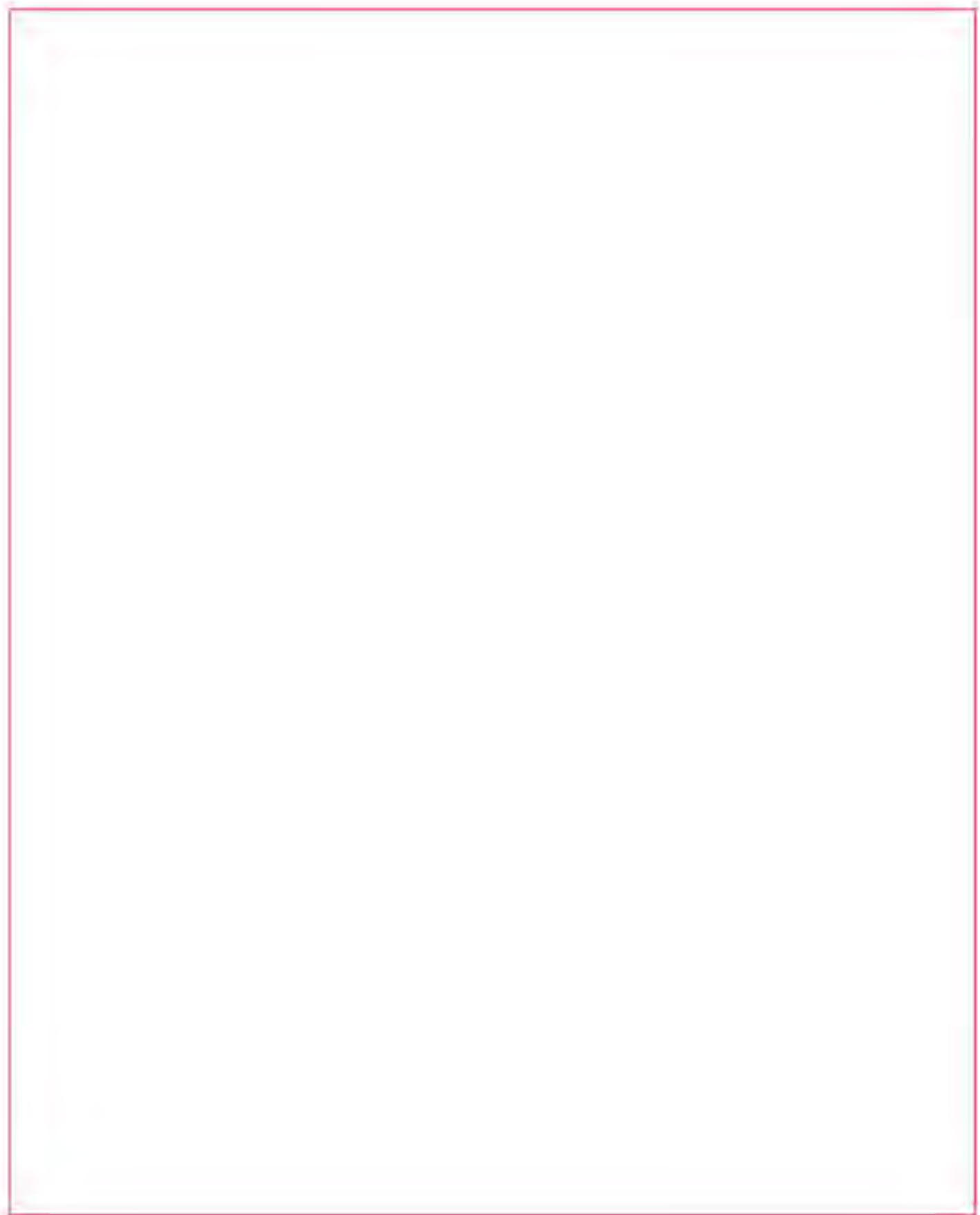


# REACHING FOR NEW HORIZONS



ANNUALREPORT2015

SHIELD CORPORATION LIMITED  
(AN ISO 9001 CERTIFIED COMPANY)





A dream is the bearer of a new possibility,  
the enlarged horizon,  
the great hope.

Howard Thurman



CREATING A RICHER  
**HISTORY**  
EVERY STEP WE TAKE

Through constant innovation and development, Shield has established itself as the market competitive role players in Oral and Baby Care.

Shield continuously strives to develop new products and services through extensive research and development that are tailored for consumer satisfaction now and in the future.



## VISION

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

## MISSION

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





# BABY CARE

- FEEDING BOTTLES
- TRAINING CUPS
- SOOTHERS
- TEETHERS
- BOTTLE CLEANING BRUSH





# ORAL CARE

TOOTHPASTE FOR ADULTS \*

WIDE RANGE OF TOOTHBRUSHES \*

TOOTHBRUSHES FOR KIDS \*





**Shield**<sup>®</sup>

ننسو... ذرا اور كهلائے

**DUAL PRO**<sup>®</sup>  
**FOR BEST ORAL HYGIENE**





# Baby Diapers

A diaper with **wetness indicator** which let's you know your precious baby needs a diaper change before it cries out in discomfort.

Shield Baby Diapers new **Elastic Back Cuff** lets the diaper swaddle your baby's bottom snugly it further prevents leakage from the back. Your baby stays dry longer, sleeps longer too.

*Diapers available in a range of sizes.*

سجہ دار ماؤں کا انتخاب



“To accomplish great things  
we must not only act,  
but also dream; not only  
plan, but also believe,”

Anatole France



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"To be what we are,  
and to become what we are capable of becoming,  
is the only end of life."  
- Robert Louis Stevenson

# COMPANY INFORMATION

## **Board of Directors**

Mr. Ebrahim Qassim  
Mr. M. Haroon Qassim  
Mr. Vali Muhammad A. Habib  
Mr. Pir Muhammad  
Mrs. Saadia Butt Naveed  
Mr. Syed Imran Chishti  
Mr. Muhammad Salman Qassim

Chairman  
Chief Executive  
Director  
Director  
Director  
Director

## **Audit Committee**

Mr. Pir Muhammad  
Mr. Vali Muhammad A. Habib  
Mr. Syed Imran Chishti

Chairman  
Member  
Member

## **Human Resource & Remuneration Committee**

Mr. Vali Muhammad A. Habib  
Mr. M. Haroon Qassim  
Mr. Syed Imran Chishti

Chairman  
Member  
Member

## **Company Secretary & CFO**

Mr. M. Zeid Kaliya

## **Head of Internal Audit**

Mr. M. Shakoel Dhanani

## **Legal Advisors**

Messrs. Hassan & Humayun Associates  
Advocates & Solicitors

## **External Auditors**

Moochhala Gangat & Co. Chartered Accountants

## **Internal Auditors**

A.F. Ferguson & Co. Chartered Accountants

## **Bankers**

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

## **Registrar & Share Registration Office**

Central Depository Company of Pakistan  
CDC House, 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 the Shield Corporation Limited are pleased to present the annual report and the audited financial statements for the financial year ended June 30, 2015. The report intends to provide a quick look on shield's management constant endeavor to maximize the shareholders' value.

	2015 (Rupees)	2014 (Rupees)
<b>Financial summary</b>		
Sales	1,248,961,378	1,174,856,539
Profit after taxation	47,649,814	23,162,565
Unappropriated profit brought forward	151,048,887	135,857,659
Profit available for appropriation	197,771,340	156,898,887
<b>Key Performance Measures</b>		
Gross Profit Margin (%)	30.28	31.13
Profit before tax (%)	5.11	3.23
Basic Earnings per Share (Rs.)	12.22	5.94



### Overview

The year 2014-15 remained a challenging year that saw sluggish sales growth, higher cost and unstable market. Though reduced oil prices contained the cost of production, national and provincial budgets 2014-15, increased the overall cost of doing business.

Despite these difficulties, your company did not lose focus on the strategic goals and maintained the momentum of progress.

1. The company achieved a sales of Rs. 1.25 billion in the fiscal year, with a growth of 6.31% over the last year.
2. The management responded seriously to declining sales in May 2014 and looked into various options to address the situation. One of the major decisions was to restructure the entire sales team that helped in increase in sales. Moreover, the management is also exploring all practical ideas for improving sales force productivity.
3. Reduction in bank rate from 10% (July 2014) to 6.5% (June 2015) by State Bank of Pakistan also contributed in reducing the financial cost of the Company.
4. Prudent spending on Advertisement and Promotion contributed to the improved Net Profit of the company as well.
5. Thus the aforementioned factors contributed towards an increase in earnings per share rising from Rs.5.94 (last year) to Rs. 12.22 this year.
6. The Board of Directors gladly proposes 50% dividend i.e. Rs. 5 per share for this financial year to be approved by the shareholders in Annual General Meeting.

### **Our Business Diversity**

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

### **Baby Feeding Products**

Shield baby care products cover feeding range and accessories that provide great value for the money. With the lion's share in baby feeding products, *Shield* is the market leader in Pakistan.

### **Baby Diapers**

We have re-launched Shield Diapers in the market this year as it remains a perfect strategic fit considering our unique market position as specialists in baby care products.

### **Oral Care Products**

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

*Shield* toothbrushes range from basic low price toothbrushes such as (ANGI/LAR & BIO-JUNIOR) to high end toothbrushes such as DUALPRO and CLARITY. Shield portfolio also holds the distinction of carrying Pakistan's first and only toothbrush with antibacterial/silver coated filaments (ANTIBAC). The product range also holds the distinction of being the only range of toothbrushes that uses Dupont's Tynex Nylon Filaments in Pakistan. The company has also launched colored-tip (tapered) filament toothbrush with the brand name SOF-TIP that completely changes the brushing experience as well as the aesthetics of a good quality toothbrush. *The Shield* also leads the premium kid's toothbrush category with GIGGLES and HIPPO.

*The Shield* toothbrushes range and quality are instrumental in helping us to hold a decent spot amongst highest selling brands of toothbrushes in Pakistan. However, we have a long way to go to become a leader from a mainstream player. To that end, your management is taking significant steps like introducing innovative products and strengthening the sales team.

*Shield* toothpaste is available in two distinct flavors; Cinnamon and Peppermint, with improved formulation and competing against several multi-national and local family-toothpaste brands. Toothpaste category has a substantial potential for growth as this is the best strategic fit in oral care portfolio that perfectly complements with the toothbrushes.

### **Management Objectives / Strategies / Threats and Opportunities**

Your management has set challenging objectives for the year 2015-16. In the baby care category, we are determined to maintain the leadership position. In the face of growing competition, bringing innovative products is the only way to stay ahead. We are also working on expanding the product portfolio in baby care category by bringing new and innovative products thus strengthening our market leadership position.

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

Needless to say that your management is determined and clear-headed on keeping the leading position in oral and baby care product segments; InshaALLAH.

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

#### **Core Changes – Plans and Strategies**

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

The management is continuously striving for higher productivity and for this reason it had to restructure its sales department on a large scale. This restructuring will definitely bring cost effectiveness with more productivity and efficient use of human resources. To be a dynamic organization; it is important to accept the reality and prepare yourself for the present as well as future challenges. The management is blessed with quality human resource whose spirit is to keep the organization dynamic for the present as well as future.

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

#### **Corporate Sustainability & Social Responsibility**

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

#### Shield Aaj School, Kal Dunya

'Shield' Aaj School, Kal Dunya' remains an integral part of the company's large vision of educated Pakistan while impressing the importance of education as the ultimate solution to the problems of our beloved country.

#### World Oral Health Day

World Oral Health Day is being celebrated for last 5 years in association with Pakistan Dental Association, Asia Pacific Dental Federation, Institute of Advance Dental Sciences and Research and Journal of Pakistan Dental Association. World Oral Health Day aims to promote awareness on cosmetic value of teeth and gum on 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 at selected Dental Colleges, Shopping malls and Schools across major cities in Pakistan. *Shield* is proud to be associated with this campaign as we believe that dental practitioners have a key role to play in the fight for Oral Care.

#### Annual Calendar – Learning Tool for Children

Shield's annual calendars, as always, are working as a learning tool for little children in order to make Pakistan a better nation tomorrow. The topic of current year calendar was "Good Human Being Values" that lay emphasis on all those good things that are not only important for becoming a good human being but also reflects the teachings of Islam. As such Shield's calendars are always in great demand especially by schools as well as a good cross section of our society.

