directors.

14. Long term financing - secured

	Installment payable	Repayment period	Mark-up rate	Note	2012	2011
Diminishing musharakah arrangements						
Meezan Bank Limited	Monthly	2011-14	2% above 6 months KIBOR	14.1	8,881,358	14,705,531
Habib Metropolitan Bank limited - Islamic banking branch	Semi Annualy	2012-17	2.5% above 6 months KIBOR	14.1	14,238,576	-
Current portion shown under current liabilities					(8,354,744)	(5,509,584)
					14,765,190	9,195,947

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

15. Trade and other Payable

	Note	2012	2011
Creditors		47,832,510	52,412,661
Accrued expenses		7,444,490	5,843,693
Retention money		1,693,674	3,252,726
Workers' welfare fund		907,663	823,703
Workers' profit participation fund	15.1	2,388,587	2,167,640
Unclaimed dividend		490,032	477,313
Sales tax payable		3,277,354	2,572,417
Advances from customers	15.2	29,408,115	50,935,224
Others		457,401	352,503
		93,899,826	118,837,880

15.1 Workers' profit participation fund

	2012	2011
Balance at the beginning of the year	2,167,640	2,341,125
Interest on the funds utilized @ 16% (2011: 16%) per annum	175,062	188,829
Allocation for the year	2,388,587	2,167,640
	4,731,289	4,697,594
Payments	(2,342,702)	(2,529,954)
Balance at the end of the year	2,388,587	2,167,640

15.2 Advance from customers include Rs. 29.11 million (2011: Rs. 49.31 million) which are due to related parties.

16. Short term bank finances - secured

	Note	2012	2011
Running finance	16.1	85,762,001	49,650,678
Murabaha finance	16.2	63,548,112	114,148,018
		149,310,113	163,798,696

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. 100 million (2011: Rs. 50 million) at a markup ranging from 35 to 40 paisas (2011: 37 to 40 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. 200 million (2011: Rs. 130 million) at a profit rate ranging from 36 to 41 paisas (2011: 34 to 38) 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, 2012 was Rs. 6.69 million (2011: Rs. 6.69 million). Out of this Rs. 5 million (2011: Rs. 5 million) represents surety provided in relation to defending a trade mark in the High Court for Rs. 42 million (2011: 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 (2011: 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. 29.59 million (2011: Rs. 44.48 million)

17.2.2 The company has letter of credit and other commitments for capital expenditures amounting to Rs. 15.03 million (2011: Rs. 1.65 million)

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

	Note	2012 (Rupees)	2011 (Rupees)
More than one year but less than 3 years		467,356	39,507,524
Less than one year		34,365,104	39,387,819
		34,832,460	78,895,343

18. Net sales

	Note	2012 (Rupees)	2011 (Rupees)
Sales - local		1,221,096,167	982,330,879
Sales tax and excise duties		(166,283,976)	(153,041,721)
		1,054,812,191	829,289,158
Sales - export		6,187,830	611,919
		1,061,000,021	829,901,077

19. Cost of sales

	Note	2012 (Rupees)	2011 (Rupees)
Raw & packaging materials consumed	19.1	553,786,273	543,703,546
Other costs			
Salaries, wages and benefits	19.2	70,161,400	56,616,763
Fuel and power		35,995,349	34,347,481
Stores and spares consumed		10,592,154	12,250,806
Depreciation	4.2	25,884,470	23,381,579
Amortization	5.1	276,523	265,967
Impairment		4,995,997	-
Repairs and maintenance		12,973,471	6,280,431
Traveling and conveyance		1,572,095	1,933,606
Ijarah		38,468,911	28,473,989
Rents, rates and taxes		332,261	230,000
Insurance		4,443,362	4,083,379
Freight and octroi		545,936	272,649
Printing and stationery		460,781	343,754
Postage, telegram and telephone		693,097	630,672
Legal and professional		1,181,590	1,003,400
Others		728,495	374,711
		209,305,892	170,489,187
Opening Inventory of work in process		15,059,487	10,884,592
Closing Inventory of work in process		(17,383,537)	(15,059,487)
		760,768,115	710,017,838
Opening Inventory of finished goods		106,651,344	20,681,170
Closing Inventory of finished goods		(110,339,378)	(106,651,344)
		757,080,081	624,047,664

