



3rd QUARTER REPORT
2018-19

The most
powerful
language
in the
world
has no
words...





mothers
and
shield,
speaking
the same
Language

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

Risk Management Committee

Mr. M. Haroon Qassim	Chairman
Mr. Vali Muhammad A. Habib	Member
Mr. Pir Muhammad	Member

Chief Financial Officer

Mr. M. Zaid Kaliya

Company Secretary

Mr. Abdul Samad Jangda

Head of Internal Audit

Vacant

Legal Advisors

Mr. Shafqat Zaman

External Auditors

KPMG Taseer Hadi & 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 Limited
CDC House,
Shahrah-e-Faisal,
Karachi

Registered Office

37-G, Block 6,
P.E.C.H.S.,
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 our pleasure to present the un-audited financial statements for the period ended March 31, 2019.

Financial Summary

Operating Results	March 2019	March 2018	Increase / (Decrease)
	(Rupees)	(Rupees)	
Gross sales	1,700,257,810	1,593,516,742	6.70%
Net sales	1,323,299,315	1,245,673,691	6.23%
Gross profit	411,639,806	467,839,656	(12.01%)
Gross profit %	31.11%	37.56%	(645 bps)
Selling and distribution expenses	280,653,637	333,988,867	(15.97%)
Administrative expenses	49,699,155	52,815,017	(5.90%)
Finance costs	25,614,615	12,012,542	113.23%
Profit before tax	52,823,064	57,272,998	(7.77%)
Profit after tax	13,506,733	32,065,367	(57.88%)
Earnings per share	3.46	8.22	(57.88%)

During the period, the economy of the country remained volatile, the bank rate rose from 6.5% to 10.25% and Pakistani Rupee devalued at Rs. 141 from Rs. 122 against US Dollar.

Net sales for the nine months recorded an increase of 6.23% over the same period last year, from Rs. 1.25 billion to Rs. 1.32 billion. The Gross Profit margin of the Company declined by 6.45% mainly due to Rupee devaluation, increase in imported raw material prices and change in sales mix of the Company. The selling and distribution expenses as well as administrative expenses decreased by Rs. 53.34 million and Rs. 3.12 million respectively. The Finance cost of the Company increased by Rs. 13.60 million due to increase in bank rates and increase in utilization of Running Musharakah and Murabaha financing facilities. The Company recorded profit before tax of Rs. 52.82 million for the nine months period. Income tax increased by Rs. 14.11 million. Hence, post tax Earnings per share decreased to Rs. 3.46 per share from Rs. 8.22 per share of last year for the nine months period due to factors mentioned above.

Your management is doing its best to achieve sustainable growth in sales by execution of focused promotion plans in the last quarter of current financial year.

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



Vali Muhammad A. Habib
Director

Karachi: April 25, 2019

ڈائریکٹرز کا جائزہ

ہم بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2019 کو ختم ہونے والی مدت کے غیر آڈٹ شدہ اکاؤنٹس کی تفصیلات پیش کرنے میں خوشی محسوس کر رہے ہیں۔

سرمائے کا خلاصہ

کاروباری نتائج	مارچ 2019 (روپے)	مارچ 2018 (روپے)	اضافہ / (کمی)
مجموعی سیلز	1,700,257,810	1,593,516,742	6.70%
خالص سیلز	1,323,299,315	1,245,673,691	6.23%
مجموعی منافع	411,639,806	467,839,656	(12.01%)
مجموعی منافع فیصد میں	31.11%	37.56%	(645 bps)
فروخت اور تقسیم کے اخراجات	280,653,637	333,988,867	(15.97%)
انتظامی اخراجات	49,699,155	52,815,017	(5.90%)
مالیاتی اخراجات	25,614,615	12,012,542	113.23%
قبل از ٹیکس منافع	52,823,064	57,272,998	(7.77%)
بعد از ٹیکس منافع	13,506,733	32,065,367	(57.88%)
فی شیئر آمدنی	3.46	8.22	(57.88%)

