



HALF YEARLY 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 Advisor

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 half year ended 31 December 2018.

Financial summary

Operating Results	Dec-18	Dec-17	Increase / (Decrease)
	(Rupees)	(Rupees)	
Gross Sales	980,405,886	859,664,351	14.05%
Net Sales	888,254,287	802,267,852	10.72%
Gross Profit	270,500,511	300,953,938	(10.12%)
Gross Profit %	30.45%	37.51%	(706 bps)
Selling and Distribution Expenses	194,156,866	213,080,810	(8.88%)
Administrative Expenses	32,790,248	36,200,961	(9.42%)
Finance Costs	14,438,309	8,518,363	69.50%
Profit Before Tax	28,331,957	32,523,291	(12.89%)
Profit After Tax	860,879	22,028,761	(96.09%)
Earnings per Share	0.22	5.65	(96.09%)


During the period, the economy of the country remained volatile, the bank rate rose from 6.5% to 10% and Pakistani Rupee devalued at Rs. 139 from Rs. 122 against US Dollar.

Net sales for the half year recorded an increase of 10.72% over the same period last year, from Rs. 802 million to Rs. 888 million. The Gross Profit of the Company declined by 7.06% 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. 18.92 million and 3.41 million respectively. The Finance cost of the Company increased by Rs. 5.92 million due to increase in bank rates and increase in utilization of Running Musharakah line. The Company recorded profit before tax of Rs. 28.33 million for the half year. Income tax increased by Rs 16.98 million. Hence, Post Tax Earnings per share decreased to Rs. 0.22 per share from Rs. 5.65 per share of last year for the six months period. Post tax loss per share of Rs. 3.97 has been recorded for the quarter ending 31 December 2018 due to factors mentioned above.

Your management is doing its best to achieve current year targets and sustainable growth in sales by 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


Vali Muhammad A. Habib
Director

Karachi: 26 February 2019

ڈائریکٹرز کا جائزہ

ہم بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2018 کو ختم ہونے والی ششماہی مدت کے غیر آڈٹ شدہ اکاؤنٹس کی تفصیلات پیش کرنے میں خوشی محسوس کر رہے ہیں۔

سرمائے کا خلاصہ

کاروباری نتائج	دسمبر 2018 (روپے)	دسمبر 2017 (روپے)	اضافہ / (کمی)
مجموعی سیلز	980,405,886	859,664,351	14.05%
خالص سیلز	888,254,287	802,267,852	10.72%
مجموعی منافع	270,500,511	300,953,938	(10.12%)
مجموعی منافع فیصد میں	30.45%	37.51%	(706 bps)
فروخت اور تقسیم کے اخراجات	194,156,866	213,080,810	(8.88%)
انتظامی اخراجات	32,790,248	36,200,961	(9.42%)
مالیاتی اخراجات	14,438,309	8,518,363	69.50%
قبل از ٹیکس منافع	28,331,957	32,523,291	(12.89%)
بعد از ٹیکس منافع	860,879	22,028,761	(96.09%)
فی شیئر آمدنی	0.22	5.65	(96.09%)