	Note	2012 (Rupees)	2011 (Rupees)
19.1 Raw & packaging materials consumed			
Opening stock		128,159,031	70,700,595
Purchases		579,669,942	601,161,982
		707,828,973	671,862,577
Closing stock		(154,042,700)	(128,159,031)
		553,786,273	543,703,546

19.2 This includes Rs. 4,655,349 (2011: Rs. 3,459,988) in respect of retirement benefits.

20. Selling and distribution expenses

	Note	2012 (Rupees)	2011 (Rupees)
Salaries and other benefits	**20.1**	42,880,731	36,924,439
Traveling and conveyance		21,400,255	16,861,013
Depreciation	**4.2**	964,113	1,085,301
Amortization	**5.1**	276,522	265,966
Advertisement and sales promotion		121,195,120	56,064,607
Postage, telegram and telephone		1,419,764	1,213,640
Vehicle repair and maintenance		3,637,863	2,810,736
Rents, rates and taxes		26,323	460,320
Insurance		225,739	266,390
Freight and octroi		21,373,890	12,543,384
Legal and professional		1,266,000	2,316,000
Others		636,155	526,412
		215,302,475	131,338,208

20.1 This includes Rs. 3,553,430 (2011: Rs. 2,257,179) in respect of retirement benefits.

21. Administrative and general expenses

	Note	2012 (Rupees)	2011 (Rupees)
Salaries and other benefits	**21.1**	10,766,247	7,432,999
Repairs and maintenance		1,209,153	1,357,244
Depreciation	**4.2**	1,007,494	1,221,519
Amortization	**5.1**	276,522	265,967
Traveling and conveyance		425,214	938,253
Postage, telegram and telephone		491,384	447,237
Rent, rates and taxes		662,820	1,198,376
Insurance		367,955	441,272
Electricity		449,499	339,178
Printing and stationery		1,064,909	727,948
Legal and professional		2,115,128	798,016
Security		270,100	285,950
Fees and subscription		652,914	191,014
Others		84,518	53,005
		19,843,857	15,697,978

21.1 This include Rs. 1,217,929 (2011: Rs. 596,014) in respect of retirement benefits.

22. Other operating expenses

	Note	2012 (Rupees)	2011 (Rupees)
Auditors' remuneration	**22.1**	320,000	315,000
Charity and donations	**22.2**	1,819,000	1,320,000
Workers' profit participation fund	**15.1**	2,388,587	2,167,640
Workers' welfare fund		907,663	823,703
		5,435,250	4,626,343
22.1 This includes:			
Annual audit fee		250,000	250,000
Half yearly review fee		45,000	45,000
Compliance with corporate governance review fee		25,000	20,000
		320,000	315,000

22.2 Donations include a sum of Rs. 1 million (2011: nil) paid to Memon Health and Education Foundation, Hyder Buksh Gabol road, Safoora Goth, K.D.A., Scheme 33, Karachi in which Mr. Ebrahim Qassim, Chairman, Mr. M. Haroon Qassim, Managing Director and Mr. Muhammad Jamil Qassim, are the trustees.

	Note	2012 (Rupees)	2011 (Rupees)
23. Other operating income			
Gain on disposal of fixed assets	4.3	76,159	435,663
Scrap sales		1,327,224	1,066,233
		1,403,383	1,501,896
24. Finance costs			
Mark-up / profit on short term bank finances		16,617,191	14,325,720
Interest on WPPF	15.1	175,062	188,829
Rent on diminishing musharakah		2,913,971	418,218
Bank charges		560,019	398,547
		20,266,243	15,331,314
25. Taxation			
Current		10,545,000	9,375,000
Prior		(3,939,324)	(4,258,358)
Deferred		426,000	4,705,000
		7,031,676	9,821,642
25.1 Relationship between tax expense and accounting Profit			
Profit before taxation		44,475,498	40,361,466
Corporate tax rate		35%	35%
Tax on accounting profit		15,566,424	14,126,513
Tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes		(4,531,504)	(40,394)
Tax effect on exports under final tax regime		(63,920)	(6,119)
Effect of change in prior years' tax		(3,939,324)	(4,258,358)
Tax charge		7,031,676	9,821,642
26. Earnings per share - basic & diluted			
Profit after taxation		37,443,822	30,539,824
Number of ordinary shares		3,900,000	3,900,000
Basic & diluted earnings per share		9.60	7.83

