



...because we care.

 **Shield**[®]
1st QUARTER REPORT
2016-17

TABLE OF CONTENTS

Company Information	02
Directors' Review	03
Directors' Review in Urdu	04
Condensed Interim Balance Sheet	05
Condensed Interim Profit and Loss Account	06
Condensed Interim Cash Flow Statement	07
Condensed Interim Statement of Changes in Equity	08
Notes to the Condensed Interim Financial Information	09



COMPANY INFORMATION

Board of Directors

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

Audit Committee

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

Human Resource & Remuneration Committee

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

Company Secretary & CFO

Mr. M. Zaid Kaliya

Head of Internal Audit

Mr. M. Shakeel Dhanani

Legal Advisors

M/s. Lubna Pervez & Associates

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 - 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' REVIEW

On behalf of the Board of Directors, it is my pleasure to present the un-audited accounts for the period ended September 30, 2016.

Financial Summary	September, 2016 (Rupees)	September, 2015 (Rupees)
Sales	322,814,461	391,418,696
Profit after taxation	15,264,088	13,751,590
Un-appropriated profit brought forward	222,151,550	197,771,340
Profit available for appropriation	237,415,638	211,522,930
Earnings per share	3.91	3.53

Sales for the three months recorded a decrease of 17.53% over the same period last year, from Rs. 391 million to Rs. 323 million. However, in market sales for the three months remain the same over the same period last year. Advertising and promotion expense recorded a decrease by Rs. 18 million. As a result, earnings per share increased to Rs. 3.91 per share from Rs. 3.53 per share. Your management is doing its best to achieve current year targets and sustainable growth in sales by reorganising the field force and execution of aggressive and focused advertisement and promotion plans in next quarters.

The Board of Directors would like to express their gratitude to all employees for their committed efforts, loyalty and dedications.

On behalf of the Board



M. Haroon Qassim
Chief Executive

Karachi: October 25, 2016

ڈائریکٹرز کا جائزہ

میں ڈائریکٹرز کی جانب سے 30 ستمبر 2016 کو ختم ہونے والی مدت کے لیے غیر آڈٹ شدہ اکاؤنٹس کی تفصیلات پیش کر رہا ہوں۔

ستمبر 2015 (روپے)	ستمبر 2016 (روپے)	سرماے کا خلاصہ
391,418,696	322,814,461	سیلز
13,751,590	15,264,088	بعد از ٹیکس منافع
197,771,340	222,151,550	سابقہ غیر استعمال شدہ منافع
211,522,930	237,415,638	استعمال کے لیے دستیاب منافع
3.53	3.91	فی شیئر آمدنی

گذشتہ سال کی پہلی سہ ماہی کے مقابلے میں موجودہ سال کی پہلی سہ ماہی کی سیلز % 17.53 کم ہوئی جو کہ 391 ملین روپے سے 323 ملین روپے ہوئی ہے۔ جبکہ ان تین مہینوں کی مارکیٹ سیلز گذشتہ سال کی پہلی سہ ماہی کے مقابلے میں یکساں اور برقرار رہی۔ اشتہارات اور پرموشنز پر 18 ملین روپے کم خرچ کیے گئے۔ جس کے نتیجے میں فی شیئر آمدنی 3.53 روپے سے بڑھ کر 3.91 روپے ہو گئی ہے۔ آپ کی مینجمنٹ موجودہ سال کے اہداف کے حصول اور سیلز میں پائیدار اور مستقل اضافے کے لیے اپنی بھرپور کوششیں کر رہی ہے، جس کے لیے اگلی سہ ماہیوں میں فیلڈ فورس کی از سر نو ترتیب کے ساتھ ساتھ تشہیر اور پرموشنز کے حوالے سے جارحانہ اور منظم منصوبوں پر عمل درآمد کیا جانا شامل ہے۔

بورڈ آف ڈائریکٹرز تمام ملازمین کا ان کی پرعزم کوششوں، وفاداری اور لگن پر شکرگزاری کا اظہار کرتا ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے

Ullaswain

ایم ہارون قاسم

چیف ایگزیکٹو

کراچی: 25 اکتوبر 2016ء

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2016

		(Un-Audited) September 30, 2016 (Rupees)	(Audited) June 30, 2016 (Rupees)
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	350,306,827	357,303,783
Long term deposits		4,584,300	4,584,300
Long term loans and advances		781,930	550,325
		<u>355,673,057</u>	<u>362,438,408</u>
Current Assets			
Store and spares		14,514,282	14,097,129
Stock-in-trade		271,786,761	275,374,607
Trade debtors - unsecured, considered good		18,417,756	10,699,836
Loans and advances		38,268,110	9,280,935
Deposits and short term prepayments		3,207,961	580,906
Taxation		25,594,498	38,217,170
Cash and bank balances		1,178,645	1,023,380
		<u>372,968,013</u>	<u>349,273,963</u>
Total Assets		<u><u>728,641,070</u></u>	<u><u>711,712,371</u></u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised Capital 15,000,000 (June 30, 2016: 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed & paid-up capital 3,900,000 (June 30, 2016: 3,900,000) ordinary shares of Rs. 10/- each		39,000,000	39,000,000
Reserves		65,000,000	65,000,000
Accumulated profit		237,415,638	222,151,550
		<u>341,415,638</u>	<u>326,151,550</u>
Non-Current Liabilities			
Deferred liabilities		81,085,682	79,616,719
Long term financing - secured		-	1,640,246
		<u>81,085,682</u>	<u>81,256,965</u>
Current Liabilities			
Trade and other payables		159,675,841	123,220,314
Accrued mark-up		1,340,859	886,391
Current portion of long term financing		10,573,486	14,585,987
Short term bank finances - secured		124,449,564	147,348,583
Provision for taxation		10,100,000	18,262,581
		<u>306,139,750</u>	<u>304,303,856</u>
Contingencies and Commitments	5	-	-
Total Equity and Liabilities		<u><u>728,641,070</u></u>	<u><u>711,712,371</u></u>

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



M. Haroon Qassim
Chief Executive



Vali Muhammad A. Habib
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED SEPTEMBER 30, 2016 (Un-Audited)

	For the First Quarter ended September, 2016 (Rupees)	September, 2015 (Rupees)
Net sales	322,814,461	391,418,696
Cost of sales	(214,900,662)	(272,410,099)
Gross profit	107,913,799	119,008,597
Selling and distribution expenses	(65,025,472)	(83,366,715)
Administrative and general expenses	(13,712,739)	(12,296,219)
Other operating expenses	(1,990,733)	(1,473,221)
Other operating income	451,701	460,931
Operating profit	27,636,556	22,333,373
Finance costs	(1,895,983)	(2,580,882)
Profit before taxation	25,740,573	19,752,491
Taxation	(10,476,485)	(6,000,901)
Profit after taxation	15,264,088	13,751,590
Other comprehensive income	-	-
Total comprehensive income for the period	15,264,088	13,751,590
Earning per share - basic and diluted	3.91	3.53

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



M. Haroon Qassim
Chief Executive





Vali Muhammad A. Habib
Director

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE PERIOD ENDED SEPTEMBER 30, 2016 (Un-Audited)