موجودہ سال میں معیشت بدستور غیر مستحکم رہی۔ بینک کی شرح 6.5% سے بڑھ کر 10.25% تک پہنچ گئی اور پاکستانی روپیہ کی قدر ڈالر کے مقابلے میں گھٹ کر 122 روپے فی ڈالر سے 141 روپے فی ڈالر ہو گئی۔ گزشتہ سال کے مقابلے میں موجودہ سال کے نو ماہ کی خالص سیلز میں 6.23% کا اضافہ ریکارڈ کیا گیا جو 1.25 بلین روپے سے بڑھ کر 1.32 بلین روپے تک پہنچ گئی۔ کمپنی کے مجموعی منافع کی شرح میں 6.45% کی کمی واقع ہوئی جس کی بنیادی وجہ روپیہ کی قدر میں کمی، درآمدی خام مال کی قیمتوں میں اضافہ اور کمپنی کے سیلز مکس میں تبدیلی ہے۔ فروخت اور تقسیم کے اخراجات اور انتظامی اخراجات میں 53.34 ملین روپے اور 3.12 ملین روپے کی با ل ترتیب کمی واقع ہوئی۔ کمپنی کے مالیاتی اخراجات میں 13.60 ملین روپے کا اضافہ ہوا جسکی وجہ بینک کی شرح میں اضافہ اور مشارکہ جاریہ اور مراجمہ مالیاتی سہولیات کے استعمال میں اضافہ ہے۔ نو ماہ میں 52.82 ملین روپے قبل از ٹیکس منافع ریکارڈ ہوا۔ انکم ٹیکس میں 14.11 ملین روپے کا اضافہ ہوا۔ لہذا پہلے نو ماہ میں بعد از ٹیکس فی شیئر آمدنی گزشتہ سال کی 8.22 روپے سے گھٹ کر 3.46 روپے ہو گئی جس کی وجہ اوپر بیان کردہ عوامل ہیں۔ آپ کی انتظامیہ سیلز میں پائیدار اضافہ کیلئے اپنی بہترین کوششیں کر رہی ہے جس کیلئے اگلی سہ ماہی میں پروموشنز کے منظم منصوبوں پر عمل درآمد کیا جائے گا۔

بورڈ آف ڈائریکٹرز تمام ملازمین کا ان کی پر عزم کوششوں، وفاداری اور لگن پر شکر گزاری کا اظہار کرتا ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے

ولی محمد اے حبیب
ڈائریکٹر


ایم ہارون قاسم
چیف ایگزیکٹو

کراچی: 25 اپریل 2019


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Unaudited) AS AT 31 MARCH 2019

		(Unaudited) 31 March 2019	(Audited) 30 June 2018
	Note	(Rupees)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	464,417,305	441,122,786
Intangible assets		8,334	33,334
Long term deposits		4,811,390	4,811,390
Long term loans and advances		49,325	12,887
		469,286,354	445,980,397
Current assets			
Stores and spares		19,045,164	16,130,493
Stock-in-trade	6	436,621,899	251,156,278
Trade debtors	7	48,929,269	49,187,628
Loans and advances		14,212,367	10,573,209
Deposits and short term prepayments	8	11,837,052	43,358,383
Taxation - net		45,969,749	33,201,277
Cash and bank balances	9	2,399,734	1,257,178
		579,015,234	404,864,446
Total assets		1,048,301,588	850,844,843
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised Capital			
15,000,000 ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid-up capital			
3,900,000 ordinary shares of Rs. 10/- each		39,000,000	39,000,000
Capital reserve		10,000,000	10,000,000
Revenue reserves		352,070,529	352,213,796
		401,070,529	401,213,796
Non-current liabilities			
Deferred taxation		31,867,037	32,783,652
Long term financing - secured	10	52,020,801	55,000,000
		83,887,838	87,783,652
Current liabilities			
Trade and other payables	11	135,252,414	113,943,844
Accrued profit		8,359,777	3,304,180
Current portion of long term financing	10	40,461,781	22,000,000
Short term bank finances - secured	12	378,249,480	221,708,152
Unpaid dividend		333,479	204,944
Unclaimed dividend		686,290	686,275
		563,343,221	361,847,395
Contingencies and Commitments	13	-	-
Total equity and liabilities		1,048,301,588	850,844,843

The annexed notes from 1 to 22 form an integral part of these condensed interim financial information.