27. Emoluments of chief executiye 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:

	2012				2011			
	Chief Executive	Executive Director	Executives	Total	Chief Executive	Executive Director	Executives	Total
Emoluments	-	-	6,530,316	6,530,316	-	-	5,020,804	5,020,804
House rent allowance	-	-	2,937,952	2,937,952	-	-	2,259,363	2,259,363
Utilities	-	-	653,732	653,732	-	-	502,078	502,078
Gratuity	-	-	850,000	850,000	-	-	684,450	684,450
Provident fund	-	-	686,008	686,008	-	-	389,082	389,082
Other benefits	-	-	2,262,909	2,262,909	-	-	907,093	907,093
	-	-	13,920,917	13,920,917	-	-	9,762,870	9,762,870
No. of persons	1	1	8	10	1	1	6	8

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

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, directos and key management personnel of the Company. There are no transactions with key management personnel other than under the terms of employment.

Detail of transactions with related parties during the period were as follows:

Relationship	Nature of transactions	2012 (Rupees)	2011 (Rupees)
Associated companies	Sale of goods	1,000,449,164	772,680,764
Staff retirement funds	Contribution to employees provident fund	2,068,610	1,765,806

29. Capacity and production

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

30. Operating segments

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

Segment information

	2012			2011		
	Dental care	Baby care	Total	Dental care	Baby care	Total
Sales	183,552,202	877,447,819	1,061,000,021	150,942,937	678,958,140	829,901,077
Cost of sales	(163,929,507)	(593,150,574)	(757,080,081)	(127,432,350)	(496,615,314)	(624,047,664)
Gross profit	19,622,695	284,297,245	303,919,940	23,510,587	182,342,826	205,853,413
Selling and distribution expenses	(36,601,421)	(178,701,054)	(215,302,475)	(23,640,877)	(107,697,331)	(131,338,208)
Administrative and general expenses	(3,425,578)	(16,418,279)	(19,843,857)	(2,825,636)	(12,872,342)	(15,697,978)
Other operating expenses	(940,294)	(4,494,956)	(5,435,250)	(841,442)	(3,784,901)	(4,626,343)
Other operating income	242,784	1,160,599	1,403,383	273,166	1,228,730	1,501,896
Finance costs	(3,506,060)	(16,760,183)	(20,266,243)	(2,788,766)	(12,542,548)	(12,331,314)
Profit / (loss) before taxation	(24,607,874)	69,083,372	44,475,498	(6,312,968)	46,674,434	40,361,466

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 instrments:

- 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 instrucment 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	1,953,453	4,583,368
Loans and advances	7,169,775	7,230,139
Deposits and other receivables	437,900	635,000
Cash and bank balances	2,170,750	2,340,827

31.1.1 The maximum exposure to credit risk for trade debts amounting to Rs. 1.95 million (2011: Rs. 4.58 million), at the balance sheet date by geographic region is as follows:

	2012 (Rupees)	2011 (Rupees)
Domestic	1,953,453	4,583,368
Export	-	-
	1,953,453	4,583,368

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

	2012	2011
Distributor / Wholeseller	1,735,989	4,376,448
End-user customers	217,464	206,920
	1,953,453	4,583,368

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:

	2012					
	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	93,899,826	(93,899,826)	(93,899,826)	-	-	-
Short term bank finances	149,310,113	(149,310,113)	(149,310,113)	-	-	-
	243,209,939	(243,209,939)	(243,209,939)	-	-	-

	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)	-	-	-
	282,636,576	(282,636,576)	(282,636,576)	-	-	-

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.

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

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

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

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 liabilites 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.

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 ascertan whether any of the Company's assets are impaired. This asessment 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. Subsequent event

The Board of Directors in their meeting held on September 10, 2012 have proposed 15% dividend for the year ended June 30, 2012 amounting to Rs. 5.85 million for approval of the shares holders of the Company in the Annual General Meeting to be held on October 23, 2012.

34. Authorisation of financial statements and appropriations

These financial statements were authorised for issue on September 10, 2012 by the Board of Directors.

35. General

Figures have been rounded off to the nearest rupee.