موجودہ سال کی پہلی ششماہی میں معیشت بدستور غیر مستحکم رہی۔ بینک کی شرح 6.5% سے بڑھ کر 10% تک پہنچ گئی اور پاکستانی روپیہ کی قدر ڈالر کے مقابلے میں 122 روپے فی ڈالر سے گھٹ کر 139 روپے فی ڈالر ہو گئی۔ گزشتہ سال کی پہلی ششماہی کے مقابلے میں موجودہ سال کی پہلی ششماہی کی سیلز میں 10.72% کا اضافہ ریکارڈ کیا گیا جو 802 ملین روپے سے بڑھ کر 888 ملین روپے تک پہنچ گئی۔ کمپنی کے مجموعی منافع میں 7.06% 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 18.92 ملین روپے اور 3.41 ملین روپے کی بالترتیب کمی واقع ہوئی۔ کمپنی کے مالیاتی اخراجات میں 5.92 ملین روپے کا اضافہ ہوا جسکی وجہ بینک کی شرح میں اضافہ اور مشارکہ جاریہ کے استعمال میں اضافہ ہے۔ پہلی ششماہی میں 28.33 ملین روپے قبل از ٹیکس منافع ریکارڈ ہوا۔ انکم ٹیکس میں 16.98 ملین روپے کا اضافہ ہوا۔ لہذا پہلے چھ ماہ میں بعد از ٹیکس فی شیئر آمدنی گزشتہ سال کی 5.65 روپے سے گھٹ کر 0.22 روپے ہو گئی۔ 31 دسمبر 2018 کو ختم ہونے والی سہماہی میں 3.97 روپے فی شیئر بعد از ٹیکس نقصان ریکارڈ کیا گیا ہے جس کی وجہ اوپر بیان کردہ عوامل ہیں۔

آپ کی انتظامیہ موجودہ سال کے اہداف اور سیلز میں پائیدار اضافہ کیلئے اپنی بہترین کوششیں کر رہی ہے جس کیلئے اگلی سہ ماہیوں میں تشریح اور پرموشنز کے منظم منصوبوں پر جارحانہ انداز میں 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



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Chartered Accountants
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INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Shield Corporation Limited

Report on review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Shield Corporation Limited ("the Company") as at 31 December 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the condensed interim financial information for the six-months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

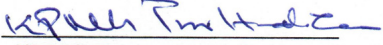
Other matters

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarter ended 31 December 2018 and 31 December 2017, have not been reviewed and we do not express a conclusion thereon.

The engagement partner on the engagement resulting in this independent auditors' review report is Muhammed Nadeem.

Date: 26 February 2019

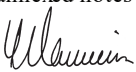
Karachi



KPMG Taseer Hadi & Co.
Chartered Accountants


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Unaudited) AS AT 31 DECEMBER 2018

	Note	(UnAudited) 31 December 2018	(Audited) 30 June 2018
(Rupees)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	437,089,826	441,122,786
Intangible assets		16,667	33,334
Long term deposits		4,811,390	4,811,390
Long term loans and advances		82,215	12,887
		<u>442,000,098</u>	<u>445,980,397</u>
Current assets			
Stores and spares		16,761,623	16,130,493
Stock-in-trade	6	390,301,084	251,156,278
Trade debtors	7	54,431,188	49,187,628
Loans and advances		6,114,724	10,573,209
Deposits and short term prepayments	8	19,483,961	43,358,383
Taxation - net		42,075,576	33,201,277
Cash and bank balances	9	2,053,227	1,257,178
		<u>531,221,383</u>	<u>404,864,446</u>
Total assets		<u><u>973,221,481</u></u>	<u><u>850,844,843</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised Capital			
15,000,000 ordinary shares of Rs. 10/- each		<u>150,000,000</u>	<u>150,000,000</u>
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		<u>339,424,675</u>	<u>352,213,796</u>
		<u>388,424,675</u>	<u>401,213,796</u>
Non-current liabilities			
Deferred taxation		29,817,580	32,783,652
Long term financing - secured	10	<u>53,881,966</u>	<u>55,000,000</u>
		<u>83,699,546</u>	<u>87,783,652</u>
Current liabilities			
Trade and other payables	11	<u>154,238,329</u>	<u>113,943,844</u>
Accrued profit		6,768,386	3,304,180
Current portion of long term financing	10	29,411,473	22,000,000
Short term bank finances - secured	12	309,653,597	221,708,152
Unpaid dividend		339,200	204,944
Unclaimed dividend		<u>686,275</u>	<u>686,275</u>
		<u>501,097,260</u>	<u>361,847,395</u>
Contingencies and Commitments	13		
Total equity and liabilities		<u><u>973,221,481</u></u>	<u><u>850,844,843</u></u>

