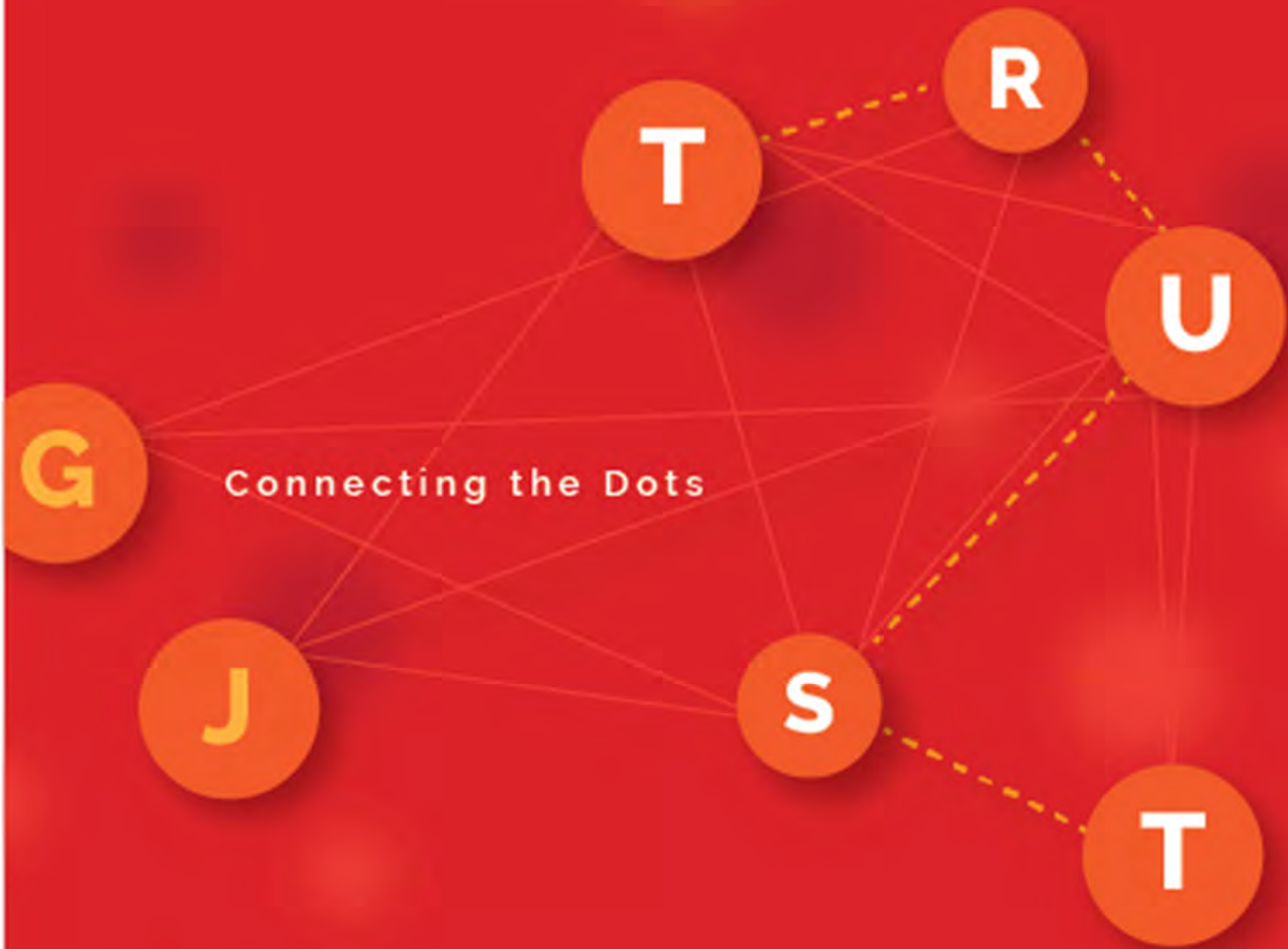




FIRST QUARTER REPORT
2019-20



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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. Syed Imran Chishti	Chairman
Mr. Vali Muhammad A. Habib	Member
Mrs. Saadia Butt Naveed	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

