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3rd Quarter Report 2013-14

SHIELD CORPORATION LIMITED

[An ISO 9001 and ISO 14001 certified company]

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COMPANY INFORMATION

Board of Directors

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

Audit Committee

Mr. Vali Muhammad A. Habib	Chairman
Mr. Muhammad Hanif Janoo	Member
Mr. Muhammad Salman Qassim	Member

Human Resource & Remuneration Committee

Mr. Muhammad Hanif Janoo	Chairman
Mr. Vali Muhammad A. Habib	Member
Mr. M. Haroon Qassim	Member

Company Secretary & CFO

Mr. M. Zaid Kaliya

Head of Internal Audit

Mr. M. Shakeel Dhanani

Legal Advisors

Messrs. Hassan & Humayun Associates
Advocates & Solicitors

External Auditors

Moochhala Gangat & Co.
Chartered Accountants

Internal Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Bankers

Habib Metropolitan Bank Limited
Meezan Bank Limited
Bank Al Habib Limited - Islamic Banking

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' REVIEW

On behalf of the Board of Directors, it is my pleasure to present the un-audited accounts for the period ended March 31, 2014. Sales for the nine months stood at Rs. 933 million, recorded a growth of 4% over the same period last year.

In the beginning of the financial year sales were low due to uncertainties in sales tax which hampered sales of your company. The first few months of the financial year sales suffered so much that we could not recover sales to the growth expected.

Continuous burden of inflation have increased the cost of doing business. Utility costs especially electricity cost has severely impact the cost of goods sold. The management is trying it's best to effectively and efficiently utilize the existing resources so we can contain the increase in cost as much as we can.

On behalf of the Board



M. Haroon Qassim
Chief Executive

Karachi: April 28, 2014



CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2014 (Un-Audited)

	Note	(Un-Audited) March 31, 2014 (Rupees)	(Audited) June 30, 2013 (Rupees)
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	360,263,010	350,100,956
Intangible assets - software		1,402,257	31,668
Long term deposits		4,562,300	1,589,790
		<u>366,227,567</u>	<u>351,722,414</u>
Current Assets			
Store and spares		13,906,566	11,264,705
Stock-in-trade		305,657,744	259,658,521
Trade debtors - unsecured, considered good		23,587,354	25,536,949
Loans and advances		10,584,221	5,406,023
Deposits and short term prepayments		3,603,887	3,828,847
Taxation		49,372,493	35,242,995
Cash and bank balances		7,708,415	2,043,819
		<u>414,420,680</u>	<u>342,981,859</u>
Total Assets		<u><u>780,648,247</u></u>	<u><u>694,704,273</u></u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised Capital 15,000,000 (June 30, 2013: 15,000,000) ordinary shares of Rs. 10/- each		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed & paid-up capital 3,900,000 (June 30, 2013: 3,900,000) ordinary shares of Rs. 10/- each		39,000,000	39,000,000
Reserves		<u>220,578,196</u>	<u>206,707,659</u>
		259,578,196	245,707,659
Non-Current Liabilities			
Deferred liabilities		79,714,302	72,249,452
Due to directors		63,000,000	63,000,000
Long term financing - secured		<u>38,435,874</u>	<u>34,159,206</u>
		181,150,176	169,408,658
Current Liabilities			
Trade and other payables		129,633,639	64,679,454
Accrued mark-up on bank finances		3,145,182	3,375,534
Current portion of long term financing		29,909,091	26,800,806
Short term bank finances - secured		175,071,963	184,732,162
Provision for taxation		<u>2,160,000</u>	-
		339,919,875	279,587,956
Contingencies and Commitments	5		
Total Equity and Liabilities		<u><u>780,648,247</u></u>	<u><u>694,704,273</u></u>

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



M. Haroon Qassim
Chief Executive



Wali Muhammad A. Habib
Director



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2014 (Un-Audited)

	For the Third Quarter ended		For the Period ended	
	March 31, 2014 (Rupees)	March 31, 2013 (Rupees)	March 31, 2014 (Rupees)	March 31, 2013 (Rupees)
Net sales	293,904,500	310,809,656	932,718,438	895,838,012
Cost of sales	(203,291,077)	(221,435,932)	(647,137,895)	(650,560,605)
Gross profit	90,613,423	89,373,724	285,580,543	245,277,407
Selling and distribution expenses	(72,616,761)	(68,981,925)	(213,237,867)	(201,104,100)
Administrative and general expenses	(6,369,762)	(5,341,918)	(20,600,340)	(16,239,112)
Other operating expenses	(620,603)	(946,114)	(2,945,784)	(1,593,886)
Other operating income	742,979	35,711	1,649,230	1,625,438
Operating profit	11,749,276	14,139,478	50,445,782	27,965,747
Finance costs	(5,743,622)	(4,830,387)	(18,207,762)	(13,666,660)
Profit before taxation	6,005,654	9,309,091	32,238,020	14,299,087
Taxation	(816,043)	(2,138,134)	(12,517,483)	(4,287,632)
Profit after taxation	5,189,611	7,170,957	19,720,537	10,011,455
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	5,189,611	7,170,957	19,720,537	10,011,455
Earning per share - basic and diluted	1.33	1.84	5.06	2.57