M. Haroon Qassim
Managing Director

Vali Muhammad A. Habib
Director

NOTICE OF MEETING

Notice is hereby given that the 41st Annual General Meeting of the Shareholders of the Company will be held on Tuesday, October 23, 2012 at 2:00 p.m. at Plot#368/4& 5, Landhi Industrial Area, Baldia Road, Karachi to transact the following business:

A. ORDINARY BUSINESS

1. To confirm the minutes of 40th Annual General Meeting held on October 25, 2011.
2. To receive, consider and adopt the audited Financial Statements for the year ended June 30, 2012 along with Auditors' and Directors' report thereon.
3. To consider & approve the final dividend of Rs. 1.50/- (15%) per share as recommended by the Board of Directors.
4. To appoint Auditors of the Company for the year ending June 30, 2013 and fix their remuneration.

B. SPECIAL BUSINESS

5. To consider and adopt with or without modification the following Special Resolution to amend Articles of Association of the Company in accordance with the Companies Ordinance, 1984.

Below are the current clauses and the suggested amendments.

Clause 44

Current Clause
The company shall hold, in addition to any other meeting, a General Meeting, as its Annual General Meeting, within eighteen months from the date of its incorporation and thereafter once at least in every calendar year within a period of six months following the close of its financial year and not more than fifteen months after the holding of its last preceding Annual General Meeting, and shall specify the meeting as such in the notices calling it. Subject to the provisions of Section 158, the Annual General Meeting shall be held at such time and place as the Directors shall appoint.

Suggested Amendment
The company shall hold, in addition to any other meeting, a General Meeting, as its Annual General Meeting, within eighteen months from the date of its incorporation and thereafter once at least in every calendar year within a period of four months following the close of its financial year and not more than twelve months after the holding of its last preceding Annual General Meeting, and shall specify the meeting as such in the notices calling it. Subject to the provisions of Section 158, the Annual General Meeting shall be held at such time and place as the Directors shall appoint.

Clause 52

Current Clause
Save as in these Articles otherwise provided, five members present in person who represent not less than twenty-five percent of the total voting power either on their own account or as proxies shall be quorum for a general meeting.

Suggested Amendment
Save as in these Articles otherwise provided, ten members present in person who represent not less than twenty-five percent of the total voting power either on their own account or as proxies shall be quorum for a general meeting.

Clause 97

Current Clause
The Board may meet together for the dispatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit. Provided always that the Board shall so meet atleast twice a year.

Suggested Amendment
The Board may meet together for the dispatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit. Provided always that the Board shall so meet atleast once in every quarter.

Clause 140 (1)

Current Clause
At every Annual General Meeting the Directors shall lay before the Company a Balance Sheet and Profit and Loss Account made up to a date not earlier than the date of the meeting by more than six months, subject to the right of the Corporate Law Authority to extend the period for any special reason by a period not exceeding three months under the provisions of Section 233 of the Ordinance.

Suggested Amendment
At every annual General Meeting the Directors shall lay before the Company a Balance Sheet and Profit and Loss Account made up to a date not earlier than the date of the meeting by more than four months, subject to the right of the Securities and Exchange Commission of Pakistan to extend the period for any special reason by a period not exceeding two months under the provisions of Section 233 of the Ordinance.

Special Resolution
"RESOLVED that the special resolution to make the amendments in the Articles of Association of the Company be and is hereby approved".

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 10, 2012

Statement under section 160(1)(b) of the Companies Ordinance, 1984.
This statement is annexed to the Notice of Annual General Meeting of Shield Corporation Limited to be held on October 23, 2012 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 update the Articles of Association of the Company in accordance with the Companies Ordinance 1984, the Board of Directors has recommended to the members of the Company to approve amendments in clause 44, 52, 97 and 140(1) of Articles of Association. The directors of the Company have no interest directly or indirectly in the special resolution to the extent that they are the members of the Company.

Notes:

1. The share transfer book of the Company will remain closed from 17-10-2012 to 23-10-2012 (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 41st Annual General Meeting of the Company to be held on Tuesday, October 23, 2012 and at any adjournment thereof.

As witness my/our hand(s) this _______________ day of _______________, 2012

Signed in the presence of:

Ten Rupees
Revenue
Stamp

____
(Signature of Witness1)
Name:
CNIC No:

					-								-	

____
(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, companysecretary@shield.com.pk

SHIELD CORPORATION LIMITED

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