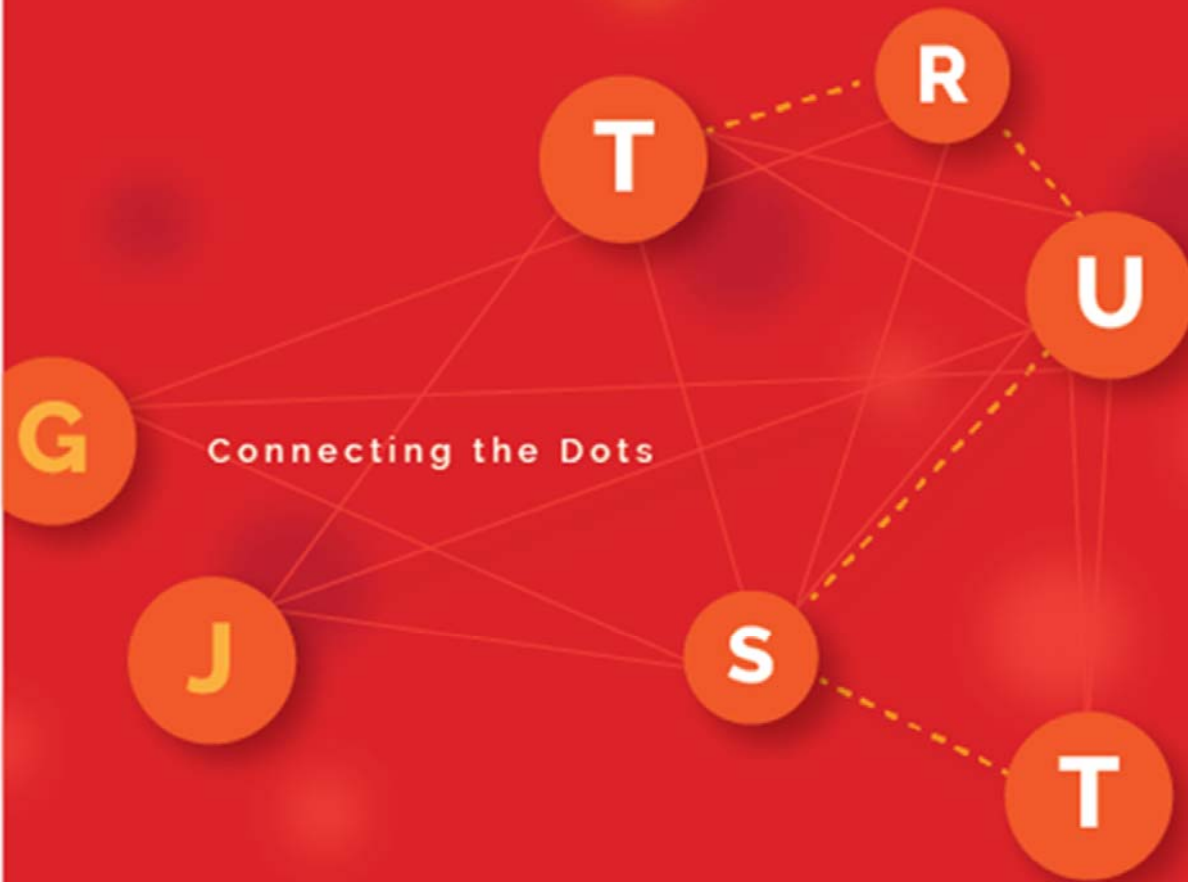




THIRD QUARTER REPORT
2019-20



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COMPANY INFORMATION

Board of Directors

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

Chairman
Chief Executive
Director
Director
Director
Director
Director

Audit Committee

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

Chairman
Member
Member

Human Resource & Remuneration Committee

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

Chairman
Member
Member

Risk Management Committee

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

Chairman
Member
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, we hereby present the un-audited condensed interim financial information for the period ended March 31, 2020.

Financial summary

| Operating Results | March 31, 2020 | March 31, 2019 | Increase / (Decrease) | March 31, 2020 | March 31, 2019 | Increase / (Decrease) |
|-----------------------------------|----------------|----------------|-----------------------|----------------|----------------|-----------------------|
| | (Rupees) | (Rupees) | | (Rupees) | (Rupees) | |
| Net Sales | 1,326,425,770 | 1,323,299,315 | 0.24% | 383,945,214 | 435,045,028 | (11.75%) |
| Gross Profit | 344,042,700 | 411,639,806 | (16.42%) | 87,678,500 | 141,139,295 | (37.88%) |
| Gross Profit % | 25.94% | 31.11% | 517 bps | 22.84% | 32.44% | 960 bps |
| Selling and Distribution Expenses | 206,860,719 | 280,653,637 | (26.29%) | 63,970,853 | 86,496,771 | (26.04%) |
| Administrative Expenses | 47,404,854 | 49,699,155 | (4.62%) | 13,643,639 | 16,908,907 | (19.31%) |
| Finance Costs | 77,016,506 | 25,614,615 | 200.67% | 27,374,985 | 11,176,306 | 144.94% |
| Profit / (Loss) Before Tax | 20,517,703 | 52,823,064 | (61.16%) | (11,133,180) | 24,491,107 | (145.46%) |
| Profit / (Loss) After Tax | (7,599,778) | 13,506,733 | (156.27%) | (22,519,387) | 12,645,854 | (278.08%) |
| Earnings / (Loss) per Share | (1.95) | 3.46 | (156.27%) | (5.77) | 3.24 | (278.08%) |

During the period, uncertainty prevailed on economic front due to various reasons such as tight budgetary measures, increase in inflation rate (National CPI) from 6.8% to 12.4%, high interest rates, and rupee devaluation.