M. Haroon Qassim
Chief Executive


Wali Muhammad A. Habib
Director


M. Zaid Kaliya
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (Unaudited)
FOR THE NINE AND THREE MONTHS PERIOD ENDED 31 MARCH 2019**

		Nine months period ended		Three months period ended	
	Note	31 March 2019	31 March 2018	31 March 2019	31 March 2018
		(Rupees)			
Sales - net	14	1,323,299,315	1,245,673,691	435,045,028	443,405,839
Cost of sales		(911,659,509)	(777,834,035)	(293,905,733)	(276,520,121)
Gross profit		411,639,806	467,839,656	141,139,295	166,885,718
Selling and distribution expenses		(280,653,637)	(333,988,867)	(86,496,771)	(120,908,057)
Administrative and general expenses		(49,699,155)	(52,815,017)	(16,908,907)	(16,614,056)
Other operating expenses		(4,587,252)	(13,228,297)	(2,435,799)	(1,584,588)
		(334,940,044)	(400,032,181)	(105,841,477)	(139,106,701)
		76,699,762	67,807,475	35,297,818	27,779,017
Other operating income		1,737,917	1,478,065	369,595	464,869
Operating profit before finance costs		78,437,679	69,285,540	35,667,413	28,243,886
Finance costs	15	(25,614,615)	(12,012,542)	(11,176,306)	(3,494,179)
Profit before taxation		52,823,064	57,272,998	24,491,107	24,749,707
Taxation		(39,316,331)	(25,207,631)	(11,845,253)	(14,713,101)
Profit for the period		13,506,733	32,065,367	12,645,854	10,036,606
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		13,506,733	32,065,367	12,645,854	10,036,606
Earnings per share - basic and diluted	17	3.46	8.22	3.24	2.57

The annexed notes from 1 to 22 form an integral part of these condensed interim financial information.



M. Haroon Qassim
Chief Executive



Wali Muhammad A. Habib
Director



M. Zaid Kaliya
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Unaudited) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2019

	Note	31 March 2019	31 March 2018
		(Rupees)	
Cash flows from operating activities			
Cash flow from operations	18	(22,091,340)	42,923,498
Payment for gratuity		(10,669,400)	-
(Payment) / Receipt from Loan to employees		(163,544)	96,645
Long term deposits		-	(288,890)
Finance costs paid		(20,559,018)	(12,099,493)
Income tax paid		(53,001,418)	(33,611,047)
Net cash used in operating activities		(106,484,720)	(2,979,287)
Cash flows from investing activities			
Fixed capital expenditure including capital work-in-progress		(51,190,534)	(12,122,009)
Sales proceeds from disposal of property, plant and equipment		315,350	3,246,934
Net cash used in investing activities		(50,875,184)	(8,875,075)
Cash flows from financing activities			
Long term financing - diminishing musharakah receipts		34,453,073	-
Long term financing - diminishing musharakah payments		(18,970,491)	(18,140,246)
Proceeds from murabaha finance obtained - net		25,410,108	18,371,816
Dividend paid		(13,521,450)	(19,339,723)
Net cash used in financing activities		27,371,240	(19,108,153)
Net decrease in cash and cash equivalents		(129,988,664)	(30,962,515)
Cash and cash equivalents at the beginning of the period		(87,404,691)	(55,152,253)
Cash and cash equivalents at end of the period	19	(217,393,355)	(86,114,768)

The annexed notes from 1 to 22 form an integral part of these condensed interim financial information.