	For the First Quarter ended	
	September, 2016 (Rupees)	September, 2015 (Rupees)
Cash Generated from Operations		
Profit before taxation	25,740,573	19,752,491
Adjustments for:		
Depreciation	8,985,901	9,035,899
Amortization	-	136,553
Provision for gratuity	3,391,078	2,799,495
(Gain) / Loss on disposal of property, plant & equipment	83,001	9,288
Finance costs	1,895,983	2,580,882
Profit before working capital changes	14,355,963	14,562,117
(Increase) / decrease in Current Assets:		
Stores and spares	(417,153)	(471,645)
Stock -in -trade	3,587,846	35,244,433
Trade debtors	(7,717,920)	(150,212,119)
Loans and advances	(28,987,175)	(3,256,630)
Deposits and short term prepayments	(2,627,055)	(3,107,853)
	(36,161,457)	(121,803,814)
Increase / (decrease) in Current liabilities		
Trade & other payables	36,455,527	84,635,084
Cash generated from / (used in) operations	40,390,606	(2,854,122)
Payments for:		
Gratuity	(2,298,600)	(556,550)
Long term loans and advances	(231,605)	(516,492)
Finance costs	(1,441,515)	(2,759,474)
Taxes	(5,639,909)	9,602,451
Net cash from operating activities (A)	30,778,977	2,915,813
Cash Flow From Investing Activities		
Fixed capital expenditure including capital work-in-progress	(2,091,446)	(10,189,726)
Sales proceeds from disposal of property, plant & equipment	19,500	4,300
Net cash used in investing activities (B)	(2,071,946)	(10,185,426)
Cash Flow From Financing Activities		
Long term financing - diminishing musharakah payments	(5,652,747)	(9,386,073)
Net cash generated from / (used in) financing activities (C)	(5,652,747)	(9,386,073)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	23,054,284	(16,655,686)
Cash and cash equivalents at the beginning of the period	(146,325,203)	(67,944,544)
Cash and cash equivalents at the end of the period	(123,270,919)	(84,600,230)
A. Cash and Cash Equivalents		
Cash and bank balances	1,178,645	823,245
Short term bank finances	(124,449,564)	(85,423,475)
	(123,270,919)	(84,600,230)

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


 M. Haroon Qassim
 Chief Executive


 Vali Muhammad A. Habib
 Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED SEPTEMBER 30, 2016 (Un-Audited)

	Share Capital (Rupees)	Capital Reserve Share Premium (Rupees)	Revenue Reserve		Total (Rupees)
			General Reserve (Rupees)	Unappropriated Profit (Rupees)	
Balance as at July 01, 2015	39,000,000	10,000,000	55,000,000	197,771,340	301,771,340
Total comprehensive income for the period ended September 30, 2015	-	-	-	13,751,590	13,751,590
Balance as at September 30, 2015	39,000,000	10,000,000	55,000,000	211,522,930	315,522,930
Balance as at July 01, 2016	39,000,000	10,000,000	55,000,000	222,151,550	326,151,550
Total comprehensive income for the period ended September 30, 2016	-	-	-	15,264,088	15,264,088
Balance as at September 30, 2016	39,000,000	10,000,000	55,000,000	237,415,638	341,415,638

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



M. Haroon Qassim
Chief Executive



Vali Muhammad A. Habib
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED SEPTEMBER 30, 2016 (Un-Audited)

1 Status and Nature of Business

Shield Corporation Limited (the Company) was incorporated in Pakistan on January 10, 1975 and is quoted on Pakistan Stock Exchange Limited 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

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended June 30, 2016.

3 Significant Accounting

3.1 Policies

Accounting policies adopted for the preparation of these condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2016.

3.2 Accounting Estimates and Judgements

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of this condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the audited annual financial statements for the year ended June 30, 2016.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning from July 01, 2016 but are not considered to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

4 Property, Plant & Equipment

	Note	(Un-audited) Sep. 30, 2016 (Rupees)	(Audited) June 30, 2016 (Rupees)
Operating fixed assets - at net book value	4.1	346,069,702	351,097,413
Capital work in progress - at cost		4,237,125	6,206,370
		<u>350,306,827</u>	<u>357,303,783</u>
4.1 Movement in operating fixed assets:			
Opening - at net book value		351,097,413	352,359,199
Add: Additions during the period	4.2	4,060,691	36,106,399
		355,158,104	388,465,598
Less: Depreciation charged during the period		(8,985,901)	(37,200,367)
Less: Disposals during the period - at net book value	4.2	(102,501)	(167,818)
		(9,088,402)	(37,368,185)
Closing - at net book value		<u>346,069,702</u>	<u>351,097,413</u>