Net sales for the nine months recorded an increase of 0.24% over the same period last year, from Rs. 1.323 billion to Rs. 1.326 billion. The Gross Profit margin of the Company declined by 5.17% mainly due to Rupee devaluation and change in sales mix of the Company. The selling and distribution expenses as well as administrative expenses decreased by Rs. 73.79 million and 2.29 million respectively. The Finance cost of the Company increased by Rs. 51.40 million due to increase in bank rates and increase in utilization of various short term and long term financing facilities due to investment in Property, Plant & Equipment and stock building in anticipation of achieving sales targets. The Company recorded profit before tax of Rs. 20.52 million for the nine months period. The Company incurred Loss per share of Rs. 1.95 as compared to Earnings per share of Rs. 3.46 per share of last year for the nine months period. Post-tax loss for the quarter ended March 31, 2020 has been recorded as Rs. 22.52 million.

The World is facing the real challenge in form of Covid-19 (Corona Virus) which is declared by WHO as pandemic in March 2020. The governments across the globe have taken various steps to stop the spread of this disease and advised its citizen to limit their social activities. As a result, the economic activities have slowed down and in some cases a complete halt. This pandemic is unprecedented in the last 100 years of human history and as such all experts have failed to assess the economic damage to the global economy. The government of Sindh has announced the lock down from 23rd March and due to this, the economic activities have come to stand still and the Company's total operations came to halt.

The Company is foreseeing decline in sales of its products in the next quarter due to the reason mentioned above. It's extremely challenging and the management sees the next quarter very volatile. However, your management is working very hard to see how to best overcome this situation.

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 16, 2020

ڈائریکٹرز کا جائزہ

ہم بورڈ آف ڈائریکٹرز کی جانب سے ۳۱ مارچ ۲۰۲۰ کو ختم ہونے والی مدت کے لیے غیر آڈٹ شدہ مختصر عبوری مالیاتی معلومات پیش کر رہے ہیں۔

سرمائے کا خلاصہ

| عملدری نتائج | نومہ کی مدت | | تین ماہ کی مدت | |
|---------------------------------|------------------------|------------------------|------------------------|------------------------|
| | ۳۱ مارچ ۲۰۲۰ (روپے) | ۳۱ مارچ ۲۰۱۹ (روپے) | ۳۱ مارچ ۲۰۱۹ (روپے) | ۳۱ مارچ ۲۰۱۹ (روپے) |
| خالص سیلز | 1,326,425,770 | 1,323,299,315 | 0.24% | (11.75%) |
| مجموعی منافع | 344,042,700 | 411,639,806 | (16.42%) | (37.88%) |
| مجموعی فیصدی منافع | 25.94% | 31.11% | (517 bps) | (960 bps) |
| فروخت اور تقسیم کاری کے اخراجات | 206,860,719 | 280,653,637 | (26.29%) | (26.04%) |
| انتظامی اخراجات | 47,404,854 | 49,699,155 | (4.62%) | (19.31%) |
| مالیاتی لاگت | 77,016,506 | 25,614,615 | 200.67% | 144.94% |
| قبل از ٹیکس منافع (نقصان) | 20,517,703 | 52,823,064 | (61.16%) | (145.46%) |
| بعد از ٹیکس منافع (نقصان) | (7,599,778) | 13,506,733 | (156.27%) | (278.08%) |
| فی شیئر آمدنی (نقصان) | (1.95) | 3.46 | (156.27%) | (278.08%) |

موجودہ سال میں کئی وجوہات کی بنا پر معاشی افریقہ پر غیر یقینی صورت حال برقرار رہی جیسے بجٹ کے سخت اقدامات، افریقا کی شرح (تومی سی پی آئی) میں 6.80% سے 12.40% تک کا اضافہ، بینک کی بلند شرح سود اور روپیہ کی قدر میں کمی۔

گزشتہ سال کے مقابلے میں موجودہ سال کے نومبر ماہ کی خالص سیلز میں 0.24% کا اضافہ ریکارڈ کیا گیا جو 1.323 بلین روپے سے بڑھ کر 1.326 بلین روپے تک پہنچ گئی۔ کمپنی کے مجموعی منافع میں 5.17% کمی واقع ہوئی جس کی بنیادی وجہ روپیہ کی قدر میں کمی اور کمپنی کے سیلز کیس میں تبدیلی ہے۔ فروخت اور تقسیم کے اخراجات اور انتظامی اخراجات میں بالترتیب 73.79 بلین روپے اور 2.29 بلین روپے کمی واقع ہوئی۔ کمپنی کی مالیاتی لاگت میں 51.40 بلین روپے کا اضافہ ہوا جس کی وجہ بینک کی شرح میں اضافہ، آفس، مشینری اور آلات کو خریدنے کیلئے مختلف طویل المیعاد مالیاتی سہولیات کے استعمال میں اضافہ اور متوقع سیلز کے اہداف کے لیے اسٹاک جمع کرنے میں سرمایہ کیلئے مختلف قبضہ المیعاد مالیاتی سہولیات کے استعمال میں اضافہ ہے۔ کمپنی نے نومبر ماہ کیلئے 20.52 بلین روپے قبل از ٹیکس منافع ریکارڈ کیا۔ کمپنی نے گزشتہ سال کی نومبر ماہ کی 3.46 روپے فی شیئر آمدنی کے مقابلے میں اس سال 1.95 روپے فی شیئر نقصان ریکارڈ کیا۔ ۳۱ مارچ ۲۰۲۰ کو ختم ہونے والی سہ ماہی میں 22.52 بلین روپے بعد از ٹیکس نقصان ریکارڈ کیا گیا ہے۔