#### Aagahi Adult Literacy Program (ALP)

The Aagahi Adult Literacy Program is an initiative that was launched in 2005 by The Citizens Foundation (TCF) to impart education and literacy to mothers and older sisters of TCF students as well as other women in the community. Since its inception to date, over 38,000 women have achieved a good degree of literacy through this program thus realizing the efforts of hundreds of principals, teachers, area managers & coordinators at TCF.

*Shield* has supported this noble cause for over last 5 years with even more ambitious goals in the offing.

#### Corporate Vision & Mission

Your management is trying its best to make your company, a leading household name in Pakistan while supporting families in safeguarding their health and make your company a symbol of dynamism, an epitome of corporate responsibility.

#### Human Resource Management

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

#### Capital Expenditure

The Company has made investment in latest models of machines, moulds and utilities, amounting to Rs. 39 million thus helping the company to remain competitive and technically in pace. As explained earlier, to keep the leadership position it is imperative that we keep investing judiciously in plant and machinery to ensure long term competitiveness and product innovation.

#### Exports

This year exports amounted to Rs. 6.80 million as against Rs. 12 million last year. The management is conscious of the drop in export sales. We are actively working in two markets Afghanistan and Uganda; both have not performed as expected last year. We are in discussions with the distributors in these markets and we expect to increase the sales next year.

#### Contribution to National Exchequer

Your Company made a total contribution of Rs. 282 million to the National Exchequer on account of different government levies, including custom duty, sales tax and income tax during the year 2014-15.

## Corporate Governance

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

### Board Meetings

During the year seven (7) meetings of the Board of Directors were held. Attendance by each director is as follows:

Name of Directors	Meetings	
	Held	Attended
Mr. Ebrahim Qassim	7	7
Mr. M. Haroon Qassim	7	7
Mr. Wali Muhammad A. Habib	7	7
Mr. Pir Muhammud	7	7
Mrs. Saadia Butt Naveed	7	5
Mr. Muhammad Salman Qassim	7	7
Mr. Zamiruddin Ahmed*	4	1
Mr. Syed Imran Chishti*	2	1

#### \*Board Changes

Mr. Zamiruddin Ahmed resigned from the Board with effect from 24-02-2015. To fill the casual vacancy, Mr. Syed Imran Chishti has been appointed as Director by the Board with effect from 15-04-2015. Leave of absence was granted to the directors who could not attend the meeting(s).

### Pattern of Shareholding

Pattern of shareholding is annexed to this report.

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

1. Mr. Syed Imran Chishti purchased 500 shares of the company.

### Audit Committee

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

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

#### Attendance of Audit Committee

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

Name of Directors	Meetings	
	Held	Attended
Mr. Pir Muhammad – Chairman	4	4
Mr. Vall Muhammad A. Habib – Member	4	4
Mr. Zamiruddin Ahmed* – Member	2	1
Mr. Syed Imran Chishti* – Member	1	0

#### \*Audit Committee Changes

Mr. Zamiruddin Ahmed resigned from the Audit Committee with effect from 24-02-2015. Mr. Syed Imran Chishti has been appointed as member of Audit Committee by the Board. Mr. Pir Muhammad has been appointed as Chairman with effect from 10-9-2014. Leave of absence was granted to the director who could not attend the meeting(s).

#### Human Resource & Remuneration Committee

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 a non-executive director.

#### Attendance of Human Resource & Remuneration Committee

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

Name	Category	Meetings Attended
Mr. Vall Muhammad A. Habib	Chairman	1
Mr. Syed Imran Chishti*	Member	1
Mr. M. Haroon Qasim	Member	1

#### \*HR&R Committee Changes

Mr. Zamiruddin Ahmed resigned as a chairman and member of HR&R Committee with effect from 24-02-2015. Mr. Syed Imran Chishti has been appointed as Member and Mr. Vall A Habib as Chairman of the Committee by the Board.

#### External Auditors

M/s Moolchala 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, recommend the appointment of M/s Moolchala Gangat & Co., Chartered Accountants, for the year ended June 30, 2016 at a fee to be mutually agreed.

#### Internal Auditors

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

#### Risk Management

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

#### Related Party Transactions

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

## Statement on Corporate and Financial Reporting Framework

### Statement of Directors' Responsibilities

- 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 complies 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 and explained.
- g. The Company maintains a sound internal control system, which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed. This has been formalized by the Board's Audit Committee and is updated as and when needed.
- h. There are no significant doubts upon the company's ability to continue as a going concern.
- i. Outstanding duties, statutory charges and taxes, if any, have been duly disclosed in the financial statements.
- j. The value of investment of Provident Fund based on its unaudited accounts amounted to Rs. 22.8 million.
- k. The key operating and financial data for the last six years in summarized form is annexed.

### Future Outlook

The management of the Company holds an optimistic outlook for our business. The population base gives a unique advantage to Pakistan's economy. Decrease in fuel prices and improvement in law and order condition are positive indicators. We see flourishing consumption and aspiration by the consumer to buy quality brands.

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

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

### Acknowledgement

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

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

On behalf of Board of Directors

  
M. Haroon Qasim  
Chief Executive

Karachi: October 02, 2015

## KEY FINANCIAL DATA

### SIX YEARS AT A GLANCE

	2015	2014	2013	2012	2011	2010
	----- Rupees -----					
<b>Balance Sheet</b>						
Paid up capital	39,000,000	39,000,000	39,000,000	39,000,000	39,000,000	39,000,000
Reserves & un-appropriated profit	262,771,340	221,898,887	206,707,659	175,014,956	141,471,134	114,831,310
Shareholders equity	301,771,340	260,898,887	245,707,659	214,014,956	180,471,134	153,831,310
Non-current liabilities	133,645,829	173,414,761	169,408,658	151,347,826	140,592,719	125,832,735
Current liabilities	248,174,014	298,946,554	279,587,956	265,885,604	300,815,924	146,301,373
Total liabilities	683,591,183	733,260,202	694,704,273	631,248,386	621,879,777	425,965,418
Non-current assets	359,184,840	368,867,966	353,369,271	288,275,357	292,063,020	275,583,756
Current assets	324,406,343	364,392,236	341,335,002	342,973,029	329,816,757	150,381,662
Total assets	683,591,183	733,260,202	694,704,273	631,248,386	621,879,777	425,965,418
<b>Profit and Loss Account</b>						
Sales	1,248,961,378	1,174,856,539	1,218,938,348	1,061,000,021	829,901,077	661,131,009
Cost of sales	870,750,560	809,115,849	870,451,155	757,080,081	624,047,664	462,584,004
Gross profit	378,210,818	365,740,690	348,487,193	303,919,940	205,853,413	198,547,005
Selling and distribution expenses	257,653,951	273,859,529	259,808,886	215,302,475	131,338,208	128,994,609
Administrative and general expenses	37,485,364	28,490,558	23,222,673	21,982,857	17,332,978	14,521,680
Other operating expenses	5,244,569	3,187,096	3,226,148	3,296,250	2,991,343	3,402,253
Other operating income	1,751,491	1,742,636	2,409,116	1,403,383	1,501,896	647,207
Operating profit	79,578,425	61,946,143	64,638,602	64,741,741	55,692,780	52,275,670
Finance costs	15,747,185	23,968,150	19,411,909	20,266,243	15,331,314	8,855,422
Profit before taxation	63,831,240	37,977,993	45,226,693	44,475,498	40,361,466	43,420,248
Taxation	16,181,426	14,815,428	5,751,979	7,031,676	9,821,642	21,285,357
Profit after taxation	47,649,814	23,162,565	39,474,714	37,443,822	30,539,824	22,134,891

## HORIZONTAL ANALYSIS

	2015	2014	Change from preceeding year			
			2013	2012	2011	2010
<b>Balance Sheet Analysis (%)</b>						
Non-current assets	(2.63)	4.39	22.58	(1.30)	5.98	32.90
Current assets	(10.97)	6.76	(0.48)	3.99	119.32	(0.33)
Total assets	<u>(6.77)</u>	<u>5.55</u>	<u>10.05</u>	<u>1.51</u>	<u>45.99</u>	<u>18.91</u>
Share capital and reserves	15.67	6.18	14.81	18.59	17.32	16.81
Non-current liabilities	(22.93)	2.36	11.93	7.65	11.73	60.67
Current liabilities	(16.98)	6.92	5.15	(11.61)	105.61	(1.29)
Total equity and liabilities	<u>(6.77)</u>	<u>5.55</u>	<u>10.05</u>	<u>1.51</u>	<u>45.99</u>	<u>18.91</u>

### Profit and Loss Account Analysis (%)

	2015	2014	Change from preceeding year			
			2013	2012	2011	2010
Net sales	6.31	(3.62)	14.89	27.85	25.53	35.18
Cost of sales	7.62	(7.05)	14.97	21.32	34.90	35.15
Gross profit	3.41	4.95	14.66	47.64	3.68	35.24
Selling and distribution expenses	(5.92)	5.41	20.67	63.93	1.82	17.66
Administrative and general expenses	31.57	22.68	5.64	26.83	19.36	(3.25)
Other operating expenses	64.56	(1.21)	(2.13)	10.19	(12.08)	449.33
Other operating income	0.51	(27.66)	71.66	(6.56)	132.06	40.24
Operating profit	28.46	(4.17)	(0.16)	16.25	6.54	137.48
Finance costs	(34.30)	23.47	(4.22)	32.19	73.13	(12.76)
Profit before taxation	68.07	(16.03)	1.69	10.19	(7.04)	266.04
Taxation	9.22	157.57	(18.20)	(28.41)	(53.86)	202.17
Profit after taxation	105.72	(41.32)	5.42	22.61	37.97	359.42

## VERTICAL ANALYSIS

	2015	2014	2013	2012	2011	2010
<b>Balance Sheet Analysis (%)</b>						
Non-current assets	52.54	50.31	50.87	45.67	46.96	64.70
Current assets	47.46	49.69	49.13	54.33	53.04	35.30
<b>Total assets</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Share capital and reserves	44.15	35.58	35.37	33.90	29.02	36.11
Non-current liabilities	19.55	23.65	24.39	23.98	22.61	29.54
Current liabilities	36.30	40.77	40.25	42.12	48.37	34.35
<b>Total equity and liabilities</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

### Profit and Loss Account Analysis (%)

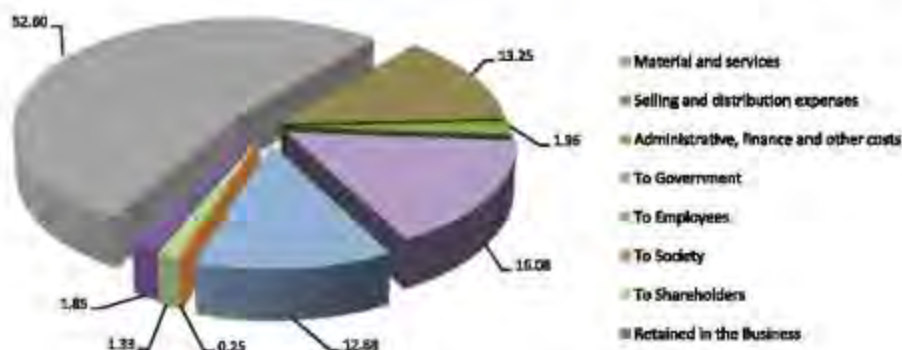
Net sales	100.00	100.00	100.00	100.00	100.00	100.00
Cost of sales	69.72	68.87	71.41	71.36	75.20	69.97
Gross profit	30.28	31.13	28.59	28.64	24.80	30.03
Selling and distribution expenses	20.63	23.31	21.31	20.29	15.83	19.51
Administrative and general expenses	3.00	2.43	1.91	2.07	2.09	2.20
Other operating expenses	0.42	0.27	0.26	0.31	0.36	0.51
Other operating income	0.14	0.15	0.20	0.13	0.18	0.10
Operating profit	6.37	5.27	5.30	6.10	6.71	7.91
Finance costs	1.26	2.04	1.59	1.91	1.85	1.34
Profit before taxation	5.11	3.23	3.71	4.19	4.86	6.57
Taxation	1.30	1.26	0.47	0.66	1.18	3.22
Profit after taxation	3.82	1.97	3.24	3.53	3.68	3.35