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 SIX AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2018**

	Note	Six months period ended		Three months period ended	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
(Rupees)					
Sales - net	14	888,254,287	802,267,852	495,197,275	449,131,692
Cost of sales		(617,753,776)	(501,313,914)	(357,895,567)	(272,194,373)
Gross profit		270,500,511	300,953,938	137,301,708	176,937,319
Selling and distribution expenses		(194,156,866)	(213,080,810)	(107,112,211)	(127,321,663)
Administrative and general expenses		(32,790,248)	(36,200,961)	(16,365,735)	(18,511,103)
Other operating expenses		(2,151,453)	(11,643,709)	(421,340)	(10,357,585)
		(229,098,567)	(260,925,480)	(123,899,286)	(156,190,351)
		41,401,944	40,028,458	13,402,422	20,746,968
Other operating income		1,368,322	1,013,196	774,718	584,155
Operating profit before finance costs		42,770,266	41,041,654	14,177,140	21,331,123
Finance costs	15	(14,438,309)	(8,518,363)	(7,386,832)	(4,498,735)
Profit before taxation		28,331,957	32,523,291	6,790,308	16,832,388
Taxation		(27,471,078)	(10,494,530)	(22,292,051)	(2,789,844)
Profit for the period		860,879	22,028,761	(15,501,743)	14,042,544
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		860,879	22,028,761	(15,501,743)	14,042,544
Earning per share - basic and diluted	17	0.22	5.65	(3.97)	3.60

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 CASH FLOWS (Unaudited) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2018

	Note	31 December 2018	31 December 2017
(Rupees)			
Cash flows from operating activities			
Cash flow from operations	18	(5,009,001)	(17,448,966)
Payment for gratuity		(10,669,400)	-
(Payment) / Receipt from Loan to employees		(202,221)	96,645
Long term deposits		-	(178,890)
Finance costs paid		(10,974,103)	(7,724,510)
Income tax paid		(39,311,449)	(24,618,659)
Net cash used in operating activities		(66,166,174)	(49,874,380)
Cash flows from investing activities			
Fixed capital expenditure including capital work-in-progress		(13,769,917)	(11,831,609)
Sales proceeds from disposal of property, plant and equipment		9,000	2,037,834
Net cash used in investing activities		(13,760,917)	(9,793,775)
Cash flows from financing activities			
Long term financing - diminishing musharakah receipts		17,293,439	-
Long term financing - diminishing musharakah payments		(11,000,000)	(12,640,246)
Proceeds from murabaha finance obtained - net		(28,476,297)	27,484,545
Dividend paid		(13,515,744)	(19,336,136)
Net cash used in financing activities		(35,698,602)	(4,491,837)
Net decrease in cash and cash equivalents		(115,625,693)	(64,159,992)
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	(203,030,384)	(119,312,245)

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 SIX MONTHS PERIOD ENDED 31 DECEMBER 2018

	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 December 2017					
Profit for the period	-	-	-	22,028,761	22,028,761
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	22,028,761	22,028,761
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 December 2017	39,000,000	10,000,000	55,000,000	251,339,124	355,339,124
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 December 2018					
Profit for the period	-	-	-	860,879	860,879
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	860,879	860,879
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 December 2018	39,000,000	10,000,000	55,000,000	284,424,675	388,424,675

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 SIX MONTHS PERIOD ENDED 31 DECEMBER 2018

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.