دنیا کو اس وقت کرونا وائرس کی صورت میں ایک حقیقی چیلنج کا سامنا ہے جسے WHO نے مارچ ۲۰۲۰ میں عالمی وبا قرار دیا۔ دنیا بھر کی حکومتوں نے اس بیماری کو روکنے کیلئے مختلف اقدامات کئے ہیں اور اپنے شہریوں کو ایسی سماجی سرگرمیوں کو محدود کرنے کا مشورہ دیا ہے۔ اس کے نتیجے میں معاشی سرگرمیاں سست ہو گئی ہیں اور کچھ معاملات میں مکمل طور پر رک گئی ہیں۔ اس وبائی بیماری کی انسانی تاریخ کے پچھلے ۱۰۰ سالوں میں کوئی نظیر نہیں ملتی جس کی وجہ سے تمام ماہرین عالمی معیشت کو ہونے والے نقصان کا اندازہ لگانے سے قاصر ہیں۔ سندھ حکومت نے ۲۳ مارچ سے لاک ڈاؤن کا اعلان کر دیا ہے اور جس کی وجہ سے معاشی سرگرمیاں تہمت ہیں اور کمپنی کی تمام کارروائیاں رک گئی ہیں۔

مذکورہ وجوہات کی بنا پر کمپنی اگلی سہ ماہی میں سیلز میں کمی کی توقع کر رہی ہے۔ یہ ایک انتہائی کٹھن مرحلہ ہے اور کمپنی کو اگلی سہ ماہی بہت غیر مستحکم نظر آ رہی ہے۔ تاہم آپ کی انتظامیہ اس صورت حال پر قابو پانے کیلئے بہت محنت کر رہی ہے۔

بورڈ آف ڈائریکٹرز تمام ملازمین کا ان کی پرہیزگوشوں، وفاداری اور لگن پر شکرگزارگی کا اظہار کرتا ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے

ولید محمد اے حبیب

ڈائریکٹر

ایم ہارون قاسم

چیف ایگزیکٹو

کراچی: ۱۶ اپریل ۲۰۲۰

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Unaudited) AS AT MARCH 31, 2020

| | March 31, 2020 | June 30, 2019 (Audited) |
|--|----------------------|-------------------------------|
| Note | (Rupees) | |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | | |
| Operating fixed assets | 7 775,275,885 | 597,427,238 |
| Capital work in progress | 8 12,571,546 | 10,438,519 |
| | 787,847,431 | 607,865,757 |
| Long term deposits | 4,872,930 | 4,811,390 |
| Intangible assets | 513,333 | - |
| Investment in equity accounted associate | 9 3,720,336 | 4,000,000 |
| | 796,954,030 | 616,677,147 |
| Current assets | | |
| Stores and spares | 31,127,053 | 23,141,602 |
| Stock-in-trade | 10 527,565,493 | 392,317,143 |
| Trade receivables | 11 28,357,009 | 22,974,273 |
| Loans and advances | 12,499,271 | 2,796,152 |
| Trade deposits and short term prepayments | 12 4,614,166 | 6,891,165 |
| Tax refund due from government | 13 65,516,331 | 33,560,876 |
| Taxation - net | 31,867,456 | 40,747,266 |
| Cash and bank balances | 14 1,789,741 | 1,543,982 |
| | 703,336,520 | 523,972,459 |
| Total assets | 1,500,290,550 | 1,140,649,606 |
| EQUITY AND LIABILITIES | | |
| Share capital and reserves | | |
| Authorized share capital | | |
| 15,000,000 (June 30, 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 | 110,000,000 | 21,700,000 |
| Capital reserve | 10,000,000 | 10,000,000 |
| Revenue reserves | 345,746,625 | 358,221,403 |
| | 504,746,625 | 428,921,403 |
| Non-current liabilities | | |
| Deferred taxation | 61,387,209 | 49,575,079 |
| Long term financing - secured | 15 202,270,614 | 94,262,455 |
| | 263,657,823 | 143,837,534 |
| Current liabilities | | |
| Trade and other payables | 16 129,000,116 | 81,356,129 |
| Short term borrowings - secured | 17 494,647,883 | 380,917,201 |
| Profit accrued | 18 21,302,459 | 13,112,552 |
| Unpaid dividend | 352,265 | 321,227 |
| Unclaimed dividend | 685,969 | 686,290 |
| Current portion of long term financing | 15 85,897,410 | 91,497,270 |
| | 731,886,102 | 567,890,669 |
| Total equity and liabilities | 1,500,290,550 | 1,140,649,606 |
| Contingencies and Commitments | 19 | |

The annexed notes from 1 to 32 form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited) FOR THE PERIOD ENDED MARCH 31, 2020

| | Note | Nine months period ended | | Three months period ended | |
|--|------|--------------------------|-------------------|---------------------------|-------------------|
| | | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| | | (Rupees) | | (Rupees) | |
| Sales - net | 20 | 1,326,425,770 | 1,323,299,315 | 383,945,214 | 435,045,028 |
| Cost of sales | 21 | (982,383,070) | (911,659,509) | (296,266,714) | (293,905,733) |
| Gross profit | | 344,042,700 | 411,639,806 | 87,678,500 | 141,139,295 |
| Selling and distribution expenses | | (206,860,719) | (280,653,637) | (63,970,853) | (86,496,771) |
| Administrative and general expenses | | (47,404,854) | (49,699,155) | (13,643,639) | (16,908,907) |
| Other operating expenses | | (1,013,427) | (4,587,252) | 1,354,005 | (2,435,799) |
| Share of loss on equity accounted associate | | (279,665) | - | (93,222) | - |
| | | (255,558,665) | (334,940,044) | (76,353,709) | (105,841,477) |
| | | 88,484,035 | 76,699,762 | 11,324,791 | 35,297,818 |
| Other operating income | | 9,050,174 | 1,737,917 | 4,917,014 | 369,595 |
| Operating profit before finance costs | | 97,534,209 | 78,437,679 | 16,241,805 | 35,667,413 |
| Finance costs | 22 | (77,016,506) | (25,614,615) | (27,374,985) | (11,176,306) |
| Profit / (Loss) before taxation | | 20,517,703 | 52,823,064 | (11,133,180) | 24,491,107 |
| Taxation | | (28,117,481) | (39,316,331) | (11,386,207) | (11,845,253) |
| Profit / (Loss) for the period | | (7,599,778) | 13,506,733 | (22,519,387) | 12,645,854 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income for the period | | (7,599,778) | 13,506,733 | (22,519,387) | 12,645,854 |
| Earnings / (Loss) per share - basic and diluted | 23 | (1.95) | 3.46 | (5.77) | 3.24 |