Mr. Yasir Yousuf Chhabra

Legal Advisors

Mr. Shafqat Zaman

External Auditors

BDO Ebrahim & Co.
Chartered Accountants

Internal Auditors

Deloitte Yousuf Adil
Chartered Accountants

Bankers

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

Registrar & Share Registration Office

CDC Share Registrar Services Limited
CDC House, 99-B, S.M.C.H.S.,
Main Shahrah-e-Faisal,
Karachi

Registered Office

Office 1007, 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 our pleasure to present the un-audited financial statements for the period ended September 30, 2019.

Financial summary

Operating Results	September, 2019	September, 2018	Increase / (Decrease)
	(Rupees)	(Rupees)	
Net Sales	446,582,717	393,057,012	13.62%
Gross Profit	140,338,297	133,198,803	5.36%
Gross Profit %	31.42%	33.89%	(247 bps)
Selling and Distribution Expenses	61,014,325	87,044,655	(29.90%)
Administrative Expenses	16,753,233	16,424,513	2.00%
Finance Costs	21,409,741	7,051,477	203.62%
Profit Before Tax	40,057,827	21,541,649	85.96%
Profit After Tax	21,451,539	16,362,622	31.10%
Earnings per Share	5.50	4.20	30.95%

During the period, uncertainty prevailed on economic front due to various reasons such as tight budgetary measures, increase in inflation rate from 14.80% to 19.80% and high bank profit rates. Despite all these distractions, challenges & difficulties, the Company's performance has improved. Net sales for the three months recorded an increase of 13.62% over the same period last year, from Rs. 393 million to Rs. 447 million. The Gross Profit margin of the Company declined by 2.47% mainly due to Rupee devaluation and change in sales mix of the Company. The selling and distribution expenses decreased by Rs. 26.03 million. The Finance cost of the Company increased by Rs. 14.36 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. 40.06 million for the three months period. Income tax increased by Rs. 13.43 million. The Earnings per share increased to Rs. 5.50 per share from Rs. 4.20 per share over the same period last year.

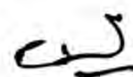
Your management is doing its best to achieve sustainable growth in sales by execution of focused promotion plans in the next quarters of current financial year.

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: October 25, 2019

ڈائریکٹرز کا جائزہ

ہم بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2019 کو ختم ہونے والی مدت کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرنے میں خوشی محسوس کر رہے ہیں۔

سرمائے کا خلاصہ

عملداری نتائج	ستمبر 2019 (روپے)	ستمبر 2018 (روپے)	اضافہ/ (کمی)
خالص سیلز	446,582,717	393,057,012	13.62%
مجموعی منافع	140,338,297	133,198,803	5.36%
مجموعی فیصدی منافع	31.42%	33.89%	(247 bps)
فروخت اور تنظیم کاری کے اخراجات	61,014,325	87,044,655	(29.90%)
انتظامی اخراجات	16,753,233	16,424,513	2.00%
مالیاتی لاگت	21,409,741	7,051,477	203.62%
قبل از ٹیکس منافع	40,057,827	21,541,649	85.96%
بعد از ٹیکس منافع	21,451,539	16,362,622	31.10%
فی شیئر آمدنی	5.50	4.20	30.95%