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



M. Haroon Qassim
Chief Executive



Vali Muhammad A. Habib
Director



CONDENSED INTERIM CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2014 (Un-Audited)

	For the Period ended	
	March 31, 2014 (Rupees)	March 31, 2013 (Rupees)
Cash Generated from Operations		
Profit before taxation	32,238,020	14,299,087
Adjustments for:		
Depreciation	28,298,480	21,953,788
Amortization	268,045	33,779
Provision for gratuity	5,737,804	4,269,072
Loss / (Gain) on disposal of property, plant & equipment	(230,881)	(645,114)
Finance costs	18,207,762	13,666,660
Profit before working capital changes	52,281,210	39,278,185
(Increase) / decrease in Current Assets:		
Stores and spares	(2,641,861)	1,847,215
Stock-in-trade	(45,999,223)	41,867,641
Trade debtors	1,949,595	(1,407,211)
Loans and advances	(5,178,198)	(9,200,674)
Deposits and short term prepayments	224,960	(12,628,969)
	(51,644,727)	20,478,002
Increase / (decrease) in Current Liabilities:		
Trade & other payables	64,926,170	29,786,614
Cash generated from operations	97,800,673	103,841,888
Payments for:		
Gratuity	(1,486,954)	(1,615,831)
Finance costs	(18,438,114)	(14,465,304)
Taxes	(21,272,981)	(10,250,788)
Net cash from operating activities	56,602,624	77,509,965
Cash Flow From Investing Activities		
Fixed capital expenditure including capital work-in-progress	(41,130,851)	(75,479,114)
Long term deposits	(2,972,510)	10,901,524
Sales proceeds from disposal of property, plant & equipment	1,262,564	2,605,195
Net cash used in investing activities	(42,840,797)	(61,972,395)
Cash Flow From Financing Activities		
Dividend paid	(5,821,985)	(5,848,837)
Long term financing - diminishing musharakah	7,384,953	27,598,325
Loan from director	-	(12,000,000)
Net cash generated from financing activities	1,562,968	9,749,488
Net increase in cash and cash equivalents	15,324,795	25,287,058
Cash and cash equivalents at the beginning of the period	(182,688,343)	(147,139,363)
Cash and cash equivalents at the end of the period	A (167,363,548)	(121,852,305)
A. Cash and Cash Equivalents		
Cash and bank balances	7,708,415	5,704,416
Short term bank finances	(175,071,963)	(127,556,721)
	(167,363,548)	(121,852,305)

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



 M. Haroon Qassim
 Chief Executive


 Vali Muhammad A. Habib
 Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2014 (Un-Audited)

	Share Capital (Rupees)	Capital Reserve Share Premium (Rupees)	Revenue Reserve		Total (Rupees)
			General Reserve (Rupees)	Unappropriated Profit (Rupees)	
Balance as at July 01, 2012	39,000,000	10,000,000	55,000,000	110,014,956	214,014,956
Dividend for the year June 30, 2012 - Final - @ Rs. 1.50 per share	-	-	-	(5,850,000)	(5,850,000)
Total comprehensive income for the period ended March 31, 2013	-	-	-	10,011,455	10,011,455
Balance as at March 31, 2013	39,000,000	10,000,000	55,000,000	114,176,411	218,176,411
Balance as at July 01, 2013	39,000,000	10,000,000	55,000,000	141,707,659	245,707,659
Dividend for the year June 30, 2013 - Final - @ Rs. 1.50 per share	-	-	-	(5,850,000)	(5,850,000)
Total comprehensive income for the period ended March 31, 2014	-	-	-	19,720,537	19,720,537
Balance as at March 31, 2014	39,000,000	10,000,000	55,000,000	155,578,196	259,578,196

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


M. Haroon Qassim
Chief Executive


Vali Muhammad A. Habib
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2014 (Un-Audited)

1 Status and Nature of Business

Shield Corporation Limited (the Company) was incorporated in Pakistan on January 10, 1975 and is quoted on Karachi, Lahore and Islamabad Stock Exchanges in Pakistan. The registered office of the Company is situated at 509, Business Avenue, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi. The company is mainly engaged in the manufacturing, trading and sales of oral and baby care products.

2 Basis of Preparation

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial statements does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended June 30, 2013.

3 Significant Accounting Policies

Accounting policies adopted for the preparation of this condensed interim financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2013 except for the adoption of new accounting policy as referred to in note 3.2.1.