The annexed notes from 1 to 32 form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Unaudited) FOR THE PERIOD ENDED MARCH 31, 2020

| | Note | Nine months period ended | |
|---|------|--------------------------|-------------------|
| | | March 31, 2020 | March 31, 2019 |
| | | (Rupees) | |
| Cash flows from operating activities | | | |
| Cash flow generated / (used) in operations | 24 | 43,930,564 | (22,091,340) |
| Payment for gratuity | | - | (10,669,400) |
| Long term deposit | | (61,540) | - |
| Loan to employees - net | | - | (163,544) |
| Finance costs paid | | (68,826,599) | (20,559,018) |
| Income tax paid | | (44,035,863) | (53,001,418) |
| Net cash used in operating activities | | (68,993,438) | (106,484,720) |
| Cash flows from investing activities | | | |
| Fixed capital expenditure including capital work in progress | | (230,620,334) | (51,190,534) |
| Sales proceeds from disposal of property, plant and equipment | | 264,833 | 315,350 |
| Net cash used in investing activities | | (230,355,501) | (50,875,184) |
| Cash flows from financing activities | | | |
| Long term financing diminishing musharakah - net | | 102,408,299 | 15,482,582 |
| Loan obtained from directors | | 88,300,000 | - |
| Short term murabaha finance - net | | 44,493,073 | 25,410,108 |
| Dividend paid | | (4,844,283) | (13,521,450) |
| Net cash generated from financing activities | | 230,357,089 | 27,371,240 |
| Net decrease in cash and cash equivalents | | (68,991,850) | (129,988,664) |
| 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 | 25 | (254,452,250) | (217,393,355) |

The annexed notes from 1 to 32 form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited) FOR THE PERIOD ENDED MARCH 31, 2020

| | Issued, subscribed and paid-up capital | Loan from directors | Reserves | | | Sub total | Total |
|--|---|------------------------|-------------------|-------------------|--------------------------|--------------------|--------------------|
| | | | Capital reserve | Revenue reserves | | | |
| | | | Share Premium | General | Unappropriated profit | | |
| ----- (Rupees) ----- | | | | | | | |
| Balance as at July 1, 2018 | 39,000,000 | - | 10,000,000 | 55,000,000 | 297,213,796 | 362,213,796 | 401,213,796 |
| Total comprehensive income for the period ended March 31, 2019 | | | | | | | |
| Profit for the period | - | - | - | - | 13,506,733 | 13,506,733 | 13,506,733 |
| Other comprehensive income for the period | - | - | - | - | - | - | - |
| Transactions with owners | | | | | | | |
| Dividend for the year June 30, 2018 - Final - @ Rs. 3.50 per share | - | - | - | - | (13,650,000) | (13,650,000) | (13,650,000) |
| Balance as at March 31, 2019 | 39,000,000 | - | 10,000,000 | 55,000,000 | 297,070,529 | 362,070,529 | 401,070,529 |
| Balance as at July 1, 2019 | 39,000,000 | 21,700,000 | 10,000,000 | 55,000,000 | 303,221,403 | 368,221,403 | 428,921,403 |
| Total comprehensive income for the period ended March 31, 2020 | | | | | | | |
| Loss for the period | - | - | - | - | (7,599,778) | (7,599,778) | (7,599,778) |
| Other comprehensive income for the period | - | - | - | - | - | - | - |
| Transactions with owners | | | | | | | |
| Dividend for the year June 30, 2019 - Final - @ Rs. 1.25 per share | - | - | - | - | (4,875,000) | (4,875,000) | (4,875,000) |
| Loan received during the period | - | 88,300,000 | - | - | - | - | 88,300,000 |
| | - | 88,300,000 | - | - | (4,875,000) | (4,875,000) | 83,425,000 |
| Balance as at March 31, 2020 | 39,000,000 | 110,000,000 | 10,000,000 | 55,000,000 | 290,746,625 | 355,746,625 | 504,746,625 |

The annexed notes from 1 to 32 form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Unaudited) FOR THE PERIOD ENDED MARCH 31, 2020

1 STATUS AND NATURE OF BUSINESS

Shield Corporation Limited (the Company) was incorporated on January 10, 1975 as a public limited company in Pakistan under the Companies Act, 1913 (now Companies Act, 2017) and is quoted on Pakistan Stock Exchange Limited. The Company started its commercial production on November 26, 1975 and is mainly engaged in the manufacturing, trading and sales of oral care and baby care products.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at office No. 1007, 10th Floor, Business Avenue, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi. The manufacturing facility of the Company is located at Landhi Industrial Area, Karachi.

3 BASIS OF PREPARATION

3.1 Statement of compliance

This condensed interim financial information of the Company for the nine months period ended March 31, 2020 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

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 June 30, 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.

The comparative statement of financial position 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 are extracted from the unaudited condensed interim financial information for the nine months period ended March 31, 2019.

3.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, following the accrual basis of accounting except for cash flow information.

3.3 Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

4 SIGNIFICANT ACCOUNTING POLICIES

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 June 30, 2019 except for the adoption of new standard on July 1, 2019 as stated below:

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2019. The adoption of these new and amended standards did not have material impact on the Company's condensed interim financial information.

4.1 IFRS 16 - Leases

IFRS 16 'Leases' was issued on January 1, 2016. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after January 1, 2019. IFRS 16 replaced IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease'. The Company applied IFRS 16 with a date of initial application of July 1, 2019.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. However, this standard does not have any impact on this condensed interim financial information.

5 ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2019.