## 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:

	2015		2014	
	Rupees	%	Rupees	%
<b>Revenue Generated</b>				
Total revenue	<u>1,469,534,918</u>	<u>100.00</u>	<u>1,386,698,446</u>	<u>100.00</u>
<b>Revenue Distributed</b>				
Material and services	772,916,641	52.60	715,397,438	51.59
Selling and distribution expenses	194,754,408	13.25	220,544,679	15.90
Administrative, finance and other costs	28,757,813	1.96	36,754,448	2.65
Income tax	16,181,426	1.10	14,815,428	1.07
Worker's welfare fund	1,273,890	0.09	775,061	0.06
Sales tax	218,822,049	14.89	210,099,271	15.15
<b>To Government</b>	<u>236,277,365</u>	<u>16.08</u>	<u>225,689,760</u>	<u>16.28</u>
Salaries, wages and other benefits	<u>186,382,238</u>	<u>12.68</u>	<u>166,895,893</u>	<u>12.03</u>
<b>To Employees</b>	<u>186,382,238</u>	<u>12.68</u>	<u>166,895,893</u>	<u>12.03</u>
Donations	<u>3,724,000</u>	<u>0.25</u>	<u>375,000</u>	<u>0.03</u>
<b>To Society</b>	<u>3,724,000</u>	<u>0.25</u>	<u>375,000</u>	<u>0.03</u>
Cash dividend *	<u>19,500,000</u>	<u>1.33</u>	<u>5,850,000</u>	<u>0.42</u>
<b>To Shareholders</b>	<u>19,500,000</u>	<u>1.33</u>	<u>5,850,000</u>	<u>0.42</u>
<b>Retained in the Business</b>	<u>27,222,453</u>	<u>1.85</u>	<u>15,191,228</u>	<u>1.10</u>
	<u>1,469,534,918</u>	<u>100.00</u>	<u>1,386,698,446</u>	<u>100.00</u>

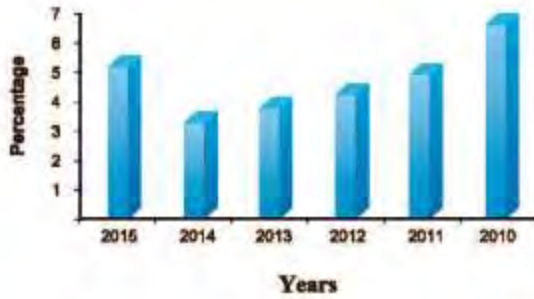
\* Represents final cash dividend @ Rs. 5 per share proposed by the Board of Directors subsequent to the year end.



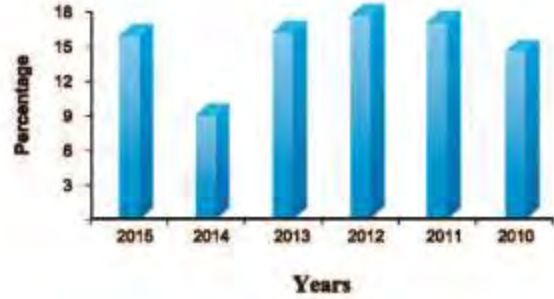
## OPERATING & FINANCIAL HIGHLIGHTS

	2015	2014	2013	2012	2011	2010
<b>Profitability Ratios</b>						
Gross profit (%)	30.28	31.13	28.59	28.64	24.80	30.03
Profit before tax (%)	5.11	3.23	3.71	4.19	4.86	6.57
EBITDA margin to sales (%)	9.44	8.57	7.81	8.81	9.90	10.74
<b>Liquidity Ratios</b>						
Current ratio	1.31	1.22	1.22	1.29	1.10	1.03
Acid-test ratio	0.28	0.21	0.25	0.19	0.15	0.18
Cash flow from operations to sales	0.12	0.09	0.04	0.03	(0.08)	0.07
<b>Activity / Turnover Ratios</b>						
Receivables turnover (Days)	0.85	4.53	4.38	1.20	2.22	3.04
Receivables turnover (Times)	443.80	83.12	86.02	314.88	169.99	123.81
Inventory turnover (Days)	111.72	123.13	114.35	136.92	117.16	95.26
Inventory turnover (Times)	3.27	2.96	3.19	2.67	3.12	3.83
Creditors turnover (Days)	60.22	43.62	28.62	31.65	34.97	64.11
Creditors turnover (Times)	6.06	8.37	12.75	11.57	10.44	5.69
Operating cycle (Days)	52.35	84.05	90.11	106.47	84.41	34.19
Asset turnover ratio	1.83	1.60	1.75	1.68	1.33	1.55
Fixed assets turnover ratio	3.48	3.19	3.45	3.68	2.84	2.40
<b>Investment / Market Ratios</b>						
Book value per share (Rs.)	77.38	66.90	63.00	54.88	46.27	39.44
Market value per share - year end - (Rs.)	245.50	303.33	180.00	129.51	80.46	48.90
Price earnings ratio	20.09	51.07	17.78	13.49	10.27	8.62
Dividend yield ratio	2.04	0.49	0.83	1.16	1.24	2.04
Dividend payout ratio	0.41	0.25	0.15	0.16	0.13	0.18
Dividend cover ratio	2.44	3.96	6.75	6.40	7.83	5.68
Dividend per share (%)	50.00	15.00	15.00	15.00	10.00	10.00
<b>Capital Structure Ratios</b>						
Debt/Equity ratio (%)	44.29	66.47	68.95	70.72	77.90	81.80
Interest cover ratio	5.05	2.58	3.33	3.19	3.63	5.90
Return on shareholders' equity (%)	15.79	8.88	16.07	17.50	16.92	14.39
Earning per share (Rs.)	12.22	5.94	10.12	9.60	7.83	5.68

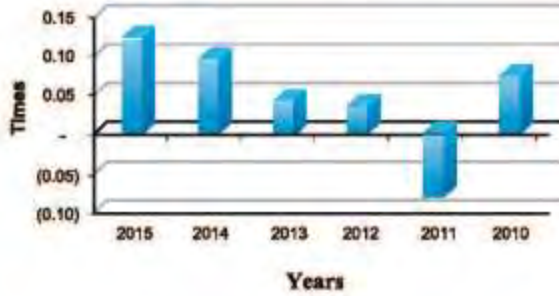
**Profit Before Tax (%)**



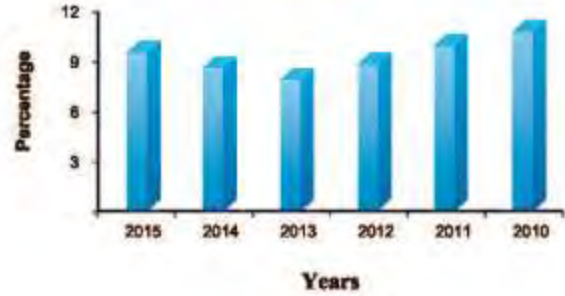
**Return on Shareholders' Equity (%)**



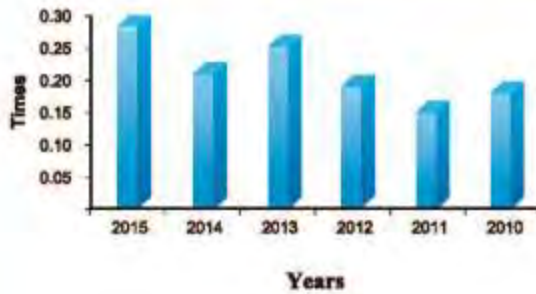
**Cash flow from Operations to Sales**



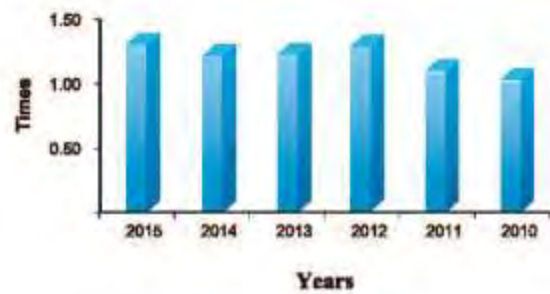
**EBITDA Margin to Sales (%)**



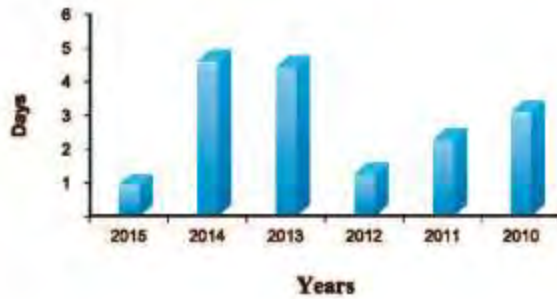
**Acid-test Ratio**



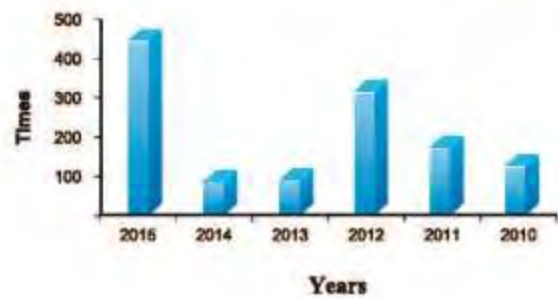
**Current Ratio**



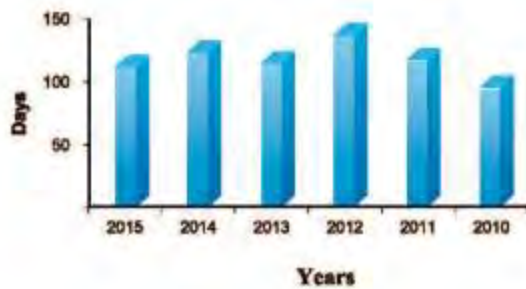
Receivable Turnover (Days)



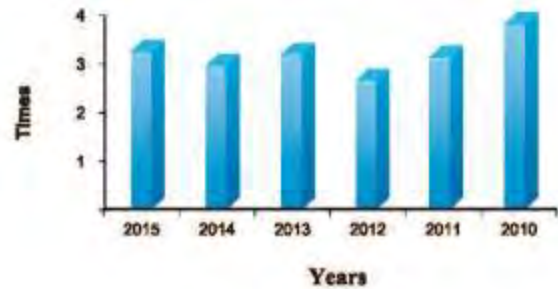
Receivable Turnover (Times)



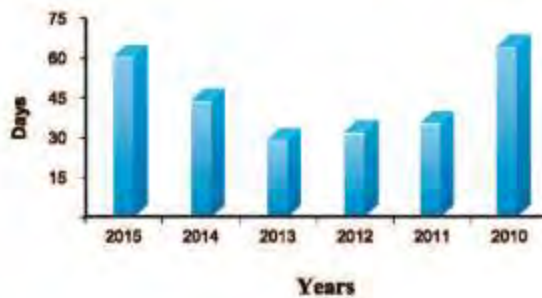
Inventory Turnover (Days)



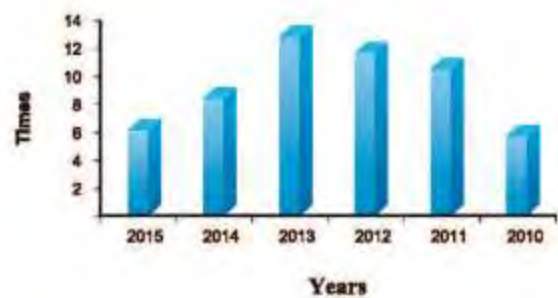
Inventory Turnover (Times)



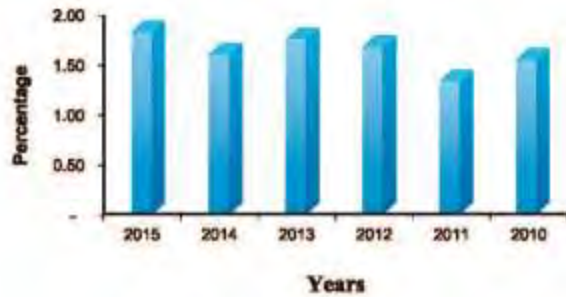
Creditors Turnover (Days)