4.2 Details of additions and disposals to operating assets are:

	Additions (at cost)		Disposals (at net book value)	
	Sep. 30, 2016 (Rupees)	June 30, 2016 (Rupees)	Sep. 30, 2016 (Rupees)	June 30, 2016 (Rupees)
Office Premises	-	10,224,500	-	-
Plant & machinery	2,732,969	24,853,407	-	-
Office equipments	1,098,332	351,963	36,854	38,827
Computer equipments	229,390	676,529	65,647	72,173
Vehicles	-	-	-	56,818
	4,060,691	36,106,399	102,501	167,818

5 Contingencies & Commitments

5.1 Contingencies

- 5.1.1 Contingent liability in respect of guarantees and counter guarantees is Rs. 7.64 million (June 30, 2016: Rs. 7.64 million). Out of this Rs. 5 million (June 30, 2016: Rs. 5 million) represents guarantee provided in relation to defending a trade mark in the Honorable High Court of Sindh for Rs. 42 million (June 30, 2016: Rs. 42 million). The management is hopeful that case will be decided in Company's favour, as such no provision has been made in these financial statements.
- 5.1.2 The Company has filed a constitutional petition in Honorable 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 (June 30, 2016: Rs. 1.3 million). The Honorable 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.
- 5.1.3 The Company has issued post dated cheques in favour of collector of customs amounting to Rs. 0.13 million (June 30, 2016: 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.
- 5.1.4 The Company has filed a suit for infringement and passing off its Trade Mark Shield against Dalda Foods (Private) Limited in which earlier interim stay was granted which was later on confirmed by the Honorable High Court of Sindh. Later on Dalda has filed an appeal against the confirmation of stay order which was granted by Honorable High Court of Sindh. Shield Corporation Limited has filed an appeal in Honorable Supreme Court of Pakistan.

5.2 Commitments

- 5.2.1 The Company has letter of credit commitments for purchases amounting to Rs. 53.50 million (June 30, 2016: Rs. 37.23 million).
- 5.2.2 The Company has letter of credit and other commitments for capital expenditures amounting to Rs. 2.74 million (June 30, 2016: Rs. 2.81 million)
- 5.2.3 The Company has commitments in respect of Rent of Diminishing Musharakah as follows:

	(Un-audited) Sep. 30, 2016 (Rupees)	(Audited) June 30, 2016 (Rupees)
Later than one year but not later than three years	-	12,158
Not later than one year	415,133	628,324
	415,133	640,482

	For the period Jul-Sep., 2016 (Rupees)	For the period Jul-Sep., 2015 (Rupees)
--	--	--

6 Net sales

Sales - local	397,155,047	471,690,969
Discounts	(19,670,283)	(11,100,185)
Sales tax and excise duties	377,484,764	460,590,784
	(58,353,762)	(69,172,088)
Sales - export	319,131,002	391,418,696
	3,683,459	-
	322,814,461	391,418,696

7 Transactions with related parties

The related parties comprise holding company, fellow subsidiaries, associated undertakings, key management personnel and post employment benefit plan. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Other significant transactions with related parties are as follows:

Relationship	Nature of transactions	For the period Jul-Sep., 2016 (Rupees)	For the period Jul-Sep., 2015 (Rupees)
Associated undertakings	Sale of goods - Premier Agencies	316,245,932	389,483,636
Staff retirement funds	Contribution to employees provident fund	1,026,295	995,971
Key management personnel	Salaries and other short-term benefits	19,391,508	12,866,747

8 Authorization

8.1 This condensed interim financial information was authorised for issue on October 25, 2016 by the board of directors of the Comp

9 General

9.1 Figures have been rounded off to the nearest rupee.



M. Haroon Qassim
Chief Executive



Vali Muhammad A. Habib
Director



SHIELD CORPORATION LIMITED

509, Business Avenue, Block-6, P.E.C.H.S.,
Shahrah-e-Faisal, Karachi-75400, Pakistan.

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

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

 ShieldBabies |  Shieldmuskurahat