6 TAXATION

The provisions for taxation for the nine months and quarter ended March 31, 2020, have been made using the estimated effective tax rate applicable to expected total annual earnings. The applicable income tax rate is 29% for the Tax Year 2020 as stipulated through Finance Act 2019.

| | Note | Unaudited March 31, 2020 | Audited June 30, 2019 |
|--|------|--------------------------------|-----------------------------|
| (Rupees) | | | |
| 7 OPERATING FIXED ASSETS | | | |
| Fixed Assets | | | |
| Opening net book value (NBV) | | 597,427,238 | 438,700,283 |
| Additions during the period / year at cost | 7.1 | 227,927,308 | 201,384,044 |
| | | 825,354,546 | 640,084,327 |
| Disposals during the period / year at NBV | 7.1 | 443,908 | 5,336,000 |
| Depreciation charge for the period / year | | 49,634,753 | 37,321,089 |
| | | (50,078,661) | (42,657,089) |
| Closing net book value (NBV) | | 775,275,885 | 597,427,238 |

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

| | Unaudited March 31, 2020 | | Audited June 30, 2019 | |
|----------------------------|-----------------------------|-------------------------------------|--------------------------|-------------------------------------|
| | Additions (at cost) | Disposals (at net book value) | Additions (at cost) | Disposals (at net book value) |
| (Rupees) | | | | |
| Building on leasehold land | 3,730,959 | - | 21,126,860 | - |
| Plant and machinery | 216,785,028 | 191,232 | 176,445,337 | 5,018,421 |
| Furniture & fixtures | 5,834,334 | - | 3,394,278 | 8,575 |
| Office equipments | 1,576,987 | 136,519 | 356,069 | 169,652 |
| Computer equipments | - | 116,157 | 61,500 | 139,352 |
| | 227,927,308 | 443,908 | 201,384,044 | 5,336,000 |

| | Unaudited March 31, 2020 | Audited June 30, 2019 |
|-----------------------------------|--------------------------------|-----------------------------|
| (Rupees) | | |
| 8 CAPITAL WORK IN PROGRESS | | |
| Civil works | - | 887,615 |
| Plant and machinery | 6,489,246 | 5,891,654 |
| Advances to suppliers | 5,814,900 | 2,076,750 |
| Others | 267,400 | 1,582,500 |
| | 12,571,546 | 10,438,519 |

8 CAPITAL WORK IN PROGRESS

| | Unaudited March 31, 2020 | Audited June 30, 2019 |
|-----------------------|--------------------------------|-----------------------------|
| (Rupees) | | |
| Civil works | - | 887,615 |
| Plant and machinery | 6,489,246 | 5,891,654 |
| Advances to suppliers | 5,814,900 | 2,076,750 |
| Others | 267,400 | 1,582,500 |
| | 12,571,546 | 10,438,519 |

8.1 Movement of carrying amount is as follows:

| | Unaudited March 31, 2020 | Audited June 30, 2019 |
|---|--------------------------------|-----------------------------|
| (Rupees) | | |
| Opening balance | 10,438,519 | 2,422,503 |
| Additions (at cost) during the period / year | 199,223,056 | 12,234,640 |
| | 209,661,575 | 14,657,143 |
| Transfer to operating fixed assets during the period / year | (197,090,029) | (4,218,624) |
| Closing balance | 12,571,546 | 10,438,519 |

| | Note | Unaudited March 31, 2020 | Audited June 30, 2019 |
|--|--|--------------------------------|-----------------------------|
| | | (Rupees) | |
| 9 INVESTMENT IN EQUITY ACCOUNTED ASSOCIATE | | | |
| Carrying value | | 4,000,000 | 4,000,000 |
| Less: Share of loss on equity accounted associate | | (279,664) | - |
| | 9.1 | 3,720,336 | 4,000,000 |
| 9.1 | This represents investment made in ordinary shares of Rs. 10 each of Saaf Sehatmand Services (Private) Limited that represents 10% (i.e 400,000 shares) of the total holding of the Company and shares certificate are yet to be issued there against. The investee is an associated company based on common directorship as per the requirement of Companies Act, 2017. Further, the Company has significant influence over investee based on shareholders' agreement, accordingly, the investment has been accounted for as equity accounted associate. | | |
| 10 STOCK-IN-TRADE | | | |
| Manufacturing: | | | |
| Raw and packing materials | | | |
| - in hand | | 395,320,787 | 266,400,674 |
| - in transit | | 9,146,114 | 28,560,663 |
| | | 404,466,901 | 294,961,337 |
| Work-in-process | | 16,414,317 | 19,439,910 |
| Finished goods | 10.1 | 82,395,512 | 54,395,435 |
| Trading: | | | |
| - in hand | 10.2 | 24,288,763 | 23,520,461 |
| | | 527,565,493 | 392,317,143 |
| 10.1 | This includes finished goods with cost of Rs. 28.63 million which are being carried at their net realizable value of Rs. 27.31 million. | | |
| 10.2 | This includes trading goods with cost of Rs. 0.69 million which are being carried at their net realizable value of Rs. 0.61 million. | | |
| 11 TRADE RECEIVABLES | | | |
| Related parties - unsecured - considered good | | | |
| Premier Agencies | | 116,827 | 11,828,604 |
| Pharmevo (Private) Limited | | 3,986 | 899,964 |
| Scitech Health (Private) Limited | | - | 1,002,154 |
| Memon Medical Institute | | 99,266 | 106,976 |
| | | 220,079 | 13,837,698 |
| Unsecured | | | |
| Considered good | | 28,136,930 | 9,136,575 |
| Considered doubtful | | 4,833,555 | 7,915,401 |
| Provision for doubtful trade receivables | | (4,833,555) | (7,915,401) |
| | | 28,136,930 | 9,136,575 |
| | | 28,357,009 | 22,974,273 |
| 12 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS | | | |
| LC margin | | 2,233,720 | 5,154,800 |
| Security deposits | | 1,683,997 | 1,543,997 |
| Prepayments | | 696,449 | 192,368 |
| | | 4,614,166 | 6,891,165 |
| 13 TAX REFUND DUE FROM GOVERNMENT | | | |
| Sales tax | | 2,936,685 | 7,591,552 |
| Income tax | | 62,579,646 | 25,969,324 |
| | | 65,516,331 | 33,560,876 |
| 14 CASH AND BANK BALANCES | | | |
| Cash in hand | | | |
| Local currency | | 173,195 | 139,065 |
| Foreign currency | | 505,657 | 578,555 |
| | | 678,852 | 717,620 |
| With banks - in current accounts | | 1,110,889 | 826,362 |
| | | 1,789,741 | 1,543,982 |