3.2 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:

3.2.1 Amendments to published standards effective in current year

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2013 but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in this condensed interim financial statements except for for IAS 19 (Amendment), 'Employee Benefits'

IAS 19 (revised) 'Employee Benefits': has eliminated the corridor approach and requires to calculate finance cost on net funding bases. The company has applied this change in accounting policy retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', but as there were no unrecognised actuarial gains and losses to be recorded thus there was no need to adjust the opening balances of accumulated profit and deferred liabilities. No actuarial assessment has been carried out for preparation of this condensed interim financial statements.

4 Property, Plant & Equipment

	Note	(Un-audited) Mar. 31, 2014 (Rupees)	(Audited) June 30, 2013 (Rupees)
Operating assets - at net book value	4.1	358,387,360	315,679,352
Capital work in progress - at cost		1,875,650	34,421,604
		<u>360,263,010</u>	<u>350,100,956</u>

4.1 Movement in operating fixed assets:

Opening - at net book value		315,679,352	263,956,337
Add: Additions during the period / year	4.2	72,976,366	84,427,993
		388,655,718	348,384,330
Less: Depreciation charged during the period / year		(28,298,477)	(30,511,304)
Less: Impairment during the period / year		(938,198)	-
Less: Disposals during the period / year - at net book value	4.2	(1,031,683)	(2,193,674)
		(30,268,358)	(32,704,978)
Closing - at net book value		<u>358,387,360</u>	<u>315,679,352</u>

4.2 Details of additions and disposals to operating assets are:

	Additions (at cost)		Disposals (at net book value)	
	Mar. 31, 2014 (Rupees)	June 30, 2013 (Rupees)	Mar. 31, 2014 (Rupees)	June 30, 2013 (Rupees)
Factory Building on lease hold land	2,458,372	-	-	-
Office Premises	-	7,018,856	-	-
Plant & machinery	68,617,658	70,847,124	204,122	553,076
Furniture & fixtures	367,632	1,615,500	-	1,033,147
Office equipments	852,762	1,377,553	633,374	-
Computer equipments	621,942	651,160	64,187	44,714
Vehicles	58,000	2,917,800	130,000	562,737
	<u>72,976,366</u>	<u>84,427,993</u>	<u>1,031,683</u>	<u>2,193,674</u>

5 Contingencies & Commitments

5.1 Contingencies

5.1.1 Contingent liability in respect of guarantees and counter guarantees is Rs. 7.64 million (June 30, 2013: Rs. 7.64 million). Out of this Rs. 5 million (June 30, 2013: Rs 5 million) represents guarantee provided in relation to defending a trade mark case in the High Court for Rs. 42 million (June 30, 2013: Rs. 42 million). The management is hopeful that case will be decided in Company's favour, as such no provision has been made in these financial statements.

5.1.2 The Company has issued post dated cheques in favour of collector of customs amounting to Rs. 6.06 million (June 30, 2013: Rs. 6.47 million) under SRO 565 (I)/2006 dated June 5, 2006 for the reduction of duty as an indemnity guarantee. The collector of customs will refund these cheques upon satisfactory compliance of the requirements of SRO.

5.2 Commitments

5.2.1 The Company has letter of credit commitments for purchases amounting to Rs. 40.96 million (June 30, 2013: Rs. 48.73 million)

5.2.2 The Company has letter of credit and other commitments for capital expenditures amounting to Rs. 32.147 million (June 30, 2013: Rs. 17.68 million)

5.2.3 The Company has commitments in respect of Ijarah as follows:

	(Un-audited) Mar. 31, 2014 (Rupees)	(Audited) June 30, 2013 (Rupees)
More than one year but less than three years	-	-
Not later than one year	-	3,578,380
	<u>-</u>	<u>3,578,380</u>

5.2.4 The Company has commitments in respect of Rent of Diminishing Musharakah as follows:

More than one year but less than three years	3,839,146	2,971,974
Not later than one year	6,448,313	3,346,147
	<u>10,287,459</u>	<u>6,318,121</u>

6 Transactions with related parties

Related parties comprise of associated undertakings, employees provident fund, directors and key management personnel of the company.

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

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

Relationship	Nature of transactions	For the period July-Mar., 2014 (Rupees)	For the period July-Mar., 2013 (Rupees)
Associated company	Sale of goods - Premier Agencies	894,556,418	855,607,309
Staff retirement funds	Contribution to employees provident fund	2,392,304	1,930,142
Director	Repayment of loan due to director	-	12,000,000

7 General

7.1 These financial statements were authorised for issue on April 28, 2014 by the Board of Directors of the Company.

7.2 Figures have been rounded off to the nearest rupee.



M. Haroon Qassim
Chief Executive



Vali Muhammad A. Habib
Director





SHIELD CORPORATION LIMITED

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