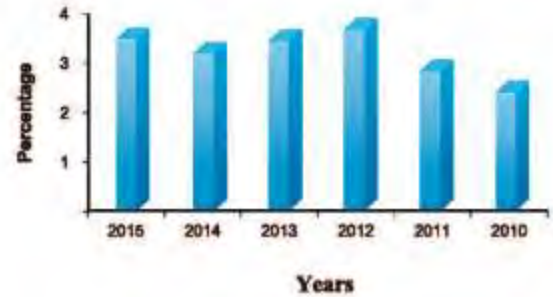
Creditors Turnover (Times)



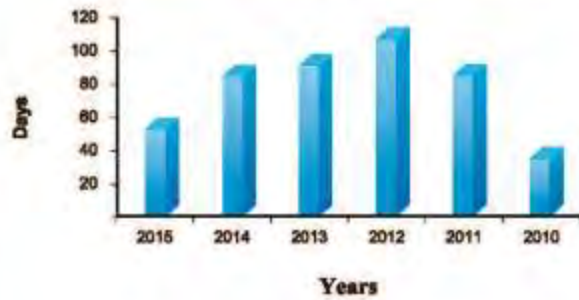
**Assets Turnover Ratio**



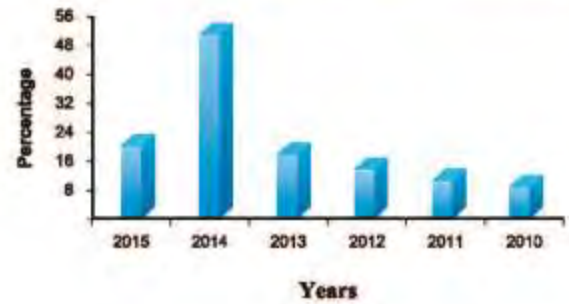
**Fixed Assets Turnover Ratio**



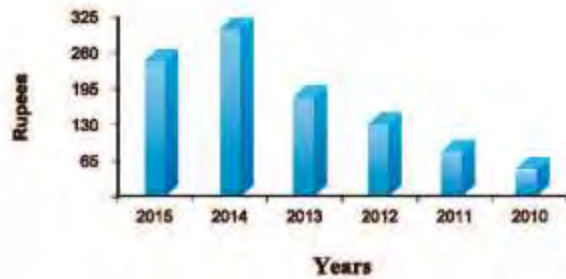
**Operating Cycle (Days)**



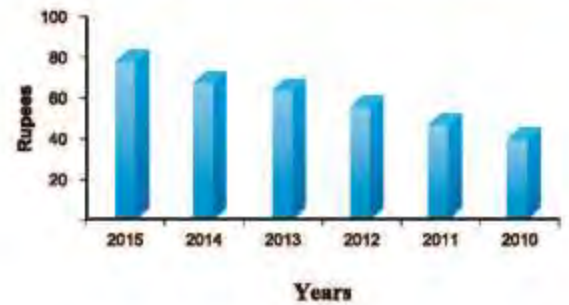
**Price Earning Ratio**

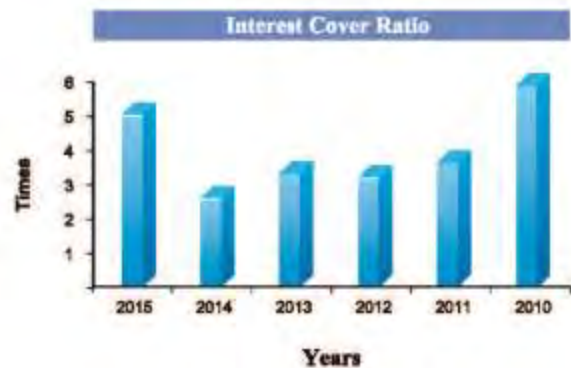
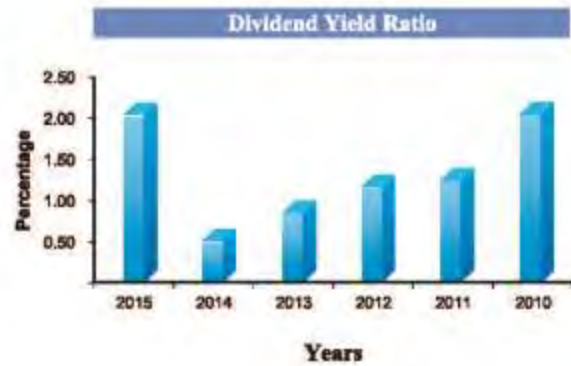


**Market Value Per Share (Rs.)**



**Book Value Per Share (Rs.)**





## PATTERN OF SHAREHOLDING

### Pattern of Shareholding as at June 30, 2015

Number of Shareholders	Shareholding		Total Share Held
	From	To	
196	1	100	4,750
74	101	500	20,216
24	501	1,000	17,524
20	1,001	5,000	47,068
2	5,001	15,000	20,230
1	55,001	60,000	55,250
1	155,001	160,000	156,000
3	300,001	350,000	972,648
3	410,001	470,000	1,291,649
1	550,001	560,000	556,050
1	750,001	760,000	758,615
<b>326</b>			<b>3,900,000</b>

### Categories of Shareholders as at June 30, 2015

Category No.	Categories of Shareholders	No of Shares Held	Category Wise No. of Folios / CDC Account	Category Wise Shares	Percentage
1.	Individuals	995,825	313	995,825	25.53
2.	Joint Stock Companies	311	03	311	0.01
3.	Directors, Chief Executive Officer and their Spouse		10	2,903,864	74.46
	1. Mr. Ebrahim Qassim	556,050			
	2. Mr. M. Haroon Qassim	462,509			
	3. Mr. Wali Muhammad A. Habib	55,250			
	4. Mr. Pir Muhammad	500			
	5. Mrs. Saadia Butt Naveed	650			
	6. Mr. Syed Imran Chahiti	500			
	7. Mr. Muhammad Salman Qassim	417,430			
	8. Mrs. Kulsam Bano	758,615			
	9. Mrs. Zohra Bano	346,840			
	10. Mrs. Wazira Parveen	305,520			
		<b>3,900,000</b>	<b>326</b>	<b>3,900,000</b>	<b>100.00</b>

## SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE COMPANY

Total paid-up capital of the Company

3,900,000 Shares

5% of the paid-up capital of the Company

195,000 Shares

Name(s) of Shareholder(s)	Description	No. of Shares Held	Percentage
Mr. Ebrahim Qassim	Falls In Category # 3	556,050	14.26%
Mr. M. Haroon Qassim	Falls In Category # 3	462,509	11.86%
Mr. Muhammad Jamil Qassim	Falls In Category # 1	411,710	10.56%
Mr. Muhammad Salman Qassim	Falls In Category # 3	417,430	10.70%
Mrs. Kulsum Bano	Falls In Category # 3	758,615	19.45%
Mrs. Zohra Bano	Falls In Category # 3	346,840	8.89%
Mrs. Saba Qassim	Falls In Category # 1	320,288	8.21%
Mrs. Wazira Parveen	Falls In Category # 3	305,520	7.83%
		<b>3,578,962</b>	<b>91.76%</b>

### Financial Calender

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

For the financial year 2015-16, financial results will be announced as per the following tentative schedule.

Un-Audited Financial Results for First Quarter	Last week of October, 2015
Reviewed Half yearly Financial Results	Third week of February, 2016
Un-Audited Financial Results for Third Quarter	Last week of April, 2016
Audited Annual Results for the year ended June 30, 2016	First week of September, 2016

## STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

Category	Names
Non-Executive Directors	Mr. Ebrahim Qassim Mr. Vali Muhammad A. Habib
Independent Directors	Mr. Pir Muhammad Mr. Syed Imran Chishti Mrs. Sandia Butt Naveed
Executive Directors	Mr. M. Haroon Qassim Mr. Muhammad Salman Qassim

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurred on the board during the year was filled up by the directors within 90 days.
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. During current year, two directors have completed "Director Training Program" as required by the Code.

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



M. Haroon Qasim  
Chief Executive



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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the "code") prepared by the Board of Directors of Shield Corporation Limited (the "Company") for the year ended June 30, 2015 to comply with the requirements of Listing Regulations No 35 of the Karachi, Lahore and Islamabad stock exchanges where the Company is listed.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

  
 Mr. Moochhala Gangat & Co.  
 Chartered Accountants

Name of the engagement partner:  
 Mr. Hussaini Fakhruddin

**Karachi**

**Date:** 02 OCT 2015

**Principal Office :** F-4/2, Mustafa Avenue, Block 9, Behind "The Forum", Clifton, Karachi-Pakistan. Ph: (92-21) 35877806-810

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

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

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



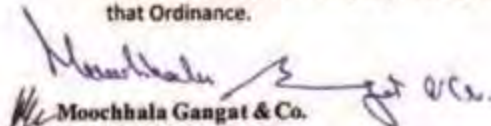
## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **SHIELD CORPORATION LIMITED** as at **June 30, 2015** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied.
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the central zakat fund established under section 7 of that Ordinance.


  
Mr. Moochhala Gangat & Co.

Chartered Accountants  
Name of the engagement partner:  
Mr. Hussaini Fakhruddin  
Karachi  
Date: 02 OCT 2015

## BALANCE SHEET AS AT JUNE 30, 2015

	Note	2015 (Rupees)	2014 (Rupees)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	353,465,199	360,337,970
Intangible assets - software	5	546,214	1,092,424
Long term deposits		4,557,300	4,537,300
Long term loans and advances	6	616,127	2,900,272
		<u>359,184,840</u>	<u>368,867,966</u>
<b>Current Assets</b>			
Store and spares		7,362,949	15,467,720
Stock-in-trade	7	246,771,432	286,255,632
Trade debtors - unsecured, considered good	8	3,576,379	1,883,239
Loans and advances	9	6,368,377	8,056,349
Deposits and short term prepayments	10	402,250	712,781
Taxation	11	59,179,961	50,995,102
Cash and bank balances	12	744,995	1,021,413
		<u>324,406,343</u>	<u>364,392,236</u>
<b>Total Assets</b>		<u><b>683,591,183</b></u>	<u><b>733,260,202</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorised Capital 15,000,000 (2014: 15,000,000) ordinary shares of Rs.10/- each		150,000,000	150,000,000
Issued, subscribed & paid-up capital	13	39,000,000	39,000,000
Reserves	14	65,000,000	65,000,000
Accumulated profit		197,771,340	156,898,887
		<u>301,771,340</u>	<u>260,898,887</u>
<b>Non-Current Liabilities</b>			
Deferred liabilities	15	86,919,599	78,672,681
Due to directors	16	30,500,000	63,000,000
Long term financing - secured	17	16,226,230	31,742,080
		<u>133,645,829</u>	<u>173,414,761</u>
<b>Current Liabilities</b>			
Trade and other payables	18	130,989,277	128,271,725
Accrued mark-up		1,592,132	3,542,476
Current portion of long term financing	17	30,278,066	29,622,884
Short term bank finances - secured	19	68,689,539	132,524,469
Provision for taxation		16,625,000	4,985,000
		<u>248,174,014</u>	<u>298,946,554</u>
<b>Contingencies and Commitments</b>	20	-	-
<b>Total Equity and Liabilities</b>		<u><b>683,591,183</b></u>	<u><b>733,260,202</b></u>

The annexed notes from 1 to 38 form an integral part of these financial statements.

  
M. Haroon Qasim  
Chief Executive

  
Pir Muhammad  
Director

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 (Rupees)	2014 (Rupees)
Net sales	21	1,248,961,378	1,174,856,539
Cost of sales	22	(870,750,560)	(809,115,849)
Gross profit		378,210,818	365,740,690
Selling and distribution expenses	23	(257,653,951)	(273,859,529)
Administrative and general expenses	24	(37,485,364)	(28,490,558)
Other operating expenses	25	(5,244,569)	(3,187,096)
Other operating income	26	1,751,491	1,742,636
Operating profit		79,578,425	61,946,143
Finance costs	27	(15,747,185)	(23,968,150)
Profit before taxation		63,831,240	37,977,993
Taxation	28	(16,181,426)	(14,815,428)
Profit after taxation		47,649,814	23,162,565
Earning per share - basic and diluted	29	12.22	5.94

The annexed notes from 1 to 38 form an integral part of these financial statements.