| | | | | Note | Unaudited March 31, 2020 | Audited June 30, 2019 |
|---|--|-------------------------|----------------------------|-------------|--------------------------------|-----------------------------|
| (Rupees) | | | | | | |
| 15 | 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 | 15.1 | 38,500,000 | 55,000,000 |
| Bank Al-Habib Limited - Islamic banking | Quarterly | 2019-24 | 0.75% above 6 months KIBOR | 15.1 | 43,423,588 | - |
| Bank Al-Habib Limited - Islamic banking | Quarterly | 2019-24 | 1% above 6 months KIBOR | 15.1 | 76,558,376 | - |
| Meezan Bank Limited | Quarterly | 2019-20 | 1% above 3 months KIBOR | 15.2 | 4,940,984 | 12,352,457 |
| Meezan Bank Limited | Quarterly | 2019-21 | 1% above 3 months KIBOR | 15.2 | 4,377,508 | 7,660,642 |
| Meezan Bank Limited | Quarterly | 2019-24 | 1% above 3 months KIBOR | 15.2 | 7,077,570 | 8,404,614 |
| Meezan Bank Limited | Quarterly | 2019-24 | 1% above 3 months KIBOR | 15.2 | 16,378,328 | - |
| Meezan Bank Limited | Quarterly | 2019-24 | 1% above 3 months KIBOR | 15.2 | 5,191,301 | - |
| Meezan Bank Limited | Quarterly | 2019-24 | 1% above 3 months KIBOR | 15.2 | 4,729,660 | - |
| Meezan Bank Limited | Quarterly | 2019-24 | 1.2% above 3 months KIBOR | 15.3 | 86,990,709 | 102,342,012 |
| | | | | | 288,168,024 | 185,759,725 |
| | Less: Current portion shown under current liabilities | | | | | |
| Bank Al-Habib Limited - Islamic banking | | | | 15.1 | (48,662,659) | (55,000,000) |
| Meezan Bank Limited | | | | 15.2 & 15.3 | (37,234,751) | (36,497,270) |
| | | | | | (85,897,410) | (91,497,270) |
| | | | | | 202,270,614 | 94,262,455 |

15.1 The Company has a long term loan arrangement with Bank Al-Habib Limited - Islamic banking for an amount of Rs. 236.64 million (June 30, 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. 23.17 million (June 30, 2019: Rs. 22 million) on which, profit was 13.53% to 13.99% (June 30, 2019: 7.40% to 13.55%) per annum. The Company has total facility of Rs. 416.47 million. Islamic finance under this diminishing musharakah is secured by a equitable mortgage of office property, first exclusive charge of particular machinery of the Company and personal guarantee of Chairman of the Board of Directors of the Company.

15.2 The Company has a long term loan arrangement with Meezan Bank Limited for an amount of Rs. 61.66 million (June 30, 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. 12.93 million (June 30, 2019: Rs. 6.04 million) on which, profit was 12.15% to 14.84% (June 30, 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.

15.3 The Company entered into a long term loan arrangement with Meezan Bank Limited for 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. 15.35 million on which, profit was 12.29% to 15.11%. The Company has total facility of Rs. 125 million. Islamic finance under this diminishing musharakah is secured by a first exclusive charge of specific machine and personal guarantee of Chairman of the Board of Directors and Chief Executive Officer.

| | Note | Unaudited March 31, 2020 | Audited June 30, 2019 |
|-------------|---|--------------------------------|-----------------------------|
| (Rupees) | | | |
| 16 | TRADE AND OTHER PAYABLES | | |
| | Creditors | 102,786,006 | 48,078,999 |
| | Accrued liabilities | 7,132,451 | 8,748,767 |
| | Retention Money | 24,382 | 24,382 |
| | Workers' welfare fund | 402,773 | 1,712,586 |
| | Workers' profit participation fund | 883,008 | 4,596,699 |
| | Advances from customers - unsecured | 17,771,496 | 18,194,696 |
| | | <u>129,000,116</u> | <u>81,356,129</u> |
| 17 | SHORT TERM BORROWINGS - SECURED | | |
| | From banking companies - secured | | |
| | Islamic mode | | |
| | Murabaha finance | 17.1 238,405,892 | 193,912,819 |
| | Running Musharakah | 17.1 256,241,991 | 187,004,382 |
| | | <u>494,647,883</u> | <u>380,917,201</u> |
| 17.1 | This represent short term financing i.e. murabaha and 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 has murabaha financing facility of Rs. 600 million (June 30, 2019: Rs. 550 million) out of which Rs. 225 million (June 30, 2019: Rs 200 million) is interchangeable with running musharakah. In addition, the Company has running musharakah facility of Rs. 50 million (June 30, 2019 Rs. 50 million). During the period, profit rate on such arrangements ranged between KIBOR + 0.30% to KIBOR + 0.75% (June 30, 2019: KIBOR + 0.30% to KIBOR + 0.75%) per annum. | | |
| 18 | PROFIT ACCRUED | | |
| | Shariah Arrangement | | |
| | Long-term financing from Banks | | |
| | Diminishing musharakah | 6,068,597 | 3,173,229 |
| | | <u>6,068,597</u> | <u>3,173,229</u> |
| | Short-term borrowings from Banks | | |
| | Murabaha financing | 8,437,199 | 4,219,542 |
| | Musharakah financing | 6,796,663 | 5,719,781 |
| | | <u>15,233,862</u> | <u>9,939,323</u> |
| | | <u>21,302,459</u> | <u>13,112,552</u> |

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

19.1.1 There is no significant change in the status of contingencies as set out in the Company's condensed interim financial information for the period ended December 31, 2019.