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 six months ended 31 December 2018 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 1 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 1 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 1 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 1 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 expense. Actual results may differ from these estimates. Estimates and judgements made by 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 December 2018	Audited 30 June 2018
(Rupees)			
5 PROPERTY, PLANT & EQUIPMENT			
Operating fixed assets	5.1	435,293,705	438,700,283
Capital work in progress	5.2	1,796,121	2,422,503
		<u>437,089,826</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 December 2018		Unaudited 31 December 2017	
	Additions (at cost)	Disposals (at net book value)	Additions (at cost)	Disposals (at net book value)
(Rupees)				
Plant and machinery	10,797,462	-	8,048,612	10,983,560
Furniture & fixtures	3,230,268	-	-	-
Office equipments	307,069	34,705	1,317,274	103,410
Computer equipments	61,500	80,086	130,000	16,597
	<u>14,396,299</u>	<u>114,791</u>	<u>9,495,886</u>	<u>11,103,567</u>

5.2 Capital work in progress

Additions / (net of transfers) in Capital work-in-progress during the period amounted to Rs.(0.626) million (2017: Rs. 2.335 million).

		Unaudited 31 December 2018	Audited 30 June 2018
(Rupees)			
6 STOCK-IN-TRADE			
Manufacturing:			
Raw and packing materials			
- in hand		158,774,343	147,487,967
- in transit		46,440,007	-
Work-in-process		25,746,686	12,282,326
Finished goods	6.1	81,545,317	32,384,370
Trading:			
- in hand	6.2	63,793,259	56,243,103
- in transit		14,001,472	2,758,512
		<u>390,301,084</u>	<u>251,156,278</u>

6.1 This includes finished goods with cost of Rs. 8.815 million which are being carried at their net realizable value of Rs. 7.454 million.

6.2 This includes trading goods with cost of Rs. 27.462 million which are being carried at their net realizable value of Rs. 25.062 million.

	Note	Unaudited 31 December 2018	Audited 30 June 2018	
(Rupees)				
11	TRADE AND OTHER PAYABLES			
	Creditors	75,590,053	61,853,979	
	Accrued liabilities	75,785,035	24,868,111	
	Retention Money	24,382	24,382	
	Gratuity payable	-	10,669,400	
	Sales tax payable	886,227	8,637,788	
	Workers' welfare fund	411,181	1,447,505	
	Workers' profit participation fund	1,509,987	5,240,671	
	Advances from customers - unsecured	2,696	1,012,408	
	Others	28,768	189,600	
		<u>154,238,329</u>	<u>113,943,844</u>	
12	SHORT TERM BANK FINANCES - SECURED			
	Murabaha finance	12.1	104,569,986	133,046,283
	Running Musharakah	12.2	205,083,611	88,661,869
			<u>309,653,597</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 hypothecation of 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 hypothecation of 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

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.

13.1 Commitments

13.1.1 The Company has letter of credit commitments for purchases amounting to Rs. 128.505 million (30 June 2018: Rs. 72.222 million).

13.1.2 The Company has letter of credit and other commitments for capital expenditures amounting to Rs. 90.471 million (30 June 2018: Rs. 32.563 million).

		Unaudited		Unaudited	
		Six months period ended		Three months period ended	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
Rupees					
14	SALES - NET				
	Sales - local	1,148,688,850	1,007,018,300	632,827,776	564,908,222
	Sales tax	(168,282,964)	(147,353,949)	(92,913,625)	(82,629,218)
		980,405,886	859,664,351	539,914,151	482,279,004
	Discounts	(97,457,294)	(58,660,034)	(48,171,265)	(34,333,515)
		882,948,592	801,004,317	491,742,886	447,945,489
	Sales - export	5,305,695	1,263,535	3,454,389	1,186,203
		<u>888,254,287</u>	<u>802,267,852</u>	<u>495,197,275</u>	<u>449,131,692</u>

14.1 Disaggregation of revenue with respect to Primary geographical markets for the period ended 31 December 2018.

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

Pakistan	882,948,592	801,004,317	491,742,886	447,945,489
Afghanistan	3,454,389	1,177,105	3,454,389	1,177,105
Qatar	1,851,306	-	-	-
Ireland	-	86,430	-	9,098
	<u>888,254,287</u>	<u>802,267,852</u>	<u>495,197,275</u>	<u>449,131,692</u>

	Unaudited Six months period ended		Unaudited Three months period ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	Rupees			