M. Haroon Qassim
Chief Executive



Vali Muhammad A. Habib
Director




M. Zaid Kaliya
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2019


	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserves		Total
		Share Premium	General	Unappropriated Profit	
	(Rupees)				
Balance as at 30 June 2017	39,000,000	10,000,000	55,000,000	248,810,363	352,810,363
Total comprehensive income for the period ended 31 March 2018					
Profit for the period	-	-	-	32,065,367	32,065,367
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	32,065,367	32,065,367
Transactions with owners					
Dividend for the year 30 June 2017 - Final - @ Rs. 5.00 per share	-	-	-	(19,500,000)	(19,500,000)
Balance as at 31 March 2018	39,000,000	10,000,000	55,000,000	261,375,730	365,375,730

Balance as at 30 June 2018	39,000,000	10,000,000	55,000,000	297,213,796	401,213,796
Total comprehensive income for the period ended 31 March 2019					
Profit for the period	-	-	-	13,506,733	13,506,733
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	13,506,733	13,506,733
Transactions with owners					
Dividend for the year 30 June 2018 - Final - @ Rs. 3.50 per share	-	-	-	(13,650,000)	(13,650,000)
Balance as at 31 March 2019	39,000,000	10,000,000	55,000,000	297,070,529	401,070,529

The annexed notes from 1 to 22 form an integral part of these condensed interim financial information.


M. Haroon Qassim
Chief Executive


Vali Muhammad A. Habib
Director


M. Zaid Kaliya
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Unaudited) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2019

1 THE COMPANY AND ITS OPERATIONS

Shield Corporation Limited (the Company) was incorporated on 10 January 1975 as a public limited company in Pakistan under the Companies Act, 1913 (now Companies Act, 2017) and is quoted on Pakistan Stock Exchange. The registered office of the company is situated at 37-G, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi.

The manufacturing facility of the Company is located at Landhi Industrial Area, Karachi. The Company started its commercial production on 26 November 1975 and is mainly engaged in the manufacturing, trading and sales of oral care and baby care products.

2 BASIS OF PREPARATION

- 2.1 This condensed interim financial information of the Company for the nine months period ended 31 March 2019 has been prepared in accordance with the requirements of the International Accounting Standards 34 "Interim Financial Reporting" and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountant of Pakistan and provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions of and directives of the Companies Act, 2017, have been followed.
- 2.2 This condensed interim financial information of the Company does not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended 30 June 2018. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.
- 2.3 This condensed interim financial information is presented in Pakistan Rupees, which is the Company's functional currency.
- 2.4 This condensed interim financial information is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Company as at and for the year ended 30 June 2018 except for the adoption of new standard effective as of 01 July 2018 as stated below:

3.2 Change in Significant Accounting Policy

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' from 01 July 2018 which is effective from annual periods beginning on or after 01 July 2018. There are other new standards which are effective from 01 July 2018 but they do not have a material effect on the Company's condensed interim financial information.

During the period, the Company has adopted IFRS 15 'Revenue from Contracts with Customers'. The details of new significant accounting policy adopted and the nature and effect of the changes to previous accounting policies are set out below:

3.2.1 IFRS 15 'Revenue from Contracts with Customers'

The Company is engaged in manufacturing, trading and sales of oral care and baby care products to customers which generally include single performance obligation. Management has concluded that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer, which is when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point in time, as the risks of loss have been transferred to the customers. The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company. Therefore, adoption of IFRS 15 did not have an effect on the condensed interim financial information.

3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's condensed interim financial information.