موجودہ سال کی پہلی سہ ماہی میں کئی وجوہات کی بنا پر معاشی افق پر غیر یقینی صورت حال برقرار رہی جیسے بجٹ کے سخت اقدامات، افراط زر کی شرح میں 14.80% سے 19.80% تک اضافہ اور بینک کی بلند شرح سود۔ ان تمام آزمائشوں اور مشکلات کے باوجود کمپنی کی کارکردگی میں بہتری آئی ہے۔ گزشتہ سال کی پہلی سہ ماہی کے مقابلے میں موجودہ سال کی پہلی سہ ماہی کی خالص سیلز میں 13.62% کا اضافہ ریکارڈ کیا گیا جو 393 ملین روپے سے بڑھ کر 447 ملین روپے تک پہنچ گئی۔ کمپنی کے مجموعی منافع میں 2.47% کی کمی واقع ہوئی جس کی بنیادی وجہ روپیہ کی قدر میں کمی اور کمپنی کے سیلر کمس میں تبدیلی ہے۔ فروخت اور تقسیم کے اخراجات میں 26.03 ملین روپے کی کمی واقع ہوئی۔ کمپنی کے مالی اخراجات میں 14.36 ملین روپے کا اضافہ ہوا جسکی وجہ بینک کی شرح میں اضافہ اور مشارکہ جاریہ اور مراہجہ مالیاتی سہولیات کے استعمال میں اضافہ ہے۔ کمپنی نے پہلی سہ ماہی کیلئے 40.06 ملین روپے کا قبل از ٹیکس منافع ریکارڈ کیا۔ انکم ٹیکس میں 13.43 ملین روپے کا اضافہ ہوا۔ فی شیئر آمدنی گزشتہ سال کی 4.20 روپے سے بڑھ کر 5.50 روپے ہو گئی۔

آپ کی انتظامیہ موجودہ سال کے اہداف اور سیلز میں پائیدار اضافہ کیلئے اپنی بہترین کوششیں کر رہی ہے جس کے لیے اگلی سہ ماہیوں 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 شکرگزاری کا اظہار کرتا ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے

ولی محمد اے حبیب
ڈائریکٹر

ایم ہارون قاسم
چیف ایگزیکٹو

کراچی: 25 اکتوبر 2019

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

	Note	(Unaudited) 30 September 2019	(Audited) 30 June 2019
		(Rupees)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	782,504,586	607,865,757
Long term deposits		4,811,390	4,811,390
Investment in equity accounted investee		4,000,000	4,000,000
		791,315,976	616,677,147
Current assets			
Stores and spares		25,264,352	23,141,602
Stock-in-trade	6	364,396,268	392,317,143
Trade receivables	7	46,009,685	22,974,273
Loans and advances		26,080,012	2,796,152
Trade deposits, prepayments and other receivables	8	32,891,242	14,482,717
Taxation - net		76,757,030	66,716,590
Cash and bank balances	9	1,248,144	1,543,982
		572,646,733	523,972,459
Total assets		1,363,962,709	1,140,649,606
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised Capital			
15,000,000 (30 June 2019 : 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
Loan from directors		59,000,000	21,700,000
Capital reserve		10,000,000	10,000,000
Revenue reserves		379,672,942	358,221,403
Total shareholder's equity		487,672,942	428,921,403
Non-current liabilities			
Deferred taxation		58,316,385	49,575,079
Long term financing - secured	10	246,240,952	94,262,455
		304,557,337	143,837,534
Current liabilities			
Trade and other payables	11	124,049,033	81,356,129
Accrued profit		16,928,351	13,112,552
Current portion of long term financing	10	68,830,319	91,497,270
Short term borrowings - secured	12	360,918,613	380,917,201
Unpaid dividend		321,227	321,227
Unclaimed dividend		684,887	686,290
		571,732,430	567,890,669
Total liabilities		876,289,767	711,728,203
Contingencies and Commitments	13	-	-
Total equity and liabilities		1,363,962,709	1,140,649,606

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 PERIOD ENDED 30 SEPTEMBER 2019

		Three months period ended	
	Note	30 September 2019	30 September 2018
		(Rupees)	
Sales – net	14	446,582,717	393,057,012
Cost of sales		(306,244,420)	(259,858,209)
Gross profit		140,338,297	133,198,803
Selling and distribution expenses		(61,014,325)	(87,044,655)
Administrative and general expenses		(16,753,233)	(16,424,513)
Other operating expenses		(3,147,915)	(1,730,113)
		(80,915,473)	(105,199,281)
		59,422,824	27,999,522
Other operating income		2,044,744	593,604
Operating profit before finance costs		61,467,568	28,593,126
Finance costs	15	(21,409,741)	(7,051,477)
Profit before taxation		40,057,827	21,541,649
Taxation		(18,606,288)	(5,179,027)
Profit for the period		21,451,539	16,362,622
Other comprehensive income		-	-
Total comprehensive income for the period		21,451,539	16,362,622
Earning per share – basic and diluted	16	5.50	4.20

