



*Pure fresh and natural!*



Condensed Interim Financial Information (Un-Audited)  
for the half year ended 31 December 2009



ALL-PURE

The Complete  
Fruit  
Experience



**Board of Directors:**

Mr. Muneer Nawaz  
*Chairman*  
Mr. Saifi Chaudhry  
*Chief Executive*  
Mr. Mahmood Nawaz  
Mr. C. M. Khalid  
Mrs. Amtul Hai Khalid  
Mr. M. Naeem  
Mr. Muhammad Khalid  
Mr. Shamshad Ahmad  
*(N.I.T. Nominee)*  
Mr. Muhammad Asif  
*(N.I.T. Nominee)*

**Director & Company Secretary:**

Mr. Muhammad Khalid

**Chief Financial Officer:**

Mr. Faisal Ahmad Nisar, FCA

**Audit Committee:**

Mr. Muneer Nawaz  
Chairman  
Mr. Muhammad Khalid  
Member  
Mr. Muhammad Asif  
Member

**Registered Office / Head Office:**

56 - Bund Road,  
Lahore-54500.  
Phones: (042) 37466900-04.  
Faxes: (042) 37466899 & 37466895.  
E-mail: shezan@brain.net.pk

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E-mail: shezan@cyber.net.pk
- Plot No. 33-34, Phase III,  
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Hattar.  
Phones: (0995) 617158 & 617343.  
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E-mail: sil-htr@shezan.com

**Auditors:**

Ernst & Young Ford Rhodes Sidat Hyder,  
Chartered Accountants,  
Mall View Building,  
4 - Bank Square, Lahore.

**Share Registrar:**

Corp Link (Private) Limited,  
Wings Arcade, 1-K, Commercial,  
Model Town, Lahore.

**Legal Advisors:**

Cornelius, Lane & Mufti,  
Nawa-e-Waqt Building,  
Shahrah-e-Fatima Jinnah, Lahore.

**Bankers:**

United Bank Limited.  
MCB Bank Limited.  
National Bank of Pakistan.  
The Bank of Khyber.  
Bank Al-Habib.  
Habib Bank Limited.

## Directors' Report to the Members

The directors are pleased to present their report together with the un-audited condensed interim financial information for the six months ended 31 December 2009.

Turnover during the half year showed an increase of 28.37% as compared to the previous year, which was Rs.1.484 billion as compared to Rs.1.156 billion for the corresponding period of 2008. The cost of sales rose due to sharp increase in the price of sugar and energy costs. The gross profit margin was reduced by 3.23% as compared to same period of last year. The net profit for the half year under review was 5.5% less than the previous year. This decrease was primarily due to substantial increase in the selling and distribution expenses which were necessary to maintain market share of our products. In second quarter ended 31st December, sales were up 20.21% to Rs. 556 million and gross profit margin reduced by 2.64% to Rs.122 million. The turnover in the second quarter was satisfactory keeping in view the seasonal nature of our products


As we entered the second half of year 2009, we faced substantial hike in raw material prices. Sugar, packaging, and energy costs were well above their historical levels. However, we are pleased that our products are showing encouraging sales trends. Consumer acceptance of our tetra pak juices, especially "Twist" as well as Ketchup is growing reasonably. During the period we have achieved encouraging growth in export sales of our juice and food products. However, intensive efforts are being made to improve the export business with special emphasis on consolidating the presence of your Company in Afghanistan as well as exploring new markets in UK in particular, where there is a great potential for mango related products. We are optimistic that our products have potential to sustain our growth momentum in the future. Our advertisement activities during the period were effective to achieve our desired results.

The third quarter is challenging, keeping in view the volatile economic environment of the country and increase in the prices of sugar, energy costs and other inputs. Our efforts are based on two fronts i.e. to maintain our market share and at the same time to get fair margin on our products. We are also trying to achieve these objectives by diversifying into new products in order to enhance the sales and profitability of the Company. In order to diversify our product range, we are launching new product under the brand name "Speed" energy drink. We hope that this new product would contribute in volume as well as in profits. We will implement price rationalization of our products to mitigate the impact of increased input costs in next two quarters.

In closing, we would like to place on record our appreciation for the commitment, devotion to duty and hard work of all employees of the Company.

For and on Behalf of the Board of Directors

Lahore:  
23 February 2010.

  
Saifi Chaudhry  
Chief Executive

# Auditors' Report to the Members on Review of Condensed Interim Financial Information

## Introduction

We have reviewed the accompanying condensed interim balance sheet of SHEZAN INTERNATIONAL LIMITED as at 31 December 2009 and the related condensed interim profit and loss account and condensed interim statements cash flows and changes in equity, together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the six-months' period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this 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 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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore:  
23 February 2010.