- IFRS 9 and amendment – Prepayment Features with Negative Compensation (effective for reporting period / year ending on or after 30 June 2019 and for annual periods beginning on or after 01 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Securities and Exchange Commission of Pakistan vide S.R.O 229 (I) / 2019 dated 14 February 2019 has modified the effective date for applicability of IFRS 9 'Financial Instruments' in place of IAS 39 'Financial Instruments: Recognition and Measurement' from annual periods beginning on or after 01 July 2018 to reporting period / year ending on or after 30 June 2019 (earlier application is permitted). The management has completed an initial assessment of changes required in classification and measurement of financial instruments on adoption of the standard and has also carried out an initial exercise to calculate impairment required under expected credit loss model. Based on initial assessment the management considered that there is no significant change in the recognition criteria or carrying value of the financial assets or liabilities except for classification of financial assets from loan and receivables as per IAS 39 to amortized Cost as per IFRS 9 and no additional significant impairment is expected.

- IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's condensed interim financial information.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's condensed interim financial information.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on the Company's condensed interim financial information.

4 USE OF ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and judgements made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the annual financial statements of the Company as at and for the year ended 30 June 2018.

	Note	Unaudited 31 March 2019	Audited 30 June 2018
		(Rupees)	
5 PROPERTY, PLANT & EQUIPMENT			
Operating fixed assets	5.1	462,721,498	438,700,283
Capital work in progress	5.2	1,695,807	2,422,503
		<u>464,417,305</u>	<u>441,122,786</u>

5.1 Following are the cost of operating fixed assets added and disposed off during the period ended:

	Unaudited 31 March 2019		Unaudited 31 March 2018	
	Additions (at cost)	Disposals (at net book value)	Additions (at cost)	Disposals (at net book value)
	(Rupees)			
Plant and machinery	48,229,382	795,063	10,398,612	10,983,560
Furniture & fixtures	3,319,278	8,575	898,623	-
Office equipments	307,069	150,636	1,317,274	103,410
Computer equipments	61,500	92,449	270,000	25,363
Vehicles	-	-	-	948,631
	<u>51,917,229</u>	<u>1,046,723</u>	<u>12,884,509</u>	<u>12,060,964</u>

5.2 Capital work in progress

Additions / (net of transfers) in Capital work-in-progress during the period amounted to Rs. (1.796) million (2018: Rs. 2.422 million).

		Unaudited 31 March 2019	Audited 30 June 2018
		(Rupees)	
6 STOCK-IN-TRADE			
Manufacturing:			
Raw and packing materials			
- in hand		203,253,955	147,487,967
- in transit		47,022,884	-
Work-in-process		22,691,105	12,282,326
Finished goods	6.1	119,387,563	32,384,370
Trading:			
- in hand	6.2	44,266,392	56,243,103
- in transit		-	2,758,512
		<u>436,621,899</u>	<u>251,156,278</u>

6.1 This includes finished goods with cost of Rs. 6.254 million which are being carried at their net realizable value of Rs. 5.549 million.

6.2 This includes trading goods with cost of Rs. 4.010 million which are being carried at their net realizable value of Rs. 3.581 million.