19.2 Commitments

19.2.1 The Company has letter of credit commitments for purchases amounting to Rs. 36.62 million (June 30, 2019: Rs. 62.26 million).

19.2.2 The Company has letter of credit and other commitments for capital expenditures amounting to Rs. 41.64 million (June 30, 2019: Rs. 163.67 million).

| | Note | Unaudited Nine months period ended | | Unaudited Three months period ended | |
|-------------|---|---------------------------------------|----------------------|--|--------------------|
| | | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| (Rupees) | | | | | |
| 20 | SALES - NET | | | | |
| | Local | | | | |
| | Baby Care | 1,445,508,167 | 1,467,282,497 | 420,378,878 | 487,308,099 |
| | Oral Care | 233,559,868 | 232,975,313 | 67,113,293 | 64,260,861 |
| | Sales tax | (246,311,570) | (251,324,384) | (71,488,010) | (83,041,420) |
| | | <u>1,432,756,465</u> | <u>1,448,933,426</u> | <u>416,004,161</u> | <u>468,527,540</u> |
| | Discounts | (107,001,092) | (130,939,806) | (32,058,947) | (33,482,512) |
| | | <u>1,325,755,373</u> | <u>1,317,993,620</u> | <u>383,945,214</u> | <u>435,045,028</u> |
| | Export | | | | |
| | Baby Care | 245,766 | 4,698,303 | - | - |
| | Oral Care | 424,631 | 607,392 | - | - |
| | | <u>670,397</u> | <u>5,305,695</u> | <u>-</u> | <u>-</u> |
| | | <u>1,326,425,770</u> | <u>1,323,299,315</u> | <u>383,945,214</u> | <u>435,045,028</u> |
| 20.1 | Summary of export sales during the period: | | | | |
| | Country | | | | |
| | Mozambique | 670,397 | - | - | - |
| | Afghanistan | - | 3,454,389 | - | - |
| | Qatar | - | 1,851,306 | - | - |
| | | <u>670,397</u> | <u>5,305,695</u> | <u>-</u> | <u>-</u> |

| Note | Unaudited Nine months period ended | | Unaudited Three months period ended | |
|---|---------------------------------------|-------------------|--|-------------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| | (Rupees) | | (Rupees) | |
| 21 COST OF SALES | | | | |
| Raw & packaging materials consumed | 665,828,351 | 490,424,612 | 174,001,756 | 161,374,249 |
| Salaries, wages and benefits | 132,908,859 | 114,164,525 | 46,513,538 | 31,555,598 |
| Fuel and power | 43,139,341 | 31,990,030 | 15,466,293 | 9,223,880 |
| Stores and spares consumed | 29,180,457 | 19,760,388 | 6,131,761 | 8,425,970 |
| Depreciation | 45,544,010 | 24,152,001 | 16,600,942 | 8,275,916 |
| Amortization | 43,333 | 8,333 | 43,333 | 2,777 |
| Repairs and maintenance | 12,163,810 | 11,340,390 | 4,400,475 | 3,977,478 |
| Traveling and conveyance | 1,356,971 | 2,575,815 | 532,264 | 1,636,278 |
| Rent, rates and taxes | 4,158,763 | 191,050 | 427,718 | - |
| Insurance | 2,430,605 | 1,702,412 | 832,745 | 584,549 |
| Freight and octroi | 1,949,868 | 162,447 | 598,400 | 59,017 |
| Printing and stationery | 532,378 | 429,402 | 183,148 | 101,963 |
| Postage, telegram and telephone | 1,002,292 | 1,026,601 | 306,391 | 371,484 |
| Others | 1,916,171 | 1,963,053 | 423,848 | 848,654 |
| | 942,155,209 | 699,891,059 | 266,462,612 | 226,437,813 |
| Opening Inventory of work in process | 19,439,910 | 12,282,326 | 26,972,696 | 25,746,686 |
| Closing Inventory of work in process | (16,414,317) | (22,691,105) | (16,414,317) | (22,691,105) |
| | 3,025,593 | (10,408,779) | 10,558,379 | 3,055,581 |
| | 945,180,802 | 689,482,280 | 277,020,991 | 229,493,394 |
| Opening Inventory of finished goods | 77,915,896 | 88,627,473 | 104,410,558 | 145,338,575 |
| Purchase of trading goods | 65,970,647 | 297,203,711 | 21,519,440 | 82,727,719 |
| Closing Inventory of finished goods | (106,684,275) | (163,653,955) | (106,684,275) | (163,653,955) |
| | 37,202,268 | 222,177,229 | 19,245,723 | 64,412,339 |
| | 982,383,070 | 911,659,509 | 296,266,714 | 293,905,733 |
| 21.1 Raw & packaging materials consumed | | | | |
| Opening stock | 266,400,674 | 147,487,967 | 365,438,476 | 158,774,343 |
| Purchases | 794,748,464 | 546,190,600 | 203,884,067 | 205,853,861 |
| | 1,061,149,138 | 693,678,567 | 569,322,543 | 364,628,204 |
| Closing stock | (395,320,787) | (203,253,955) | (395,320,787) | (203,253,955) |
| | 665,828,351 | 490,424,612 | 174,001,756 | 161,374,249 |
| 22 FINANCE COSTS | | | | |
| <i>Shariah Arrangement</i> | | | | |
| Profit on short term borrowings | 44,963,573 | 19,113,994 | 16,445,901 | 8,767,658 |
| Rent on diminishing musharakah | 31,634,320 | 5,981,721 | 10,761,233 | 2,355,520 |
| Guarantee commission | 7,743 | 20,000 | 6,464 | - |
| Bank charges | 361,171 | 301,365 | 149,066 | 41,423 |
| | 76,966,807 | 25,417,080 | 27,362,664 | 11,164,601 |
| <i>Non-Shariah Arrangement</i> | | | | |
| Interest on WPPF | 34,503 | 155,898 | - | - |
| Guarantee commission | - | 34,031 | - | 6,491 |
| Bank charges | 15,196 | 7,606 | 12,321 | 5,214 |
| | 77,016,506 | 25,614,615 | 27,374,985 | 11,176,306 |
| 23 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED | | | | |
| Profit / (Loss) for the period | (7,599,778) | 13,506,733 | (22,519,387) | 12,645,854 |
| | ----- (Number of shares) ----- | | | |
| Weighted average number of ordinary shares in issue during the period | 3,900,000 | 3,900,000 | 3,900,000 | 3,900,000 |
| | ----- (Rupees) ----- | | | |
| Earnings / (Loss) per share - basic and diluted | (1.95) | 3.46 | (5.77) | 3.24 |