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 PERIOD ENDED 30 SEPTEMBER 2019

		Three months period ended	
	Note	30 September 2019	30 September 2018
		(Rupees)	
Cash flows from operating activities			
Cash flow from operations	17	76,754,997	35,179,537
Payment for gratuity		-	(10,669,400)
Loan to employees -net		-	12,887
Finance costs paid		(17,593,942)	(5,298,079)
Income tax paid		(19,905,422)	(24,175,866)
Net cash (used in) / from operating activities		39,255,633	(4,950,921)
Cash flows from investing activities			
Fixed capital expenditure including capital work in progress		(186,427,859)	(11,273,217)
Sales proceeds from disposal of property, plant and equipment		264,833	6,000
Net cash (used in) investing activities		(186,163,026)	(11,267,217)
Cash flows from financing activities			
Long term financing diminishing musharakah - net		129,311,546	11,793,439
Loan from directors		37,300,000	-
Short term murabaha - net		(43,817,136)	(5,493,785)
Dividend paid		(1,403)	-
Net cash from / (used in) financing activities		122,793,007	6,299,654
Net (decrease) in cash and cash equivalents		(24,114,386)	(9,918,484)
Cash and cash equivalents at the beginning of the period		(185,460,400)	(87,404,691)
Cash and cash equivalents at end of the period	18	(209,574,786)	(97,323,175)

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 CHANGES IN EQUITY (Unaudited) FOR THE PERIOD ENDED 30 SEPTEMBER 2019


	Issued, subscribed and paid-up capital	Loan from directors	Capital reserve	Revenue reserves		Total
			Share Premium	General	Unappropriated profit	
	(Rupees)					
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 30 September 2018						
Profit for the period	-	-	-	-	16,362,622	16,362,622
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	16,362,622	16,362,622
Balance as at 30 September 2018	39,000,000	-	10,000,000	55,000,000	313,576,418	417,576,418

Balance as at 30 June 2019	39,000,000	21,700,000	10,000,000	55,000,000	303,221,403	428,921,403
Total comprehensive income for the period ended 30 September 2019						
Profit for the period	-	-	-	-	21,451,539	21,451,539
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	21,451,539	21,451,539
Loan received during the period	-	37,300,000	-	-	-	37,300,000
Balance as at 30 September 2019	39,000,000	59,000,000	10,000,000	55,000,000	324,672,942	487,672,942

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 FOR THE PERIOD ENDED 30 SEPTEMBER 2019 (Unaudited)

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 office No. 1007, 10th Floor, Business Avenue, Block 6, P.E.C.H.S., Shahr-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 three months period ended 30 September 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 2019. 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 comprises of the condensed interim statement of financial position as at September 30, 2019 and the condensed interim statement of profit or loss, the condensed interim other comprehensive income, the condensed interim statement of changes in equity, the condensed interim statement of cash flows and notes thereto for the three months period then ended.
- 2.4 The comparative condensed interim statement of financial position as at June 30, 2019, presented in this condensed interim financial information, has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2019, whereas, the comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes thereto for the period ended September 30, 2018 have been extracted from the condensed interim financial statements of the Company for the three months period then ended.
- 2.5 This condensed interim financial information is presented in Pakistan Rupees, which is the Company's functional currency.
- 2.6 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 2019 except for the adoption of new standard effective as of 01 January 2019 as stated below:

3.2 Change in Significant Accounting Policy

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.

- 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.

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 2020:

- 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.

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 2019.