Chartered Accountants  
Audit Engagement Partner  
Muhammad Junaid

# Condensed Interim Balance Sheet (Un-Audited)


as at 31 December 2009

	Note	(Un-Audited) 31 December 2009	(Audited) 30 June 2009
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	373,372	299,770
Investment in associate	6	7,726	7,724
Investment available for sale	6	26,115	824
Long term deposits and prepayments		2,847	2,661
		410,060	310,979
<b>CURRENT ASSETS</b>			
Stores and spares		22,739	18,796
Stock in trade		635,458	755,711
Trade debts		80,400	86,291
Advances, deposits, prepayments and other receivables		36,722	37,113
Income tax recoverable		33,877	74,651
Cash and bank balances		71,760	70,844
		880,956	1,043,406
<b>TOTAL ASSETS</b>		1,291,016	1,354,385
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		60,000	60,000
Reserves		653,741	583,449
Unappropriated profits		79,919	134,371
<b>TOTAL EQUITY</b>		793,660	777,820
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease		47,802	543
Deferred taxation		44,919	45,419
		92,721	45,962
<b>CURRENT LIABILITIES</b>			
Trade and other payables		215,926	392,371
Mark up accrued on short term borrowings		2,528	393
Short term borrowings- Secured		113,108	30,228
Current portion of liabilities against assets subject to finance lease		18,981	3,869
Provision for taxation		54,092	103,742
		404,635	530,603
<b>TOTAL LIABILITIES</b>		497,356	576,565
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		1,291,016	1,354,385

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

  
**Saifi Chaudhry**  
 Chief Executive

  
**Muhammad Khalid**  
 Director

  
**Faisal Ahmad Nisar**  
 Chief Financial Officer

## Condensed Interim Profit and Loss Account (Un-Audited)

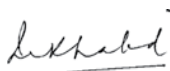
for the half year ended 31 December 2009

Note	Half Year Ended 31 December		Second Quarter Ended 31 December	
	2009	2008	2009	2008
	(Rupees in thousand)		(Rupees in thousand)	
Sales - net	1,484,741	1,156,594	556,638	463,039
Cost of sales	1,108,503	826,148	434,555	349,243
Gross profit	376,238	330,446	122,083	113,796
Distribution cost	219,870	163,957	78,529	44,744
Administrative expenses	46,085	41,504	24,809	19,957
Other operating expenses	36,436	34,335	14,226	16,010
Other operating income	(8,901)	(10,529)	(4,713)	(4,731)
	293,490	229,267	112,851	75,980
Operating profit	82,748	101,179	9,232	37,816
Finance cost	6,702	2,589	3,312	1,316
	76,046	98,590	5,920	36,500
Share of profit from an associate	2	6	2	6
Profit before taxation	76,048	98,596	5,922	36,506
Taxation	24,500	44,000	(3,500)	19,000
Net profit for the period	51,548	54,596	9,422	17,506
Earnings per share - basic and diluted (Rupees) 10	8.59	9.10	1.57	2.92

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.



**Saifi Chaudhry**  
Chief Executive



**Muhammad Khalid**  
Director



**Faisal Ahmad Nisar**  
Chief Financial Officer




# Condensed Interim Cash Flow Statement (Un-Audited)

for the half year ended 31 December 2009


	Note	31 December	
		2009	2008
(Rupees in thousand)			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>			
Profit before taxation		76,048	98,596
Adjustments for:			
Depreciation		18,862	18,586
Interest/mark-up		5,481	1,819
Profit on bank deposits		(904)	(1,937)
Dividend income		-	(274)
Share of profit from an associate		(2)	(6)
Deterioration in value of shells, pallets and barrels		3,873	4,542
Gain on disposal of property, plant and equipment		(952)	-
		26,358	22,730
<b>Operating profit before working capital changes</b>		102,406	121,326
<b>(Increase)/decrease in current assets:</b>			
Stores and spares		(3,943)	(3,456)
Stock in trade		116,380	102,134
Trade debts		5,891	1,094
Advances, deposits, prepayments and other receivables		310	(11,501)
		118,638	88,271
<b>Increase/(decrease) in current liabilities:</b>			
Trade and other payables		(176,570)	(165,222)
Short term borrowings - secured		82,880	54,730
		(93,690)	(110,492)
<b>Cash generated from operations:</b>		127,354	99,105
Interest/mark-up paid		(3,346)	(1,635)
Profit on bank deposits		985	2,340
Income tax paid		(33,877)	(45,153)
<b>Net cash generated from operating activities</b>		91,116	54,657
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(26,715)	(20,224)
Sale proceeds from disposal of property, plant and equipment		1,584	-
Dividend received		-	274
Investment - National Investment Trust Limited - GBF		(25,000)	-
Long term deposits		(186)	(300)
<b>Net cash used in investing activities</b>		(50,317)	(20,250)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of obligations under finance lease		(4,008)	(15,177)
Dividend paid		(35,875)	(59,849)
<b>Net cash used in financing activities</b>		(39,883)	(75,026)
<b>Net increase/(decrease) in cash and cash equivalents</b>		916	(40,619)
<b>Cash and cash equivalents at the beginning of the period</b>		70,844	84,042
<b>Cash and cash equivalents at the end of the period</b>	-A	71,760	43,423