M. Haroon Qasim  
Chief Executive

Pir Muhammad  
Director

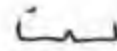
## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 (Rupees)	2014 (Rupees)
Profit after taxation		47,649,814	23,162,565
<b>Other comprehensive loss</b>			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be subsequently reclassified to profit or loss:			
Remeasurement of net defined benefit liability		(1,410,650)	(3,077,447)
Deferred tax on remeasurement of net defined benefit liability		483,289	956,110
		(927,361)	(2,121,337)
<b>Total comprehensive income for the year</b>		<b>46,722,453</b>	<b>21,041,228</b>

The annexed notes from 1 to 38 form an integral part of these financial statements.



M. Haroon Qasim  
Chief Executive



Pir Muhammad  
Director

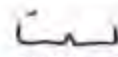
# CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2015

	2015 (Rupees)	2014 (Rupees)
<b>Cash Generated from Operations</b>		
Profit before taxation	63,831,240	37,977,993
Adjustments for:		
Depreciation	37,816,556	38,205,982
Amortization	546,210	577,878
Provision for gratuity	9,586,906	7,315,176
(Gain) / Loss on disposal of property, plant & equipment	618,338	372,401
Finance costs	15,747,185	23,968,150
Profit before working capital changes	64,315,195	70,439,587
(Increase) / Decrease in Current Assets:		
Stores and spares	8,104,771	(4,203,015)
Stock -in -trade	39,484,200	(26,597,111)
Trade debtors	(1,693,140)	23,653,710
Loans and advances	1,687,972	(4,297,183)
Deposits and short term prepayments	310,531	3,116,066
	47,894,334	(8,327,533)
Increase / (Decrease) in Current liabilities		
Trade & other payables	2,691,766	63,564,686
Cash generated from / (used in) operations	178,732,535	163,654,733
Payments for:		
Gratuity	(1,368,020)	(3,437,394)
Long term deposits	(20,000)	(2,947,510)
Long term loans and advances	2,284,145	(1,253,415)
Finance costs	(17,697,529)	(23,801,208)
Taxes	(13,625,611)	(25,158,427)
Net cash from / (used in) operating activities ( A )	148,305,520	107,056,779
<b>Cash Flow From Investing Activities</b>		
Fixed capital expenditure including capital work-in-progress	(32,603,108)	(52,319,478)
Sales proceeds from disposal of property, plant & equipment	1,040,985	1,865,447
Net cash used in investing activities ( B )	(31,562,123)	(50,454,031)
<b>Cash Flow From Financing Activities</b>		
Dividend paid	(5,824,214)	(5,822,415)
Long term financing - diminishing musharakah receipts	21,432,242	31,063,717
Long term financing - diminishing musharakah payments	(36,292,913)	(30,658,763)
Loan repaid to director	(32,500,000)	-
Net cash generated from / (used in) financing activities ( C )	(53,184,885)	(5,417,461)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	63,558,512	51,185,287
Cash and cash equivalents at the beginning of the year	(131,503,056)	(182,688,343)
Cash and cash equivalents at the end of the year	(67,944,544)	(131,503,056)
<b>Cash and Cash Equivalents</b>		
Cash and bank balances	744,995	1,021,413
Short term bank finances	(68,689,539)	(132,524,469)
	(67,944,544)	(131,503,056)

The annexed notes from 1 to 38 form an integral part of these financial statements.



M. Haroon Qasim  
Chief Executive



Pir Muhammad  
Director

ANNUAL REPORT 2015



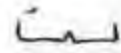
## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2015

	Share Capital (Rupees)	Capital Reserve	Revenue Reserve		Total (Rupees)
		Share Premium (Rupees)	General Reserve (Rupees)	Disaggregated Profit (Rupees)	
Balance as at July 01, 2013	39,000,000	10,000,000	55,000,000	141,707,659	245,707,659
Final dividend for the year June 30, 2013 - @ Rs. 1.50 per share	-	-	-	(5,850,000)	(5,850,000)
Profit for the year ended June 30, 2014	-	-	-	23,162,565	23,162,565
Other comprehensive loss for the year ended June 30, 2014	-	-	-	(2,121,337)	(2,121,337)
Balance as at June 30, 2014	39,000,000	10,000,000	55,000,000	156,898,887	260,898,887
Balance as at July 01, 2014	39,000,000	10,000,000	55,000,000	156,898,887	260,898,887
Final dividend for the year June 30, 2014 - @ Rs. 1.50 per share	-	-	-	(5,850,000)	(5,850,000)
Profit for the year ended June 30, 2015	-	-	-	47,649,814	47,649,814
Other comprehensive loss for the year ended June 30, 2015	-	-	-	(927,361)	(927,361)
Balance as at June 30, 2015	39,000,000	10,000,000	55,000,000	197,771,340	301,771,340

The annexed notes from 1 to 38 form an integral part of these financial statements.



M. Haroon Qasim  
Chief Executive



Pir Muhammad  
Director

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

## 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., Shahr-e-Faisal, Karachi. The Company is mainly engaged in the manufacturing, trading and sales of oral and baby care products.

## 2 Basis of Preparation

### 2.1 Statement of Compliance

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

### 2.2 Accounting Convention

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

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

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

#### 2.3.1 Standards, amendments to approved accounting standards and interpretations effective in current year

New and amended standards and interpretations mandatory for the first time for the financial year beginning July 1, 2014:

- a) IAS 32 (Amendments), 'Financial instruments: presentation'. These amendments update the application guidance in IAS 32, 'Financial instruments: presentations', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The application of these amendments has no material impact on the Company's financial statements.
- b) IAS 36 (Amendment), 'Impairment of assets'. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of these amendments has no material impact on the Company's financial statements.

The following new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2014 are considered not to be relevant or to have any significant effect on the company's financial reporting and operations.

Standard, Interpretation or Amendment		Effective date (Annual periods beginning on or after)
IFRS 8	Operating segments	July 01, 2014
IAS 16	Property, plant and equipments - (Amendments)	July 01, 2014
IAS 38	Intangible assets - (Amendments)	July 01, 2014
IAS 24	Related party disclosure	July 01, 2014
IAS 40	Investment property	July 01, 2014

#### 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 new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2014 and have not been early adopted by the Company:

Standard, Interpretation or Amendment		Effective date (Annual periods beginning on or after)
IAS 27	Separate financial statements (Amendments)	January 01, 2015
IFRS 10	Consolidated financial statements (Amendments)	January 01, 2015
IFRS 11	Joint Arrangements	January 01, 2015
IFRS 12	Disclosure of interest in other entities (Amendments)	January 01, 2015
IFRS 13	Fair value measurements	January 01, 2015

The company expects that the adoption of the above amendments and interpretation will not effect its financial statements in the period of initial application.

### 3 Summary of Significant Accounting Policies

#### 3.1 Property, Plant and Equipment

##### 3.1.1 Operating fixed assets

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

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

##### 3.1.2 Capital work in progress

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

##### 3.1.3 Subsequent costs

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

##### 3.1.4 Impairment of asset

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

##### 3.1.5 Intangible assets

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

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

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

The intangibles are amortized on straight line basis over a period of three years.

##### 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. Ijarah payments under an Ijarah are recognized as an expense in the income statement on a straight-line basis over the Ijarah term.

#### 3.2 Stores and Spares

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

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

#### 3.3 Stock in Trade

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

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

Raw and packing material except in transit/bond

at purchase cost on weighted average basis.

Finished goods and work in process

average production cost which includes cost of :

- 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. The latest actuarial valuation was carried out as at June 30, 2015. The amount arising as a result of remeasurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

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

Discount rate	10.00%
Expected rate of salary increase	9.00%

The expected gratuity cost comprising of service cost and net interest for the next one year works out to Rs. 9,737,376. This is the amount by which the net defined benefit liability is expected to increase. The amount of remeasurements to be recognised in other comprehensive income for the year ending June 30, 2016 will be worked out as at the next valuation.

##### 3.4.2.2 Defined contribution plan - Provident fund

The company operates a provident fund scheme for its permanent employees. Obligation for contributions to the fund are recognized as an expense in profit or loss when they are due. A trust has been established and its approval has been obtained from the Commissioner of Income tax. Monthly contributions are made by the company and its employees to the fund as per company policy. The company has 116 employees as at June 30, 2015 (2014: 117 employees) and average number of employees during the year was 116. (2014: 122 employees)

	2015 (Rupees)	2014 (Rupees)
<b>Details of provident fund:</b>		
Size of the fund	22,845,798	19,395,539
Cost of Investment	18,809,473	15,460,186
Fair value of Investment	22,845,798	19,395,539
Percentage of Investment	100%	100%
<b>Break up of investments:</b>		
Banks	1,206,736	191,699
Mutual Funds	10,639,062	8,703,839
Bank Certificates	11,000,000	10,500,000
	<u>22,845,798</u>	<u>19,395,538</u>
<b>Break up of investments (Percentage):</b>		
Banks	5.28%	0.99%
Mutual Funds	46.57%	44.88%
Bank Certificates	48.15%	54.14%
	<u>100.00%</u>	<u>100.00%</u>

The figures for 2015 are based on the un-audited financial statements of the Provident Fund. The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

### 3.5 Taxation

#### 3.5.1 Current

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

**3.5.2 Deferred**

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

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

**3.6 Trade and Other Payables**

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

**3.7 Foreign Currencies Translations**

Pakistan rupee (PKR) is the functional currency of the Company. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date except for those covered by forward contracts, which are stated at contracted rates. Foreign currency transactions are translated into Pak Rupees at the rate of exchange prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. Exchange gain and loss on translation are taken to profit and loss account.

**3.8 Trade Debts**

Trade debts are recognized at fair value of consideration receivable. Debts considered irrecoverable are written off and provision is made against those considered doubtful of recovery.

**3.9 Revenue Recognition**

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

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

**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	2015 (Rupees)	2014 (Rupees)
<b>4 Property, plant and equipment</b>			
Operating fixed assets	4.1	352,359,199	353,153,699
Capital work in progress	4.4	1,106,000	7,184,271
		<u>353,465,199</u>	<u>360,337,970</u>

#### 4.1 Operating fixed assets

Descriptions	Leasehold land	Factory building on leasehold land	Office premises	Plant & machinery	Furniture & fixtures	Office equipments	Computer equipments	Vehicles	Total
<b>COST</b>									
Balance as at July 01, 2013	4,923,000	142,905,650	9,518,856	273,419,143	7,721,424	4,325,653	3,152,258	10,308,944	596,074,908
Additions	-	9,557,001	-	70,720,026	267,632	1,239,077	692,602	338,880	77,916,178
Disposals	-	-	-	(26,591,219)	(7,336)	(1,668,471)	(771,081)	(423,340)	(29,463,617)
<b>Balance as at June 30, 2014</b>	<b>4,923,000</b>	<b>147,062,651</b>	<b>9,518,856</b>	<b>417,551,950</b>	<b>8,081,520</b>	<b>4,095,259</b>	<b>3,073,829</b>	<b>10,222,404</b>	<b>604,529,469</b>
Balance as at July 01, 2014	4,923,000	147,062,651	9,518,856	417,551,950	8,081,520	4,095,259	3,073,829	10,222,404	604,529,469
Additions	-	320,419	-	35,477,312	1,031,200	542,460	1,139,989	-	38,681,379
Disposals	-	-	-	(12,812,198)	(28,100)	(270,060)	(507,040)	-	(13,618,241)
<b>Balance as at June 30, 2015</b>	<b>4,923,000</b>	<b>147,383,069</b>	<b>9,518,856</b>	<b>440,217,064</b>	<b>9,054,620</b>	<b>4,367,719</b>	<b>3,705,875</b>	<b>10,222,404</b>	<b>629,592,607</b>
<b>IMPAIRMENT</b>									
Balance as at July 01, 2013	-	-	-	8,900,662	-	-	-	-	8,900,662
Change for the year	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(4,389,369)	-	-	-	-	(4,389,369)
<b>Balance as at June 30, 2014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,511,293</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,511,293</b>
Balance as at July 01, 2014	-	-	-	4,511,293	-	-	-	-	4,511,293
Change for the year	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(4,154,918)	-	-	-	-	(4,154,918)
<b>Balance as at June 30, 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>356,375</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>356,375</b>
<b>DEPRECIATION</b>									
Balance as at July 01, 2013	750,197	51,755,919	1,520,578	166,915,647	1,727,279	1,325,268	1,584,444	5,935,562	231,494,894
Change for the year	49,230	9,268,131	709,828	25,637,119	620,519	371,828	589,971	869,356	38,205,982
On disposals	-	-	-	(21,016,004)	(2,585)	(845,638)	(676,832)	(295,340)	(22,836,399)
<b>Balance as at June 30, 2014</b>	<b>799,427</b>	<b>61,024,050</b>	<b>2,230,406</b>	<b>171,536,762</b>	<b>2,345,213</b>	<b>851,458</b>	<b>1,497,583</b>	<b>6,509,578</b>	<b>246,864,477</b>
Balance as at July 01, 2014	799,427	61,024,050	2,230,406	171,536,762	2,345,213	851,458	1,497,583	6,509,578	246,864,477
Change for the year	49,230	8,631,503	719,845	26,085,732	600,392	404,042	583,247	742,565	37,816,356
On disposals	-	-	-	(7,365,896)	(5,818)	(35,218)	(373,068)	-	(7,804,000)
<b>Balance as at June 30, 2015</b>	<b>828,657</b>	<b>69,655,553</b>	<b>3,940,251</b>	<b>190,256,598</b>	<b>2,935,787</b>	<b>1,199,282</b>	<b>1,708,762</b>	<b>7,252,143</b>	<b>276,877,633</b>
<b>CARRYING AMOUNT - 2014</b>	<b>4,143,573</b>	<b>86,038,601</b>	<b>7,198,450</b>	<b>241,503,895</b>	<b>5,736,307</b>	<b>3,243,801</b>	<b>1,876,246</b>	<b>3,712,826</b>	<b>553,153,699</b>
<b>CARRYING AMOUNT - 2015</b>	<b>4,094,343</b>	<b>77,927,514</b>	<b>6,478,605</b>	<b>249,694,091</b>	<b>6,118,833</b>	<b>3,168,437</b>	<b>1,997,113</b>	<b>2,970,261</b>	<b>553,399,199</b>
<b>RATE OF DEPRECIATION (%)</b>	<b>1%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10% &amp; 30%</b>	<b>30%</b>	<b>25%</b>	