					Unaudited 31 March 2019	Audited 30 June 2018
				Note	(Rupees)	
7	TRADE DEBTORS					
	Related parties - unsecured					
	Premier Agencies				15,685,028	13,233,126
	Scitech Health (Pvt) Limited				1,590,614	2,371,697
	Memon Medical Institute				125,586	186,369
					17,401,228	15,791,192
	Unsecured					
	Considered good				31,528,041	33,396,436
	Considered doubtful				464,035	284,573
	Provision for doubtful trade debts				(464,035)	(284,573)
					31,528,041	33,396,436
					48,929,269	49,187,628
8	DEPOSITS AND SHORT TERM PREPAYMENTS					
	LC margin				10,171,955	42,353,570
	Security deposits				423,997	693,997
	Prepayments and other receivables				1,241,100	310,816
					11,837,052	43,358,383
9	CASH AND BANK BALANCES					
	Cash in hand					
	Local currency				178,885	124,851
	Foreign currency				139,195	309,875
					318,080	434,726
	With banks - in current accounts				2,081,654	822,452
					2,399,734	1,257,178
10	LONG TERM FINANCING - SECURED					
	Diminishing musharakah arrangements					
		Installment payable	Repayment period	Profit rate		
	Bank Al-Habib Limited - Islamic banking	Quarterly	2017-21	0.50% above 6 months KIBOR	10.1	60,500,000
	Meezan Bank Limited -	Quarterly	2018-20	1% above 3 months KIBOR	10.2	14,822,948
	Meezan Bank Limited -	Quarterly	2019-21	1% above 3 months KIBOR	10.2	8,755,020
	Meezan Bank Limited -	Quarterly	2019-21	1% above 3 months KIBOR	10.2	8,404,614
	Less: Current portion shown under current liabilities					
	Bank Al-Habib Limited - Islamic banking				10.1	(22,000,000)
	Meezan Bank Limited				10.2	(18,461,781)
						(40,461,781)
						52,020,801
						55,000,000
10.1	The Company has obtained a long term Islamic financing facility from Bank Al-Habib Limited - Islamic banking for an amount of Rs. 110 million (30 June 2018: Rs. 110 million). The term of the facility is 5 years from the date of disbursement, repayable in 20 equal quarterly installments started from March 2017. During the period, the Company had made repayment of Rs. 16.50 million (30 June 2018: Rs. 22 million) on which, profit was 7.43% to 11.07% (30 June 2018: 6.66% to 6.70%) per annum. The Company has total facility of Rs. 122.068 million. Islamic finance under this diminishing musharakah is secured by a mortgage of head office property and personal guarantee of Chairman of the Board of Directors.					
10.2	During the period ended 31 March 2019, Company has obtained a long term Islamic financing facility from Meezan Bank Limited for an amount of Rs. 34.45 million. The term of the facility is 2 years from the date of disbursement, repayable in 8 equal quarterly installments started from January, 2019. During the period, the Company had made repayment of Rs. 2.47 million (30 June 2018: Nil). Profit ranging from 7.94% to 9.90% per annum. The company has total facility of Rs 95 million. Islamic finance under this diminishing musharakah is secured by first exclusive charge over particular machinery of the Company.					

	Note	Unaudited 31 March 2019	Audited 30 June 2018
		(Rupees)	
11 TRADE AND OTHER PAYABLES			
Creditors		90,270,931	61,853,979
Accrued liabilities		22,805,695	24,868,111
Retention Money		24,382	24,382
Gratuity payable		-	10,669,400
Sales tax payable		-	8,637,788
Workers' welfare fund		1,076,900	1,447,505
Workers' profit participation fund		2,833,947	5,240,671
Advances from customers - unsecured		18,194,696	1,012,408
Others		45,863	189,600
		<u>135,252,414</u>	<u>113,943,844</u>

12 SHORT TERM BANK FINANCES - SECURED

Murabaha finance	12.1	158,456,391	133,046,283
Running Musharakah	12.2	219,793,089	88,661,869
		<u>378,249,480</u>	<u>221,708,152</u>

12.1 This represent murabaha finance obtained under profit arrangements and are secured against hypothecation of moveable fixed assets and current assets of the Company. The Company enjoys a total facility of Rs. 300 million (30 June 2018: Rs. 250 million) at a profit rate ranging from relevant KIBOR + 0.30% to 0.50% (30 June 2018: KIBOR + 0.30% to 0.75%) per annum.

12.2 This represent running musharakah obtained under profit arrangements and are secured against hypothecation of moveable fixed assets and current assets of the Company. The Company enjoys a total facility of Rs. 250 million (30 June 2018: Rs. 250 million) at a profit rate ranging from relevant KIBOR + 0.30% to 0.50% (30 June 2018: KIBOR + 0.30% to 0.50%) per annum.

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 There is no significant change in the status of contingencies as set out in the Company's annual financial statements for the year ended 30 June 2018 except for the following:

13.1.2 The Company has filed a suit in Honourable High Court of Sindh on March 19, 2019 against its ex-employee, Naeem Ilyas Khanani S/O Muhammad Ilyas & others for breach of contract. The Company has claimed damages/compensation and other reliefs as the Court deems fit from the defendants.