15 FINANCE COSTS

Profit on short term bank finances	10,346,336	4,824,171	6,203,393	2,797,825
Interest on workers profit participation fund	155,898	235,768	(66,813)	1,205
Rent on diminishing musharakah	3,626,201	3,195,940	1,102,647	1,545,485
Guarantee commission	47,540	15,000	36,021	15,000
Bank charges	262,334	247,484	111,584	139,220
	<u>14,438,309</u>	<u>8,518,363</u>	<u>7,386,832</u>	<u>4,498,735</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>860,879</u>	<u>22,028,761</u>	<u>(15,501,743)</u>	<u>14,042,544</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>0.22</u>	<u>5.65</u>	<u>(3.97)</u>	<u>3.60</u>

18 CASH FLOW FROM OPERATIONS

	Unaudited Six months period ended	
	31 December 2018	31 December 2017
(Rupees)		
Profit before taxation	28,331,957	32,523,291
Adjustments for:		
Depreciation	17,688,086	22,799,088
Amortization	16,667	16,667
Provision for gratuity	-	(39,904,870)
Loss / (gain) on disposal of property, plant and equipment	105,791	9,065,733
Finance costs	14,438,309	8,518,363
Changes in:		
- Stores and spares	(631,130)	923,968
- Stock-in-trade	(139,144,806)	(69,154,363)
- Trade debts	(5,243,560)	(13,922,158)
- Loans and advances	4,591,378	5,299,745
- Deposits and short term prepayments	23,874,422	(29,509,504)
- Trade and other payables	50,963,885	55,895,074
Cash flows from operations	<u>(5,009,001)</u>	<u>(17,448,966)</u>

19 CASH AND CASH EQUIVALENTS

Running musharakah - secured	(205,083,611)	(120,242,160)
Cash and bank balances	2,053,227	929,915
	<u>(203,030,384)</u>	<u>(119,312,245)</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 for 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 December 2018 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	-	-	5,595,387	-	5,595,387	-	-	-	-
Trade debts	-	-	54,431,188	-	54,431,188	-	-	-	-
Loan to employees	-	-	369,776	-	369,776	-	-	-	-
Bank balances	-	-	1,425,339	-	1,425,339	-	-	-	-
	-	-	61,821,690	-	61,821,690	-	-	-	-
Financial liabilities not measured at fair value									
Long term loans	-	-	-	83,293,439	83,293,439	-	-	-	-
Trade and other payables	-	-	-	151,428,238	151,428,238	-	-	-	-
Accrued profit	-	-	-	6,768,386	6,768,386	-	-	-	-
Short term borrowings	-	-	-	309,653,597	309,653,597	-	-	-	-
Unpaid dividend	-	-	-	339,200	339,200	-	-	-	-
Unclaimed dividend	-	-	-	686,275	686,275	-	-	-	-
	-	-	-	552,169,135	552,169,135	-	-	-	-
	----- (Rupees) -----								
	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 reprice 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:

21.1 Transactions during the period:

Name	Nature of relationship	Basis of relationship	Nature of transaction	Unaudited Six months period ended	
				31 December 2018	31 December 2017
Premier Agencies	Associated undertaking	Common directorship	Sale of goods - net off discount of Rs. 86.20 million (2017: Rs. 52.83 million)	793,719,067	734,220,453
			Reimbursement of selling and distribution expenses	54,875,433	30,674,661
Memon Medical Institute	Associated undertaking	Common directorship	Sale of goods	279,693	220,857
Scitech Health (Pvt) Limited	Associated undertaking	Common directorship	Net sales returns - net off discount of Rs. 0.0306 million	(137,309)	-
Employees Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made	3,395,513	3,128,067
Key management personnel	Related parties	Executives	Remuneration and benefits	18,276,361	14,930,106

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 26 February 2019.



M. Haroon Qassim
Chief Executive



Vali Muhammad A. Habib
Director



M. Zaid Kaliya
Chief Financial Officer



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