	Note	Unaudited 30 September 2019	Audited 30 June 2019
		(Rupees)	
5 PROPERTY, PLANT & EQUIPMENT			
Operating fixed assets	5.1	687,045,158	597,427,238
Capital work in progress	5.2	95,459,428	10,438,519
		<u>782,504,586</u>	<u>607,865,757</u>

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

	Unaudited 30 September 2019		Unaudited 30 September 2018	
	Additions (at cost)	Disposals (at net book value)	Additions (at cost)	Disposals (at net book value)
	(Rupees)			
Plant and machinery	101,064,770	191,232	6,799,166	-
Furniture & fixtures	1,373,250	-	3,230,268	-
Office equipments	556,702	136,519	31,000	14,283
Computer equipments	-	116,157	-	13,262
	102,994,722	443,908	10,060,434	27,545

5.2 Capital work in progress

Additions include transfers from capital work-in-progress aggregating to Rs. 89.78 million (30 June 2018: Rs. 3.64 million).

		Unaudited 30 September 2019	Audited 30 June 2019
		(Rupees)	
6 STOCK-IN-TRADE			
Manufacturing:			
Raw and packing materials			
- in hand		225,614,380	266,400,674
- in transit		6,268,100	28,560,663
		231,882,480	294,961,337
Work-in-process		25,753,037	19,439,910
Finished goods	6.1	72,655,312	54,395,435
Trading:			
- in hand	6.2	25,706,702	23,520,461
- in transit		8,398,737	-
		364,396,268	392,317,143

6.1 This includes finished goods with cost of Rs. 3.27 million which are being carried at their net realizable value of Rs. 2.52 million.

6.2 This includes trading goods with cost of Rs. 15.55 million which are being carried at their net realizable value of Rs. 12.12 million.

7 TRADE RECEIVABLES

Related parties - unsecured

Premier Agencies	23,557,854	11,828,604
Pharmveo (Private) Limited	-	899,964
Scitech Health (Private) Limited	132,298	1,002,154
Memon Medical Institute	92,633	106,976
	23,782,785	13,837,698

Unsecured

Considered good	30,142,301	9,136,575
Considered doubtful	-	7,915,401
Provision for doubtful trade receivables	(7,915,401)	(7,915,401)
	22,226,900	9,136,575
	46,009,685	22,974,273

8 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

LC margin	23,023,400	5,154,800
Security deposits	1,578,997	1,543,997
Prepayments	3,796,834	192,368
Sales tax	4,492,011	7,591,552
	32,891,242	14,482,717

	Unaudited 30 September 2019	Audited 30 June 2019
	(Rupees)	

9 CASH AND BANK BALANCES

Cash in hand

Local currency

Foreign currency

With banks - in current accounts

215,570	139,065
562,665	578,555
778,235	717,620
469,909	826,362
1,248,144	1,543,982

10 LONG TERM FINANCING - SECURED

Diminishing musharakah arrangements

	Installment payable	Repayment period	Profit rate	Note		
Bank Al-Habib Limited - Islamic banking	Quarterly	2017-21	0.50% above 6 months KIBOR	10.1	49,500,000	55,000,000
Bank Al-Habib Limited - Islamic banking	Quarterly	2019-24	0.75% above 6 months KIBOR	10.1	45,836,010	-
Bank Al-Habib Limited - Islamic banking	Quarterly	2019-24	1% above 6 months KIBOR	10.1	80,811,619	-
Meezan Bank Limited	Quarterly	2019-20	1% above 3 months KIBOR	10.2	9,881,966	12,352,457
Meezan Bank Limited	Quarterly	2019-21	1% above 3 months KIBOR	10.2	6,566,264	7,660,642
Meezan Bank Limited	Quarterly	2019-24	1% above 3 months KIBOR	10.2	7,962,266	8,404,614
Meezan Bank Limited	Quarterly	2019-24	1% above 3 months KIBOR	10.2	17,288,235	-
Meezan Bank Limited	Quarterly	2019-24	1.2% above 3 months KIBOR	10.3	97,224,911	102,342,012
					315,071,271	185,759,725
Less: Current portion shown under current liabilities						
Bank Al-Habib Limited - Islamic banking				10.1	(28,875,402)	(55,000,000)
Meezan Bank Limited				10.2 & 10.3	(39,954,917)	(36,497,270)
					(68,830,319)	(91,497,270)
					246,240,952	94,262,455

10.1 The Company has a long term loan arrangement with Bank Al-Habib Limited - Islamic banking for an amount of Rs. 236.69 million (30 June 2019: Rs. 110 million). The term of the loan is 5 years from the date of disbursement, repayable in 20 equal quarterly installments. During the period, the Company had made repayment of Rs. 5.50 million (30 June 2019: Rs. 22 million) on which, profit was 12% (30 June, 2019: 7.40% to 13.55%) per annum. The Company has total facility of Rs. 316.47 million. Islamic finance under this diminishing musharakah is secured by a equitable mortgage of head office property, first exclusive charge of particular machinery of the Company and personal guarantee of Chairman of the Board of Directors.