## 4.2 Depreciation has been charged to:

Cost of sales  
Selling and distribution expenses  
Administrative and general expenses

Note	2015 (Rupees)	2014 (Rupees)
22	35,067,598	36,276,307
23	741,421	954,905
24	1,007,537	974,770
	<u>37,816,556</u>	<u>38,205,982</u>

## 4.3 Detail of disposal of fixed assets

Detail of operating assets sold are as follows

Particulars	Original cost (Rupees)	Accumulated depreciation (Rupees)	Impairment (Rupees)	Written down value (Rupees)	Sales proceeds (Rupees)	Profit/ (loss) (Rupees)	Sold to	Mode of disposal
Machinery	142,785	91,930	--	50,855	13,938	(36,917)	Mr. M. Pervaiz	Negotiation
"	501,833	395,050	--	106,783	48,988	(57,795)	Mr. M. Pervaiz	Negotiation
"	320,000	232,558	--	87,442	31,238	(56,204)	Mr. M. Pervaiz	Negotiation
"	416,483	219,188	--	197,295	40,656	(156,639)	Mr. M. Pervaiz	Negotiation
"	400,000	332,193	--	67,807	39,047	(28,760)	Mr. M. Pervaiz	Negotiation
"	466,586	416,461	--	50,125	45,547	(4,578)	Mr. M. Pervaiz	Negotiation
"	500,000	449,144	--	50,856	48,809	(2,047)	Mr. M. Pervaiz	Negotiation
"	500,000	449,144	--	50,856	48,809	(2,047)	Mr. M. Pervaiz	Negotiation
"	500,000	449,144	--	50,856	48,809	(2,047)	Mr. M. Pervaiz	Negotiation
"	500,000	449,144	--	50,856	48,809	(2,047)	Mr. M. Pervaiz	Negotiation
"	146,534	95,122	--	51,392	14,303	(37,090)	Mr. M. Pervaiz	Negotiation
"	325,000	274,145	--	50,855	31,726	(19,129)	Mr. M. Pervaiz	Negotiation
"	731,458	348,321	--	373,137	70,427	(302,710)	Mr. M. Pervaiz	Negotiation
"	6,557,916	2,402,998	(4,154,918)	--	239,401	239,401	Mr. M. Pervaiz	Negotiation
Office Equipment	53,000	1,954	--	51,046	40,800	(10,246)	Insurance Claim	
Items having book value of less than Rs. 50,000 each	1,566,666	1,197,504	--	369,162	229,679	(139,483)	Various	Various
June 30, 2015	13,618,241	7,804,006	(4,154,918)	1,659,323	1,040,985	(618,338)		
June 30, 2014	29,463,617	22,836,399	(4,389,369)	2,237,848	1,865,447	(372,401)		

## 4.4 Capital work in progress

The CWIP comprise the following:

Plant & Machinery

1,106,000	7,184,271
<u>1,106,000</u>	<u>7,184,271</u>

## 5 Intangible Assets - Software

Cost

Opening balance

Additions

Closing Balance

4,127,334	2,488,700
-	1,638,634
<u>4,127,334</u>	<u>4,127,334</u>

Amortization

Opening balance

Charge for the year

Closing Balance

3,034,910	2,457,032
5.1 546,210	577,878
<u>3,581,120</u>	<u>3,034,910</u>

Carrying amount

546,214	1,092,424
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Amortization Rate (%)

33.33%	33.33%
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## 5.1 Amortization for the year has been allocated as under:

Cost of sales  
Selling and distribution expenses  
Administrative and general expenses

22	182,070	192,626
23	182,070	192,626
24	182,070	192,626
	<u>546,210</u>	<u>577,878</u>

	Note	2015 (Rupees)	2014 (Rupees)
<b>6 Long term loans and advances</b>			
<b>Loan - secured and considered good</b>			
Employees	6.1	3,448,206	4,645,656
Less: Current portion receivable within one year		(2,832,079)	(1,745,384)
		<u>616,127</u>	<u>2,900,272</u>
<b>6.1</b> These loans are interest free and have been given to executives and other employees of the company for purchase of house, vehicles or for personal use in accordance with their terms of employment. These loans are to be repaid over a period of two to three years in equal monthly installments. Any outstanding loan due from an employee at the time of leaving the service of the Company is adjustable against final settlement.			
<b>7 Stock-in-trade</b>			
<b>Raw &amp; packing materials</b>			
- in hand		91,808,704	142,105,936
- in transit		28,681,274	-
Work-in-process		14,671,443	15,085,983
Finished goods		111,610,011	129,063,713
		<u>246,771,432</u>	<u>286,255,632</u>
<b>8 Trade debtors - unsecured, considered good</b>			
Trade debts include Rs. Nil (2014: Rs. Nil) due from related parties, the maximum aggregate month end balance due from related parties during the year is Rs. 68.86 million (2014: Rs. 91.16 million)			
<b>9 Loans and Advances</b>			
<b>Loan - secured and considered good</b>			
Current portion of long term loans and advances to employees		2,832,079	1,745,384
<b>Advances - unsecured and considered good</b>			
Suppliers		1,722,677	1,658,673
Others		1,813,621	4,652,292
		<u>6,368,377</u>	<u>8,056,349</u>
<b>10 Deposits and short term prepayments</b>			
Deposits		147,000	117,000
Short term prepayments		255,250	595,781
		<u>402,250</u>	<u>712,781</u>
<b>11 Taxation</b>			
Income tax			
- advance		33,745,321	34,080,512
- refunds due from government		25,434,640	16,914,590
		<u>59,179,961</u>	<u>50,995,102</u>
<b>12 Cash and bank balances</b>			
In hand		204,618	188,622
At bank in current accounts		540,377	832,791
		<u>744,995</u>	<u>1,021,413</u>
<b>13 Issued, subscribed and paidup capital</b>			
Ordinary shares of Rs. 10 each			
<b>2015</b>	<b>2014</b>		
3,000,000	3,000,000	Issued for cash	30,000,000
900,000	900,000	Issued as bonus shares	9,000,000
<u>3,900,000</u>	<u>3,900,000</u>		<u>39,000,000</u>

	Note	2015 (Rupees)	2014 (Rupees)			
<b>14 Reserves</b>						
Movement in and composition of reserves is as follows:						
Capital						
Share premium		10,000,000	10,000,000			
Revenue						
General reserve		55,000,000	55,000,000			
		<u>65,000,000</u>	<u>65,000,000</u>			
<b>15 Deferred liabilities</b>						
Gratuity	15.1	43,648,217	34,018,681			
Deferred taxation	15.2	43,271,382	44,654,000			
		<u>86,919,599</u>	<u>78,672,681</u>			
<b>15.1 Gratuity</b>						
Movement in net liability recognized						
Opening net liability		34,018,681	27,063,452			
Expense for the year	15.1.1	9,586,906	7,315,176			
Remeasurement loss on obligation		1,410,650	3,077,447			
		<u>45,016,237</u>	<u>37,456,075</u>			
Benefits paid during the year		(1,368,020)	(3,437,394)			
Closing net liability		<u>43,648,217</u>	<u>34,018,681</u>			
<b>15.1.1 Charge for / (Income from) the defined benefit plan</b>						
Current service cost		5,086,725	4,400,529			
Interest cost		4,500,181	2,914,647			
Expense for the year		<u>9,586,906</u>	<u>7,315,176</u>			
<b>15.1.2 Historical information</b>		2015	2014	2013	2012	2011
				Rupees		
Present value of defined benefit obligation		43,648,217	34,018,681	27,063,452	20,951,636	16,191,772
Fair value of plan assets		-	-	-	-	-
Deficit in the plan		<u>43,648,217</u>	<u>34,018,681</u>	<u>27,063,452</u>	<u>20,951,636</u>	<u>16,191,772</u>
Liability in balance sheet		<u>43,648,217</u>	<u>34,018,681</u>	<u>27,063,452</u>	<u>20,951,636</u>	<u>16,191,772</u>
Remeasurement loss on obligation		<u>1,410,650</u>	<u>3,077,447</u>	<u>2,972,324</u>	-	-
<b>15.1.3 Number of employees</b>					2015 (Rupees)	2014 (Rupees)
Total number of employees as at June 30,					116	117
Average number of employees during the year					<u>116</u>	<u>122</u>
<b>15.2 Deferred taxation</b>						
The liability for deferred taxation comprises of timing difference relating to:						
Accelerated tax depreciation					57,822,371	55,880,453
Provision for gratuity					(14,550,989)	(11,226,165)
					<u>43,271,382</u>	<u>44,654,288</u>
<b>16 Due to directors</b>						
This represents interest free loans from directors and are payable after 12 months.						

				Notes	2015 (Rupees)	2014 (Rupees)
<b>17 Long term financing - secured</b>						
	<b>Installment payable</b>	<b>Repayment period</b>	<b>Mark-up rate</b>			
Diminishing musharakah arrangements Mezzan Bank Limited	Monthly	2013-16	1.5% to 1.9% above 6 months KIBOR	17.1	10,514,792	26,935,388
Habib Metropolitan Bank limited - Islamic banking	Semi Annually	2012-17	1.25% to 2.5% above 6 months KIBOR	17.1	21,227,288	34,429,576
Bank Al-Habib Limited - Islamic banking	Quarterly	2015-17	0.75% above 6 months KIBOR	17.1	14,762,216	-
Less: Current portion shown under current liabilities					(30,278,066)	(29,622,884)
					<u>16,226,230</u>	<u>31,742,080</u>

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

#### 18 Trade and other payables

Creditors		92,205,878	99,088,493
Accrued liabilities		13,312,094	16,884,849
Retention money		1,076,838	1,101,182
Workers' welfare fund		1,273,890	775,061
Workers' profit participation fund	18.1	3,352,341	2,039,634
Unclaimed dividend		531,001	505,215
Sales tax payable		8,865,844	1,854,601
Advances from customers	18.2	10,098,628	4,957,584
Others		272,763	1,065,106
		<u>130,989,277</u>	<u>128,271,725</u>

#### 18.1 Workers' profit participation fund

Balance at the beginning of the year		2,039,634	2,274,026
Profit on funds utilized		65,694	61,333
Allocation for the year		3,352,341	2,039,634
		<u>5,457,669</u>	<u>4,374,993</u>
Payments		(2,105,328)	(2,335,359)
Balance at the end of the year		<u>3,352,341</u>	<u>2,039,634</u>

18.2 Advance from customers include Rs. 9.92 million (2014: Rs. 4.93 million) which are due to related parties.

#### 19 Short term bank finances - secured

Running finance	19.1	-	97,739,947
Murabaha finance	19.2	46,225,640	34,784,522
Running musharakah	19.3	22,463,899	-
		<u>68,689,539</u>	<u>132,524,469</u>

19.1 These represent finances obtained under mark-up arrangement and are secured against hypothecation of stock-in-trade and trade debtors. The Company enjoys a total facility of Rs. 100 million (2014: Rs. 100 million) at a markup rate of 3 months KIBOR + 1% (2014: 3 months KIBOR + 1%) per annum.