**Unaudited
Nine months period ended**

| | March 31, 2020 | March 31, 2019 |
|--|-------------------|-------------------|
|--|-------------------|-------------------|

(Rupees)

24 CASH FLOW FROM OPERATIONS

| | | |
|---|-------------------|---------------------|
| Profit before taxation | 20,517,703 | 52,823,064 |
| Adjustments for: | | |
| Depreciation | 49,634,752 | 26,849,293 |
| Amortization | 46,667 | 25,000 |
| Loss on disposal of property, plant and equipment | 179,075 | 731,372 |
| Share of loss on equity accounted associate | 279,664 | - |
| Finance costs | 77,016,506 | 25,614,615 |
| Changes in: | | |
| Stores and spares | (7,985,451) | (2,914,671) |
| Stock-in-trade | (135,248,350) | (185,465,621) |
| Trade receivables | (5,382,736) | 258,359 |
| Loans and advances | (9,703,119) | (3,512,052) |
| Trade deposits and short term prepayments | 2,276,999 | 31,521,331 |
| Sales tax receivable | 4,654,867 | - |
| Trade and other payables | 47,643,987 | 31,977,970 |
| Cash flows used in operations | 43,930,564 | (22,091,340) |

25 CASH AND CASH EQUIVALENTS

| | | |
|------------------------------|----------------------|----------------------|
| Running musharakah - secured | (256,241,991) | (219,793,089) |
| Cash and bank balances | 1,789,741 | 2,399,734 |
| | (254,452,250) | (217,393,355) |

26 TRANSACTIONS AND BALANCES 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. All transactions with related parties are under agreed terms / contractual arrangements.

| Name and Nature of transaction | Nature of Relation | Basis of Relation | Unaudited Nine months period ended | | Unaudited Three months period ended | |
|--|--------------------------|-------------------|---------------------------------------|-------------------|--|-------------------|
| | | | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| | | | ----- (Rupees) ----- | | ----- (Rupees) ----- | |
| Premier Agencies (Sale of goods) | Associated company | Common director | 1,191,125,097 | 1,187,837,661 | 338,695,848 | 394,118,594 |
| Premier Agencies (Reimbursement of expenses) | Associated company | Common director | 120,960,862 | 87,539,795 | 42,157,582 | 32,664,362 |
| Memon Medical Institute (Sale of goods) | Associated company | Common director | 230,097 | 338,966 | 16,873 | 59,273 |
| Pharmevo (Pvt) Limited (Sale of goods) | Associated company | Common director | 3,407 | - | 3,407 | - |
| Scitech Health (Pvt) Limited | Associated company | Common director | - | (476,898) | - | (339,589) |
| Loan obtained from directors | | | | | | |
| Mr. Muhammad Haroon Qassim | Director | Directorship | 71,000,000 | - | - | - |
| Mr. Muhammad Salman Qassim | Director | Directorship | 17,300,000 | - | - | - |
| Other | | | | | | |
| Contribution to staff retirement benefit plans | Employees provident fund | | 4,900,833 | 5,165,111 | 1,745,878 | 1,769,598 |
| Remuneration and other benefits | Key Management personnel | | 19,940,164 | 27,952,062 | 5,711,869 | 9,675,701 |

| | | Unaudited March 31, 2020 | Audited June 30, 2019 |
|--|------|--------------------------------|-----------------------------|
| | Note | (Rupees) | |
| 26.1 PERIOD / YEAR END BALANCES | | | |
| Receivable from related parties | 11 | 220,079 | 13,837,698 |
| Loan from directors | | 110,000,000 | 21,700,000 |

27 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 June 30, 2019.

27.1 Financial instruments by category

Financial assets at amortized cost

| | | |
|------------------------|-------------------|-------------------|
| Deposits | 6,556,927 | 6,355,387 |
| Loan to employees | 400,000 | 193,772 |
| Trade receivables | 28,357,009 | 22,974,273 |
| Cash and bank balances | 1,789,741 | 1,543,982 |
| | <u>37,103,677</u> | <u>31,067,414</u> |

Financial liabilities at amortized cost

| | | |
|--------------------------|--------------------|--------------------|
| Long term financing | 288,168,024 | 185,759,725 |
| Trade and other payables | 129,000,116 | 81,356,129 |
| Profit accrued | 21,302,459 | 13,112,552 |
| Short term bank finances | 494,647,883 | 380,917,201 |
| | <u>933,118,482</u> | <u>661,145,607</u> |

28 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.

29 NUMBER OF EMPLOYEES

The number of employees as at period ended March 31, 2020 was 97 (June 30, 2019: 99) and average number of employees during the period was 95 (June 30, 2019: 102).

30 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 16, 2020 by the Board of Directors of the Company.

31 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period.

32 GENERAL

Amounts have been rounded off to the nearest thousands of rupees unless otherwise stated.


Chief Executive


Director


Chief Financial Officer



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