A - Cash and cash equivalents includes cash and bank balances as stated in balance sheet.

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

  
**Saifi Chaudhry**  
 Chief Executive

  
**Muhammad Khalid**  
 Director

  
**Faisal Ahmad Nisar**  
 Chief Financial Officer



# Condensed Interim Statement of Changes in Equity (Un-Audited)

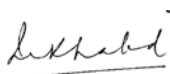
for the half year ended 31 December 2009

	Share Capital	Capital Reserve	Revenue Reserve		Unrealized (loss)/gain on remeasurement of investments – available for sale	Total
		Merger Reserve	General Reserve	Unappropriated Profits		
( Rupees in thousand )						
<b>Balance as at 01 July 2008</b>	60,000	5,000	495,000	176,900	(200)	736,700
Transfer to General reserve	-	-	85,000	(85,000)	-	-
Dividend @ Rs.10/- per share for the year ended 30 June 2008	-	-	-	(60,000)	-	(60,000)
Net profit for the period ended 31 December 2008	-	-	-	54,596	-	54,596
Unrealized (loss) on remeasurement of investments	-	-	-	-	(1,214)	(1,214)
<b>Balance as at 31 December 2008</b>	60,000	5,000	580,000	86,496	(1,414)	730,082
Net profit for the period ended 30 June 2009	-	-	-	47,875	-	47,875
Unrealized (loss) on remeasurement of investments	-	-	-	-	(137)	(137)
<b>Balance as at 30 June 2009</b>	60,000	5,000	580,000	134,371	(1,551)	777,820
Transfer to General reserve	-	-	70,000	(70,000)	-	-
Dividend @ Rs.6/- per share for the year ended 30 June 2009	-	-	-	(36,000)	-	(36,000)
Net profit for the period ended 31 December 2009	-	-	-	51,548	-	51,548
Unrealized gain on remeasurement of investments	-	-	-	-	292	292
<b>Balance as at 31 December 2009</b>	60,000	5,000	650,000	79,919	(1,259)	793,660

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.



**Saifi Chaudhry**  
Chief Executive



**Muhammad Khalid**  
Director



**Faisal Ahmad Nisar**  
Chief Financial Officer

# Notes to the Condensed Interim Financial Information (Un-Audited)

for the half year ended 31 December 2009

## 1. THE COMPANY AND ITS OPERATIONS

The Company is a Public Limited Company incorporated in Pakistan and is listed on Lahore and Karachi Stock Exchanges. The registered office of the Company is situated at 56 - Bund Road, Lahore, Pakistan. It is engaged in the manufacturing, trading and sale of juices, pickles, jams, ketchups etc., based upon or derived from fresh fruits and vegetables.

Shezan International Limited owned 44.88% ordinary shares in a Private Limited company namely Hattar Food Products (Private) Limited, which has not commenced its commercial operations so far. The principal business activities of the associated undertaking will be to process food products.

## 2. BASIS OF PRESENTATION AND MEASUREMENT

- 2.1 This condensed interim financial information has been prepared in accordance with International Accounting Standards - 34 "Interim Financial Reporting" as applicable in Pakistan.
- 2.2 This condensed interim financial information does not include all the information and the disclosures required in the annual financial information and should be read with in conjunction with financial statements of the Company for the year ended 30 June 2009.
- 2.3 This condensed interim financial information is un-audited but subject to limited scope review by the auditors. Quarterly figures were not subject to limited scope review by the auditors as the scope of the review covered only the cumulative figures for the six months period ended 31 December 2009.
- 2.4 International Accounting Standard (IAS 1) (Revised), "Presentation of Financial Statements" (effective from 01 January 2009), was issued in September 2007. According to revised standard, those items of income and expenses that are not recognised in the profit or loss, and non-owner changes in equity should be recognised through Statement of comprehensive income. The revised standard requires an entity to opt for presenting such items of income and expenses in (a) single statement of comprehensive income or (b) two statements, a separate "income statement" and a "statement of comprehensive income". The Company has adopted the single statement approach. It has no further effect on presentation.
- 2.5 International Financial Reporting Standard (IFRS 8), "Operating Segment" (effective from 01 January 2009) requires disclosure of information about the companies operating segment and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Company. Adoption of this standard did not have any material effect on the financial position or performance of the Company except for the additional disclosure.