19.2 This represent murabaha finance obtained under profit arrangements and are secured against hypothecation of moveable fixed assets and hypothecation of current assets of the Company. The Company enjoys a total facility of Rs. 220 million (2014: Rs. 250 million) at a profit rate ranging from relevant KIBOR + 0.75% (2014: KIBOR + 0.75% to 1.25%) per annum.

19.3 This represent running musharakah obtained under profit arrangements and are secured against hypothecation of moveable fixed assets of the Company. The Company enjoys a total facility of Rs. 80 million (2014: Rs. Nil) at a profit rate relevant KIBOR + 0.75% (2014: Nil) per annum.

#### 20 Contingencies & Commitments

##### 20.1 Contingencies:

20.1.1 Contingent liability in respect of guarantees and counter guarantees as at June 30, 2015 was Rs. 7.64 million (2014: Rs. 7.64 million). Out of this Rs. 5 million (2014: Rs. 5 million) represents guarantee provided in relation to defending a trade mark in the High Court for Rs. 42 million (2014: Rs. 42 million). The management is hopeful that case will be decided in Company's favour, as such no provision has been made in these financial statements.

- 20.1.2** The Company has filed a constitutional petition in High Court of Sindh against registration of FIR by tax authorities for alleged inadmissibility of input tax on the ground that the suppliers were not bonafide suppliers amounting to Rs. 1.3 million (2014: Rs. 1.3 million). The honourable High Court Sindh in its judgement has given detailed guideline to FBR determining the procedure to follow in this case. The matter is pending with Special Judge of Custom Court. The management based on entity's legal counsel is hopeful that the case will be decided in Company's favour and hence no provision has been made in these financial statements.
- 20.1.3** The Company has issued post dated cheques in favour of collector of customs amounting to Rs. 6.06 million (2014: Rs. 6.06 million) under SRO 565 (I)/2006 dated June 5, 2006 for the reduction of duty as an indemnity guarantee. The collector of customs will refund these cheques upon satisfactory compliance of the requirements of SRO.
- 20.1.4** The Company has filed a suit for infringement and passing off its Trade Mark Shield against Daldia in which earlier interim stay was granted which was later on confirmed by the High Court. Later on Daldia has filed an appeal against the confirmation of stay order which is pending adjudication and likely to be decided in Company's favour.

## 20.2 Commitments:

- 20.2.1** The company has letter of credit commitments for purchases of raw material amounting to Rs. 27.98 million (2014: Rs. 12.94 million).
- 20.2.2** The company has letter of credit and other commitments for capital expenditures amounting to Rs. 16.72 million (2014: Rs. 23.62 million).
- 20.2.3** The company has commitments in respect of Rent of Diminishing Musharakah as follows:

	Note	2015 (Rupees)	2014 (Rupees)
Later than one year but not later than three years		700,014	2,421,312
Not later than one year		3,066,242	5,463,471
		<u>3,766,256</u>	<u>7,884,783</u>
<b>21 Not sales</b>			
Sales - local (including trading sales)		1,500,452,149	1,416,878,303
Discounts		(39,476,233)	(43,952,370)
		<u>1,460,975,916</u>	<u>1,372,925,933</u>
Sales tax and excise duties		(218,822,049)	(210,099,271)
		<u>1,242,153,867</u>	<u>1,162,826,662</u>
Sales - export		6,807,511	12,029,877
		<u>1,248,961,378</u>	<u>1,174,856,539</u>
<b>22 Cost of sales</b>			
Raw & packaging materials consumed	22.1	630,030,585	602,187,057
<b>Other costs</b>			
Salaries, wages and benefits	22.2	97,833,919	93,718,411
Fuel and power		46,187,992	54,055,896
Stores and spares consumed	22.3	21,929,455	20,390,335
Depreciation	4.2	36,067,598	36,276,307
Amortization of intangible assets	5.1	182,070	192,626
Repairs and maintenance		8,991,081	10,036,642
Traveling and conveyance		1,774,656	1,512,907
Harah		-	3,776,675
Rent, rates and taxes		2,806,731	432,641
Insurance		3,689,331	5,567,031
Freight		20,740	187,350
Printing and stationery		537,206	567,991
Postage, telegram and telephone		735,586	780,754
Legal and professional		614,600	674,600
Others		1,480,768	2,454,871
		<u>222,851,733</u>	<u>230,625,037</u>
Opening inventory of work in process		15,085,983	19,515,167
Closing inventory of work in process		(14,671,443)	(15,085,983)
		<u>853,296,858</u>	<u>837,241,278</u>
Opening inventory of finished goods		129,063,713	100,938,284
Closing inventory of finished goods		(111,610,011)	(129,063,713)
		<u>870,750,560</u>	<u>809,115,849</u>

	Note	2015 (Rupees)	2014 (Rupees)
<b>22.1 Raw &amp; packaging materials consumed</b>			
Opening stock (including trading stock)		142,105,936	129,686,577
Purchases		579,733,353	614,606,416
Closing stock (including trading stock)		(91,808,704)	(142,105,936)
		<u>630,030,585</u>	<u>602,187,057</u>
<b>22.2</b> This includes Rs. 7,005,522 (2014: Rs. 6,501,254) in respect of retirement benefits.			
<b>22.3 Stores and spares consumed</b>			
Opening stock		15,467,720	11,264,705
Purchases		13,824,684	24,593,350
Closing stock		(7,362,949)	(15,467,720)
		<u>21,929,455</u>	<u>20,390,335</u>
<b>23 Selling and distribution expenses</b>			
Salaries and other benefits	23.1	62,899,543	53,314,850
Traveling and conveyance		26,143,087	25,277,367
Depreciation	4.2	741,421	954,905
Amortization of intangible assets	5.1	182,070	192,626
Advertisement and sales promotion		137,790,020	159,292,520
Postage, telegram and telephone		2,333,339	2,235,811
Vehicle repair and maintenance		1,048,239	4,310,906
Rents, rates and taxes		-	1,250
Insurance		71,416	79,811
Freight and octroi		22,460,449	24,819,640
Legal and professional		3,008,800	2,032,400
Others		975,567	1,347,443
		<u>257,653,951</u>	<u>273,859,529</u>
<b>23.1</b> This includes Rs. 3,766,361 (2014: Rs. 2,563,685) in respect of retirement benefits.			
<b>24 Administrative and general expenses</b>			
Salaries and other benefits	24.1	22,296,435	17,822,998
Repairs and maintenance		2,243,362	1,648,123
Depreciation	4.2	1,007,537	974,770
Amortization of intangible assets	5.1	182,070	192,626
Traveling and conveyance		170,954	281,049
Postage, telegram and telephone		791,603	731,245
Rent, rates and taxes		140,216	140,691
Insurance		543,822	425,887
Electricity and water charges		742,557	752,531
Printing and stationery		1,248,664	1,081,109
Legal and professional		1,565,250	1,744,353
Security charges		637,242	702,593
Fees and subscription		658,012	621,271
Director meeting fees		290,000	-
Others		624,640	431,312
Charity and donations	24.2	3,724,000	375,000
Auditors' remuneration	24.3	599,000	565,000
		<u>37,485,364</u>	<u>28,490,558</u>
<b>24.1</b> This include Rs. 2,397,484 (2014: Rs. 1,415,513) in respect of retirement benefits.			
<b>24.2</b> The directors or their spouses have no interest in the donation made during the year.			
<b>24.3 This includes:</b>			
Annual audit fee		545,000	515,000
Half yearly review fee		27,500	25,000
Compliance with corporate governance review fee		26,500	25,000
		<u>599,000</u>	<u>565,000</u>

	Note	2015 (Rupees)	2014 (Rupees)
<b>25 Other operating expenses</b>			
Workers' profit participation fund		3,352,341	2,039,634
Workers' welfare fund		1,273,890	775,061
Loss on disposal of fixed assets	4.3	618,338	372,401
		<u>5,244,569</u>	<u>3,187,096</u>
<b>26 Other operating income</b>			
Scrap sales		1,751,491	1,742,636
		<u>1,751,491</u>	<u>1,742,636</u>
<b>27 Finance costs</b>			
Mark-up / profit on short term bank finances		8,599,793	14,975,070
Interest on WPPF	18.1	65,694	61,333
Rent on diminishing musharabah		6,752,141	8,484,678
Guarantee commission		57,443	158,340
Bank charges		272,114	288,729
		<u>15,747,185</u>	<u>23,968,150</u>
<b>28 Taxation</b>			
Current		16,625,000	4,985,000
Prior		455,755	9,406,318
Deferred		(899,329)	424,110
		<u>16,181,426</u>	<u>14,815,428</u>
<b>28.1 Relationship between tax expense and accounting profit</b>			
Profit before taxation		63,831,240	37,977,993
Corporate tax rate		33%	34%
Tax on accounting profit		21,064,309	12,912,518
Tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes		(3,557,301)	(6,976,133)
Tax effect on exports under final tax regime		(1,781,337)	(527,275)
Effect of change in prior years' tax		455,755	9,406,318
Tax charge		<u>16,181,426</u>	<u>14,815,428</u>
<b>29 Earnings per share - basic &amp; diluted</b>			
Profit after taxation		47,649,814	23,162,565
Number of ordinary shares		3,900,000	3,900,000
Basic earnings per share		<u>12.22</u>	<u>5.94</u>

29.1 A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2014 and 2015 which would have any effect on the earnings per share if the option to convert is exercised.

### 30 Emoluments of chief executive, executive director and executives

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

	2015				2014			
	Chief Executive	Executive Director	Executives	Total	Chief Executive	Executive Director	Executives	Total
	Rupees							
Managerial Remuneration	-	-	35,777,120	35,777,120	-	-	29,026,055	29,026,055
Gratuity	-	-	2,801,785	2,801,785	-	-	2,449,290	2,449,290
Provident fund	-	-	2,097,845	2,097,845	-	-	1,696,358	1,696,358
Other benefits	-	-	8,541,979	8,541,979	-	-	6,695,173	6,695,173
	-	-	49,218,729	49,218,729	-	-	39,866,876	39,866,876
No. of persons	1	1	25	27	1	1	22	24

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

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

### 31 Transactions with related parties

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

Relationship	Nature of transactions	2015 (Rupees)	2014 (Rupees)
Associated undertakings - Premier Agencies	Sale of goods	1,233,236,851	1,168,186,991
Staff retirement funds	Contribution to employees provident fund	3,582,460	3,165,276
Director	Repayment of loan due to director	32,500,000	-

31.1 Balances of related parties as at June 30, 2015 are included in the respective notes to the financial statements. These are settled in the ordinary course of business. The receivables and payables are mainly unsecured in nature and bear no interest.