10.2 The Company has a long term loan arrangement with Meezan Bank Limited for an amount of Rs. 51.74 million (30 June 2019: Rs. 34.45 million). The term of the loan is from 2 to 5 years from the date of disbursement, repayable in 8 to 20 equal quarterly installments. During the period, the Company had made repayment of Rs. 4.01 million (30 June 2019: Rs. 6.04 million) on which, profit was 12.15% to 13.92% (30 June, 2019: 9.90% to 11.67%) per annum. The Company has total facility of Rs. 95 million. Islamic finance under this diminishing musharakah is secured by a first exclusive charge over particular machinery of the Company.

10.3 The Company entered into a long term loan arrangement with Meezan Bank Limited of an amount of Rs. 102.34 million. The term of the loan is 5 years from the date of disbursement, repayable in 20 equal quarterly installments started from August 2019. During the period, the Company had made repayment of Rs. 5.12 million on which, profit was 12.29%. The Company has total facility of Rs. 125 million. Islamic finance under this diminishing musharakah is secured by a first exclusive charge of Baby Care machine and personal guarantee of Chairman of the Board of Directors and Chief Executive Officer.

		Unaudited 30 September 2019	Audited 30 June 2019
	Note		(Rupees)
11	TRADE AND OTHER PAYABLES		
	Creditors	82,886,334	48,078,999
	Accrued liabilities	18,262,195	8,748,767
	Retention Money	24,382	24,382
	Workers' welfare fund	2,530,093	1,712,586
	Workers' profit participation fund	2,151,333	4,596,699
	Advances from customers - unsecured	18,194,696	18,194,696
		<u>124,049,033</u>	<u>81,356,129</u>

12 SHORT TERM BORROWINGS - SECURED

Murabaha finance	12.1	150,095,683	193,912,819
Running Musharakah	12.2	210,822,930	187,004,382
		<u>360,918,613</u>	<u>380,917,201</u>

12.1 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. 350 million (30 June 2019: Rs. 350 million) out of which Rs 50 million (30 June 2019: Rs 50 million) is interchangeable with running musharakah. During the period, profit rate on such arrangements ranged between KIBOR + 0.30% to KIBOR + 0.75% (30 June 2019: KIBOR + 0.30% to KIBOR + 0.75%) per annum.

12.2 This represent running musharakah 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. 250 million (30 June 2019: Rs. 250 million) out of which Rs 200 million (30 June 2019: Rs 200 million) is interchangeable with murabaha finance. During the period, profit rate on such arrangements ranged between KIBOR + 0.30% to KIBOR + 0.75% (30 June 2019: KIBOR + 0.30% to KIBOR + 0.75%) 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 2019.

13.2 Commitments

13.2.1 The Company has letter of credit commitments for purchases amounting to Rs. 217.27 million (30 June 2019: Rs. 62.26 million).

13.2.2 The Company has letter of credit and other commitments for capital expenditures amounting to Rs. 29.45 million (30 June 2019: Rs. 163.67 million).