## 3. ACCOUNTING POLICIES

The accounting policies adopted and applied by the Company for the preparation of this condensed interim financial information is the same as was adopted and applied in the preparation of the preceding annual audited financial statements for the year ended 30 June 2009, except stated in notes 2.4 and 2.5 above.

## 4. TAXATION, WORKERS' WELFARE FUND AND WORKERS' PROFIT PARTICIPATION FUND

Provisions in respect of Workers' Welfare Fund, Workers' Profit Participation Fund and Taxation are estimated and these are subject to final adjustments in the annual audited financial statements.

# Notes to the Condensed Interim Financial Information (Un-Audited)

for the half year ended 31 December 2009

## 5. ADDITIONS AND DELETIONS OF PROPERTY, PLANT, EQUIPMENT AND CAPITAL WORK IN PROGRESS

The additions / (deletions) during the half year ended 31 December 2009 are as follows:

	Additions (Rupees in thousand)	Deletions
<b>Company owned assets</b>		
Freehold land	5,665	-
Plant and machinery	7,182	(2,443)
Furniture and fixtures	1,184	-
Electric equipment	809	-
Computers and accessories	289	-
Fork lift	40	-
Motor vehicles	1,255	(621)
<b>Total</b>	<b>16,424</b>	<b>(3,064)</b>
<b>Capital work in progress</b>		
Plant and machinery - Leased	66,379	-
Building	17,531	-
<b>Total</b>	<b>83,910</b>	<b>-</b>

(Un-Audited) 31 December 2009	(Audited) 30 June 2009
(Rupees in thousand)	

## 6. INVESTMENTS

### Associated Undertaking

Private Limited -

Hattar Food Products (Private) Limited  
85,000 (30 June 2009: 85,000) ordinary shares  
of Rs. 100/- each at cost (Note: 6.1)  
Share of profit/(loss) from an associate

7,724	7,740
2	(16)
<b>7,726</b>	<b>7,724</b>

Available for sale:

Quoted

BRR Guardian Modaraba  
305,000 (30 June 2009: 305,000) certificates  
of Rs. 10/- each (Note: 6.2)  
Loss on remeasurement

824	2,175
(43)	(1,351)
<b>781</b>	<b>824</b>

National Investment Trust Limited - GBF

2,500,000 (30 June 2009: Nil) units  
of Rs. 10/- each (Note: 6.3)  
Gain on remeasurement

25,000	-
334	-
<b>25,334</b>	<b>-</b>
<b>26,115</b>	<b>824</b>

- 6.1 The above investment represents 44.88% (30 June 2009:44.88%) of the issued share capital of the associated company. The breakup value of the Company's share of the associated company (based on management accounts of 31 December 2009) is Rs. 90.89 (30 June 2009: Rs. 90.87). Aggregate amount of assets, liabilities and profit of the associate are as follows; Rs. (thousand) 23,861, Rs. (thousand) 6,646 and Rs. (thousand) 2.

## Notes to the Condensed Interim Financial Information (Un-Audited)

for the half year ended 31 December 2009

- 6.2 The above investment represents 0.39% (30 June 2009: 0.39%) of the issued certificate capital of the Modaraba.
- 6.3 The cost of the investment is Rs. (thousand) 25,000 (30 June 2009: Rs. (thousand) Nil) and the market value as at 31 December 2009 was Rs. (thousand) 25,334 (30 June 2009: Rs. (thousand) Nil).

### 7. CONTINGENCIES AND COMMITMENTS

#### a) CONTINGENCIES

- i) There has been no change in the status of the contingencies reported in the annual audited financial statements for the year ended 30 June 2009 in respect of Punjab Employees Social Security Institution (P.E.S.S.I.), additional payment of sales tax, excise duty, leasehold land and income tax.