13.2 Commitments

13.2.1 The Company has letter of credit commitments for purchases amounting to Rs. 29.760 million (30 June 2018: Rs. 72.222 million).

13.2.2 The Company has letter of credit and other commitments for capital expenditures amounting to Rs. 193.846 million (30 June 2018: Rs. 32.563 million).

		Unaudited Nine months period ended		Unaudited Three months period ended	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
14 SALES - NET					
Sales - local	14.1	1,700,257,810	1,593,516,742	551,568,960	586,498,442
Sales tax		(251,324,384)	(233,658,928)	(83,041,420)	(86,304,979)
		<u>1,448,933,426</u>	<u>1,359,857,814</u>	<u>468,527,540</u>	<u>500,193,463</u>
Discounts		(130,939,806)	(115,447,658)	(33,482,512)	(56,787,624)
		<u>1,317,993,620</u>	<u>1,244,410,156</u>	<u>435,045,028</u>	<u>443,405,839</u>
Sales - export	14.1	5,305,695	1,263,535	-	-
		<u>1,323,299,315</u>	<u>1,245,673,691</u>	<u>435,045,028</u>	<u>443,405,839</u>

14.1 Disaggregation of revenue with respect to Primary geographical markets for the period ended 31 March 2019.

The Company's revenue from external customers by geographical location is detailed below:

Pakistan	1,317,993,620	1,244,410,156	435,045,028	443,405,839
Afghanistan	3,454,389	1,177,105	-	-
Qatar	1,851,306	-	-	-
Ireland	-	86,430	-	-
	<u>1,323,299,315</u>	<u>1,245,673,691</u>	<u>435,045,028</u>	<u>443,405,839</u>

	Unaudited Nine months period ended		Unaudited Three months period ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Rupees			
15 FINANCE COSTS				
Profit on short term bank finances	19,113,994	6,750,822	8,767,658	1,926,651
Interest on workers profit participation fund	155,898	235,768	-	-
Rent on diminishing musharakah	5,981,721	4,638,905	2,355,520	1,442,965
Guarantee commission	54,031	15,000	6,491	-
Bank charges	308,971	372,047	46,637	124,563
	<u>25,614,615</u>	<u>12,012,542</u>	<u>11,176,306</u>	<u>3,494,179</u>

16 TAXATION

The Board of Directors of the Company intends to distribute sufficient cash dividend for the year ending 30 June 2019 to comply with the requirements of Section 5A of the Income Tax Ordinance, 2001. Accordingly, no provision for tax on accounting profit before tax has been recognized in these condensed interim financial information.

17 EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the period	<u>13,506,733</u>	<u>32,065,367</u>	<u>12,645,854</u>	<u>10,036,606</u>
	(Number of shares)			
Weighted average number of ordinary shares in issue during the period	<u>3,900,000</u>	<u>3,900,000</u>	<u>3,900,000</u>	<u>3,900,000</u>
	(Rupees)			
Earnings per share - basic and diluted	<u>3.46</u>	<u>8.22</u>	<u>3.24</u>	<u>2.57</u>

	Unaudited Nine months period ended	
	31 March 2019	31 March 2018
	(Rupees)	
18 CASH FLOW FROM OPERATIONS		
Profit before taxation	52,823,064	57,272,998
Adjustments for:		
Depreciation	26,849,293	33,952,019
Amortization	25,000	25,000
Provision for gratuity	-	(44,848,870)
Loss / (gain) on disposal of property, plant and equipment	731,372	8,814,030
Finance costs	25,614,615	12,012,542
Changes in:		
- Stores and spares	(2,914,671)	1,030,412
- Stock-in-trade	(185,465,621)	(32,357,466)
- Trade debts	258,359	(61,961,913)
- Loans and advances	(3,512,052)	849,313
- Deposits and short term prepayments	31,521,331	(5,658,770)
- Trade and other payables	31,977,970	73,794,203
Cash flows from operations	<u>(22,091,340)</u>	<u>42,923,498</u>
19 CASH AND CASH EQUIVALENTS		
Running musharakah - secured	(219,793,089)	(87,365,621)
Cash and bank balances	2,399,734	1,250,853
	<u>(217,393,355)</u>	<u>(86,114,768)</u>