		Unaudited Three months period ended	
		30 September 2019	30 September 2018
			Rupees
14	SALES - NET		
	Local		
	Baby Care	495,437,033	447,890,882
	Oral Care	65,098,828	67,970,192
	Sales tax	(82,303,093)	(75,369,339)
		<u>478,232,768</u>	<u>440,491,735</u>
	Discounts	(31,650,051)	(49,286,029)
		<u>446,582,717</u>	<u>391,205,706</u>
	Export		
	Baby Care	-	1,851,306
		<u>446,582,717</u>	<u>393,057,012</u>

14.1 Summary of export sales during the period:

Country	Geographical location		
Qatar	Asia	-	1,851,306
		<u>-</u>	<u>1,851,306</u>

Unaudited
Three months period ended
30 September 2019 **30 September 2018**
(Rupees)

15 FINANCE COSTS

Shariah Arrangement

Profit on short term borrowings
Rent on diminishing musharakah
Bank charges

11,963,026	4,142,943
9,327,129	2,523,554
61,665	150,358
21,351,820	6,816,855

Non-Shariah Arrangement

Interest on WPPF
Guarantee commission
Bank charges

56,046	222,711
-	11,519
1,875	392
21,409,741	7,051,477

16 EARNING PER SHARE - BASIC AND DILUTED

Profit for the period

21,451,539	16,362,622
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(Number of shares)

Weighted average number of ordinary
shares in issue during the period

3,900,000	3,900,000
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(Rupees)

Earning per share - basic and diluted

5.50	4.20
------	------

Unaudited
Three months period ended
30 September 2019 **30 September 2018**
(Rupees)

17 CASH FLOW FROM OPERATIONS

Profit before taxation

40,057,827	21,541,649
------------	------------

Adjustments for:

Depreciation
Amortization
Loss / (gain) on disposal of property, plant and equipment
Finance costs

11,345,122	8,732,173
-	8,333
179,075	21,545
21,409,741	7,051,477

Changes in:

- Stores and spares
- Stock-in-trade
- Trade receivables
- Loans and advances
- Deposits and short term prepayments
- Trade and other payables

(2,122,750)	9,319
27,920,875	(78,381,136)
(23,035,412)	13,191,297
(23,283,860)	445,905
(18,408,525)	14,591,466
42,692,904	47,967,509

Cash flows from operations

76,754,997	35,179,537
------------	------------

18 CASH AND CASH EQUIVALENTS

Running musharakah - secured
Cash and bank balances

(210,822,930)	(99,221,294)
1,248,144	1,898,119
(209,574,786)	(97,323,175)

19 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 2019.

	Unaudited 30 September 2019	Audited 30 June 2019
19.1 Financial instruments by category	(Rupees)	
Financial assets at amortized cost		
Deposits	6,390,387	6,355,387
Loan to employees	-	193,772
Trade receivables	46,009,685	22,974,273
Cash and bank balances	1,248,144	1,543,982
	<u>53,648,216</u>	<u>31,067,414</u>
Financial liabilities at amortized cost		
Long term financing	315,071,271	185,759,725
Trade and other payables	101,172,911	56,852,148
Accrued profit	16,928,351	13,112,552
Short term bank finances	360,918,613	380,917,201
	<u>794,091,146</u>	<u>636,641,626</u>

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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).

As of the reporting date, none of the financial instruments of the Company are carried at fair value.

The carrying values of all other financial assets and liabilities reflected in this condensed interim financial information approximate their fair values.

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, loan from directors and post employment benefit plan. The Company in the normal course of business carries out transactions with various related parties. All transactions with related parties are under agreed terms / contractual arrangements.

Unaudited
Three months period ended
30 September 2019 **30 September 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. 28.10 million (30 September 2018: Rs. 44.83 million)	400,396,809	354,782,594
			Reimbursement of selling and distribution expenses	35,130,987	27,299,511
Memon Medical Institute	Associated undertaking	Common directorship	Sale of goods	65,566	145,413
Employees Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	1,598,225	1,611,015
Loan from directors	Related parties	Executives	Amount received from directors	37,300,000	-
Key management personnel	Related parties	Executives	Remuneration and benefits	7,012,430	8,452,321

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 October 2019.


M. Haroon Qassim
Chief Executive


Wali Muhammad A. Habib
Director


M. Zaid Kaliya
Chief Financial Officer



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SHIELD CORPORATION LTD.

Suite 1007, 10th Floor, Business Avenue

Block-6, P.E.C.H.S, Karachi - 75400, Pakistan.

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

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



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