#### b) COMMITMENTS

- i) Commitments in respect of letters of credit established for the import of raw and packing materials amounted to Rs. (thousand) 15,604 (30 June 2009: Rs. (thousand) 19,944).
- ii) Counter guarantees in favour of banks in the ordinary course of business amounted to Rs. (thousand) 20,552 (30 June 2009: Rs. (thousand) 19,500).
- iii) Commitments for equity investment in an associated undertaking were Rs. (thousand) 1,500 (30 June 2009: Rs. (thousand) 1,500).

### 8. TRANSACTIONS WITH RELATED PARTIES

	31 December	
	2009	2008
	(Rupees in thousand)	
Purchases of raw materials	160,104	98,321
Sales of finished goods	394	136
Royalty charged	14,847	11,565
Purchases/repairs of electric equipment/vehicles	69	172
Services rendered	90	45
Contributions to staff provident fund	1,428	1,285

All transactions with related parties and associated undertakings are entered into arm's length determined in accordance with comparable uncontrolled price method except for transactions with M/s. Shahnawaz (Private) Limited, where an additional discount of 40% is given by them on service charges and 7.5% on spare parts in connection with the repairs of motor vehicles, due to group policy. The effect of this policy on the balance sheet and profit and loss account is considered to be immaterial.

# Notes to the Condensed Interim Financial Information (Un-Audited)

for the half year ended 31 December 2009

## 9 SEGMENTAL ANALYSIS

The Company's activities are broadly categorized into two primary business segments namely Juice drinks activities and Other operating activities.

### Juice drinks activities

Juice drink activities include bottled as well as juices in tetra pak packings.

### Other operating activities

Other operating activities include pickles, ketchup, sauces, jams etc.

### Segment analysis of profit and loss accounts for the half year ended 31 December 2009:

	Juice Drinks	Others	Total
	(Rupees in thousand)		
<b>Sales</b>	1,157,751	326,990	1,484,741
<b>Profit before taxation</b>	279,072	97,166	376,238
<b>Un-allocated expenses</b>			
Corporate expenses			(265,955)
Finance costs			(6,702)
Other operating expenses			(36,436)
Other operating income			8,901
Share of profit from an associate			2
Taxation			(24,500)
<b>Profit after taxation</b>			<b>51,548</b>

### Segment analysis of assets and liabilities as at 31 December 2009:

	Juice Drinks	Others	Total
	(Rupees in thousand)		
Segment assets	843,750	271,077	1,114,827
Un-allocated assets			176,189
<b>Total</b>			<b>1,291,016</b>
Segment liabilities	77,602	205,189	282,791
Un-allocated liabilities			214,565
<b>Total</b>			<b>497,356</b>

# Notes to the Condensed Interim Financial Information (Un-Audited)

for the half year ended 31 December 2009

## Segment analysis of profit and loss account for the half year ended 31 December 2008:

	Juice Drinks	Others	Total
	(Rupees in thousand)		
<b>Sales</b>	896,211	260,383	1,156,594
<b>Profit before taxation</b>	258,382	72,064	330,446
<b>Un-allocated expenses</b>			
Corporate expenses			(205,461)
Finance costs			(2,589)
Other operating expenses			(34,335)
Other operating income			10,529
Share of profit from an associate			6
Taxation			(44,000)
<b>Profit after taxation</b>			<b>54,596</b>

## Segment analysis of assets and liabilities as at 30 June 2009:

	Juice Drinks	Others	Total
	(Rupees in thousand)		
<b>Segment assets</b>	863,575	296,714	1,160,289
Un-allocated assets			194,096
<b>Total</b>			<b>1,354,385</b>
<b>Segment liabilities</b>	64,032	332,751	396,783
Un-allocated liabilities			179,782
<b>Total</b>			<b>576,565</b>

## 10. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share.

## 11. AUTHORIZATION

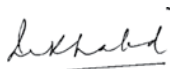
This condensed interim financial information was authorized for issue by the Board of Directors on 23 February 2010.

## 12. GENERAL

12.1 Figures in this condensed interim financial information has been rounded off to the nearest thousand of rupees.



**Saifi Chaudhry**  
Chief Executive



**Muhammad Khalid**  
Director



**Faisal Ahmad Nisar**  
Chief Financial Officer



# Pakistan's Favourite Tomato Ketchup!







**KARACHI**

Plot No. L-9, Block No. 22, Federal 'B'  
Industrial Area, Karachi 75950, Pakistan.

**LAHORE**

56 Bund Road, Lahore 54500, Pakistan.

**HATTAR**

Plot No. 33/34, Phase III, Hattar Industrial Estate,  
Hattar, N.W.F.P. Pakistan.

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