### 32 Capacity and production

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

### 33 Operating segments

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

#### Segment information

	2015			2014		
	Oral care	Baby care	Total	Oral care	Baby care	Total
Sales	228,663,667	1,020,297,711	1,248,961,378	198,329,400	976,527,139	1,174,856,539
Cost of sales	(183,199,047)	(687,551,513)	(870,750,560)	(171,586,289)	(637,529,560)	(809,115,849)
Gross profit	45,464,620	332,746,198	378,210,818	26,743,111	338,997,579	365,740,690
Selling and distribution expenses	(74,613,622)	(183,040,329)	(257,653,951)	(73,768,002)	(200,091,527)	(273,859,529)
Administrative and general expenses	(6,934,300)	(30,551,064)	(37,485,364)	(4,809,536)	(23,681,022)	(28,490,558)
Other operating expenses	(970,176)	(4,274,393)	(5,244,569)	(538,019)	(2,649,077)	(3,187,096)
Other operating income	324,003	1,427,488	1,751,491	294,177	1,448,459	1,742,636
Finance costs	(2,913,022)	(12,634,163)	(15,747,185)	(4,046,102)	(19,922,048)	(23,968,150)
Profit / (loss) before taxation	(39,642,497)	103,473,737	63,831,240	(56,124,371)	94,102,364	37,977,993

### 34 Financial instruments and related disclosures

#### 34.1 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

##### 34.1.1 Credit risk

#### Exposure to credit risk

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

the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follow:

	2015 (Rupees)	2014 (Rupees)
Long term deposits	4,537,300	4,537,300
Long term loans and advances	616,127	2,900,272
Trade debtors - unsecured, considered good	3,576,379	1,883,239
Loans and advances	6,368,377	8,056,349
Deposits and short term prepayments	402,250	712,781
Cash and bank balances	744,995	1,021,413
	<u>16,265,428</u>	<u>19,111,354</u>

34.1.1.1 The maximum exposure to credit risk for trade debts amounting to Rs. 3.57 million (2014: Rs. 1.88 million), at the balance sheet date by geographic region is as follows:

Domestic	3,576,379	1,883,239
	<u>3,576,379</u>	<u>1,883,239</u>

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

End-user customers	3,576,375	1,883,239
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34.1.1.3 Based on the past experience, consideration of financial position, past track records and recoveries, the management does not expect non-performance on its credit exposure. Accordingly, the credit risk is minimal.

34.1.1.4 The age analysis of related party balance in Trade debtors not presented as there is no outstanding balances as at June 30, 2015.

#### 34.1.2 Liquidity risk

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

Carrying amount	2015		
	Less than one year	Two to five years	More than five years
	Rupees		
Long term financing - secured	16,226,230	-	16,226,230
Trade and other payables	130,989,277	130,989,277	-
Accrued mark-up	1,592,132	1,592,132	-
Current portion of long term financing	30,278,066	30,278,066	-
Short term bank finances - secured	68,689,539	68,689,539	-
	<u>247,775,244</u>	<u>231,549,014</u>	<u>16,226,230</u>

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

#### 34.1.3 Market risk

##### 34.1.3.1 Price risk

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

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

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

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

	2015 (Rupees)	2014 (Rupees)
<b>Fixed rate instruments</b>		
Financial Assets	-	-
Financial Liabilities		
- Short term bank finances - murabaha finance	(46,225,640)	(34,784,522)
Net Exposure	<u>(46,225,640)</u>	<u>(34,784,522)</u>
<b>Floating rate instruments</b>		
Financial Assets	-	-
Financial Liabilities		
- Long term financing - diminishing musharakah	(16,226,230)	(31,742,080)
- Short term financing - diminishing musharakah	(30,278,066)	(29,622,884)
- Short term bank finances - running musharakah	(22,463,899)	-
- Short term bank finances - running finance	-	(97,739,947)
	<u>(68,968,195)</u>	<u>(159,104,911)</u>
Net Exposure	<u>(68,968,195)</u>	<u>(159,104,911)</u>
Total Net Exposure	<u><u>(115,193,835)</u></u>	<u><u>(193,889,433)</u></u>

### 34.1.3.3 Foreign exchange risk

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

### 34.2 Fair value estimation of financial assets and liabilities

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

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

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

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

### 34.3 Financial instruments by category

#### 34.3.1 Financial assets as per balance sheet

Long term deposits	-	4,537,300
Long term loans and advances	-	616,127
Trade debtors - unsecured, considered good	-	3,576,379
Loans and advances	-	2,832,079
Deposits and other receivables	-	147,000
Cash and bank balances	-	744,995
	-	<u>12,473,880</u>

2015		2014	
At fair value through profit or loss	Loans and receivables	At fair value through profit or loss	Loans and receivables
Rupees		Rupees	
-	4,537,300	-	4,537,300
-	616,127	-	2,900,272
-	3,576,379	-	1,883,239
-	2,832,079	-	1,745,384
-	147,000	-	117,000
-	744,995	-	1,021,413
-	<u>12,473,880</u>	-	<u>12,204,608</u>

	2015 (Rupees)	2014 (Rupees)
<b>34.3.2 Financial liabilities at amortized cost as per balance sheet</b>		
Deferred liabilities - gratuity	43,648,217	34,018,681
Long term financing - secured	16,226,230	31,742,080
Trade and other payables	107,398,574	118,644,845
Accrued mark-up	1,592,132	3,542,476
Current portion of long term financing	30,278,066	29,622,884
Short term bank finances - secured	68,689,539	132,524,469
	<b>267,832,758</b>	<b>350,095,435</b>

#### 34.4 Capital risk management

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

#### 35 Accounting estimates and judgements

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

##### 35.1 Trade debtors

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

##### 35.2 Income taxes

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

##### 35.3 Defined retirement benefit scheme

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

##### 35.4 Provision for obsolete stock

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

##### 35.5 Impairment of assets

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

##### 35.6 Depreciable amount and useful lives of fixed assets

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

#### 36 Events after the balance sheet date

The Board of Directors have proposed a final cash dividend for the year ended June 30, 2015 of Rs 5.00 (2014: Rs 1.50) per share, amounting to Rs 19.5 million (2014: Rs 5.85 million) at their meeting held on October 02, 2015 for approval of the members at the Annual General Meeting to be held on October 29, 2015. These financial statements do not include the effect of the above appropriations which will be accounted for in the period in which they are approved.

#### 37 Authorisation of financial statements and appropriations

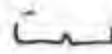
These financial statements were authorised for issue on October 02, 2015 by the Board of Directors.

#### 38 General

Figures have been rounded off to the nearest rupee.



M. Haroon Qasim  
Chief Executive



Pir Muhammad  
Director

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










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ANNUAL REPORT 2015



## NOTICE OF MEETING

Notice is hereby given that the 44<sup>th</sup> Annual General Meeting of the shareholders of the company will be held on Thursday, October 29, 2015 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 43<sup>rd</sup> Annual General Meeting held on October 29, 2014.
2. To receive, consider and adopt the audited Financial Statements for the year ended June 30, 2015 along with Auditors' and Directors' report thereon.
3. To consider & approve the final dividend of Rs. 5 (50%) per share as recommended by the Board of Directors.
4. To appoint Auditors of the Company for the year ending June 30, 2016 and fix their remuneration.
5. To transact any other ordinary business as may be placed before the meeting with the permission of the chair

By order of the Board  
M. Zaid Kaliya  
Company Secretary

Karachi: October 02, 2015

### Notes:

1. The share transfer book of the Company will remain closed from 23-10-2015 to 29-10-2015 (both days inclusive) for the purpose of determining the entitlement for the Dividend.
2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend, speak and vote on his / her behalf. Forms of Proxy must be deposited at the registered office of the Company not less than 48 hours before the time of the meeting.
3. In accordance with the notification of the Securities and Exchange Commission of Pakistan, SRO 831(1) 2012 dated July 05, 2012, dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, members who have not yet submitted copy of their valid CNIC / NTN (in case of corporate entities) are requested to submit the same to the Registrar of the Company M/s. Central Depository Company of Pakistan, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrab-e-Faisal, Karachi-74400, with members' folio no. mentioned thereon for updating record.
4. Shareholders (non CDC) are requested to promptly notify the company's registrar of any change in their addresses and submit if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s. Central Depository Company of Pakistan, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrab-e-Faisal, Karachi. All the Shareholders holding their shares in book entry form are requested to please update their addresses and Zakat status with their respective Participants. This will assist in the prompt receipt of Dividend.
5. Pursuant to the provisions of the Finance Act 2015 effective July 1, 2015, the rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 have been revised as follows:
  - 1) Rate of tax deduction for filer @ 12.5%
  - 2) Rate of tax deduction for non-filers @ 17.5%

To enable the Company to make tax deduction on the amount of cash dividend @ 12.5% instead of 17.5%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 17.5% instead of 12.5%.

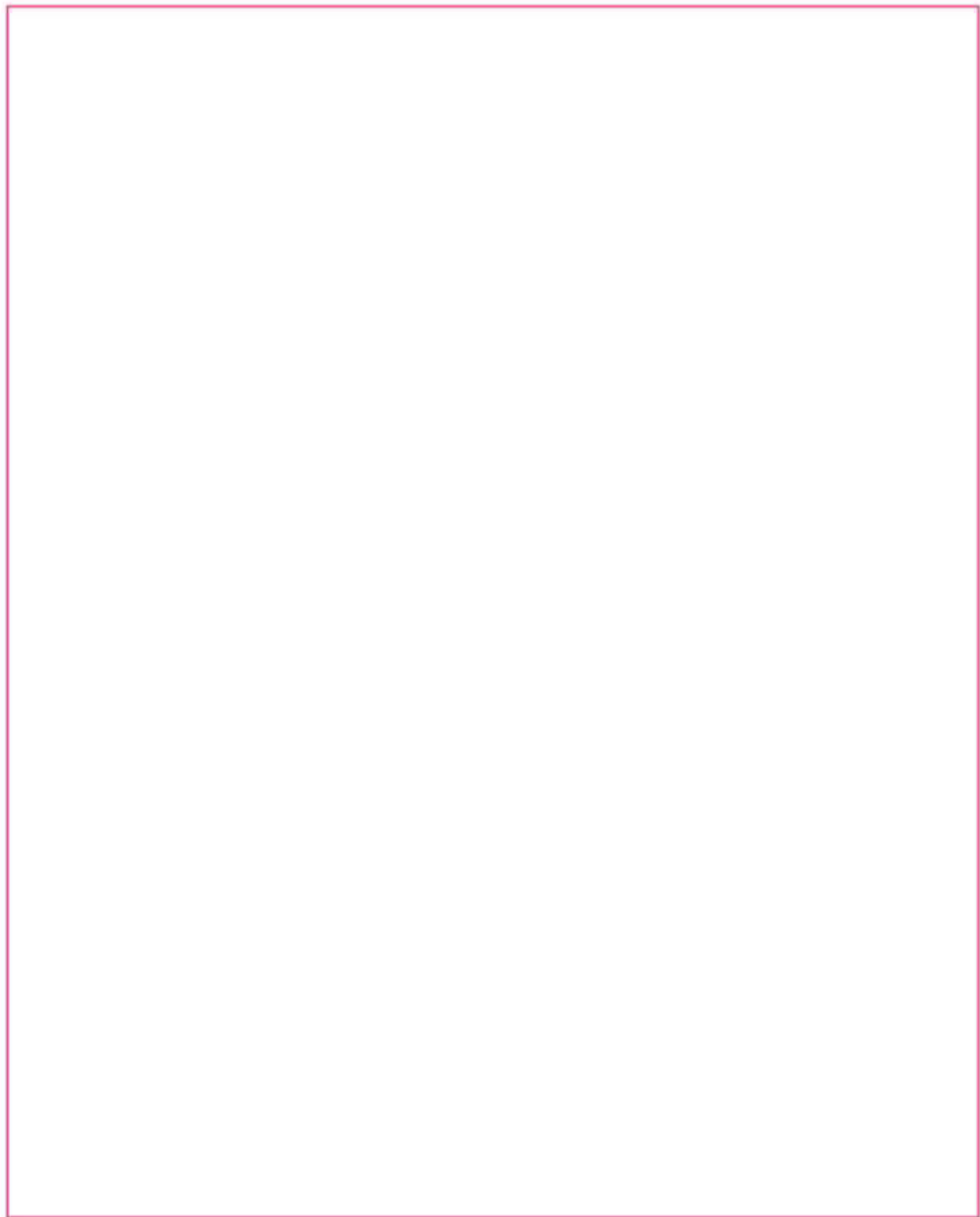
6. Shareholders are therefore advised to ensure that they have provided their CNIC / NTN in their respective Participant / CDC Investor Account Services (if shareholding in Book Entry Form) or Company's Share Registrar if shareholding in Physical Form) for checking the tax status as per the ATL issued by FBR from time to time.
7. Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer / Non-Filer' status of principal shareholder as well as joint-holder (s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

8. 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 director's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
  - B. For Appointing Proxies
    1. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
    2. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned in the form.
    3. Attested copies of CNIC or passport of beneficial owner and the proxy shall be furnished with the proxy form.
    4. The proxy shall produce his/her original CNIC or passport at the time of the meeting. In case of corporate entity, the Board of Director's resolution/power of attorney with the specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.





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

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