20 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in annual financial statement of the Company as at and the year ended 30 June 2018.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Level 1 : Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

31 March 2019 Unaudited								
Carrying amount					Fair value			
Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees)								
On-balance sheet financial instruments								
Financial assets measured at fair value								
-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Deposits	-	5,235,387	-	5,235,387	-	-	-	-
Trade debts	-	60,538,184	-	60,538,184	-	-	-	-
Loan to employees	-	281,774	-	281,774	-	-	-	-
Bank balances	-	2,081,654	-	2,081,654	-	-	-	-
-	-	68,136,999	-	68,136,999	-	-	-	-
Financial liabilities not measured at fair value								
Long term loans	-	-	92,482,582	92,482,582	-	-	-	-
Trade and other payables	-	-	114,255,786	114,255,786	-	-	-	-
Accrued profit	-	-	8,359,777	8,359,777	-	-	-	-
Short term borrowings	-	-	388,749,480	388,749,480	-	-	-	-
Unpaid dividend	-	-	333,479	333,479	-	-	-	-
Unclaimed dividend	-	-	686,290	686,290	-	-	-	-
-	-	-	604,867,394	604,867,394	-	-	-	-
30 June 2018 Audited								
Carrying amount					Fair value			
Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees)								
On-balance sheet financial instruments								
Financial assets measured at fair value								
-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Deposits	-	5,505,387	-	5,505,387	-	-	-	-
Trade debts	-	49,187,628	-	49,187,628	-	-	-	-
-	-	54,693,015	-	54,693,015	-	-	-	-
Financial liabilities not measured at fair value								
Long term loans	-	-	77,000,000	77,000,000	-	-	-	-
Trade and other payables	-	-	97,605,472	97,605,472	-	-	-	-
Accrued profit	-	-	3,304,180	3,304,180	-	-	-	-
Short term borrowings	-	-	221,708,152	221,708,152	-	-	-	-
Unpaid dividend	-	-	204,944	204,944	-	-	-	-
Unclaimed dividend	-	-	686,275	686,275	-	-	-	-
-	-	-	400,509,023	400,509,023	-	-	-	-

The Company has not disclosed the fair values for all other financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

21 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of 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. Other significant transactions with related parties are as follows:

				Unaudited	
				Nine months period ended	
				31 March	31 March
				2019	2018
				(Rupees)	
21.1	Transactions during the period:				
	Name	Nature of relationship	Basis of relationship	Nature of transaction	
	Premier Agencies	Associated undertaking	Common directorship	Sale of goods - net off discount of Rs. 116.14 million (2018: Rs. 78.69 million)	1,187,837,661
				Reimbursement of selling and distribution expenses	87,539,795
	Memon Medical Institute	Associated undertaking	Common directorship	Sale of goods	338,966
	Scitech Health (Pvt) Limited	Associated undertaking	Common directorship	Net sales returns - net off discount of Rs. 0.0895 million	(476,898)
	Employees Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	5,165,111
	Key management personnel	Related parties	Executives	Remuneration and benefits	27,952,062

Contributions to the employee retirement benefit funds are made in accordance with the terms of employee retirement benefit schemes.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors of the Company. There were no transactions with the key management personnel during the period other than their terms of employment / entitlements.

22 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue in the Board of Directors meeting held on 25 April 2019.



M. Haroon Qassim
Chief Executive



Wali Muhammad A. Habib
Director



M. Zaid Kaliya
Chief Financial Officer



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