

COMPANY INFORMATION

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. Muhammad Nawaz Tishna	(N.I.T. Nominee)
Mr. S. Munawar Hussain Rizvi	(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. C. M. Khalid	Member
Mr. Muhammad Khalid	Member

Registered Office / Head Office:

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

Factories:

- 56 - Bund Road, Lahore - 54500.
 Phones: (042) 37466900-04.
 Faxes: (042) 37466899 & 37466895.
 E-mail: shezan@brain.net.pk
- Plot No. L-9, Block No. 22,
 Federal "B", Industrial Area, Karachi-75950.
 Phones: (021) 36344722-23.
 Fax: (021) 36313790.
 E-mail: shezan@cyber.net.pk
- Plot No. 33-34, Phase III,
 Hattar Industrial Estate, Hattar.
 Phones: (0995) 617158 & 617343.
 Fax: (0995) 617342.
 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 Board of Directors take pleasure in presenting the un-audited condensed interim financial information of the Company for the first quarter ended 30 September 2010.

During the first quarter, sales exhibited a stable and sustained growth trend. Net sales showed a growth of 13.80%, as compared to the corresponding quarter of last year, rising from Rs. 928.103 million to Rs. 1,056.284 million. The cost of sales was Rs. 789 million against Rs. 673 million of the same quarter last year. Therefore, the Company earned gross profit of Rs. 267 million against Rs. 254 million of the corresponding quarter. The gross profit margin for the quarter was 25.28% against 27.38% of previous quarter due to high input costs. The finance cost was high at Rs. 10.64 million against Rs. 3.39 million of first quarter of 2009. The increase in finance cost was due to borrowings for working capital requirements of the Company. However, profit for the quarter was not in line with the increase in sales due to sharp increase in the cost of sugar – a key ingredient, rising POL, pulps, concentrates and packaging materials costs.

Besides the general satisfaction with the results and keeping in view the current economic environment, we are pleased that our juice products in tetra packaging are showing positive sales trends. Consumer acceptance of our juice products is growing reasonably and contribution from these products to the sales is making a positive impact. These products have great potential to sustain our growth momentum in the future. Our advertising campaign in the quarter was effective and resulted in revenue increase.

Your Company is facing sporadic disturbances regarding distribution in different parts of the country due to the prevailing security situation and flood disasters. Also the next two quarters fall in lean season, however, we will try to maximize sales of our non-seasonal products with aggressive marketing and promotional campaign and we will try to post better results in the half year ending December 2010.

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

For and on Behalf of the Board

Karachi:
27 October 2010.



Saifi Chaudhry
Chief Executive

CONDENSED INTERIM BALANCE SHEET


as at 30 September 2010 (Un-Audited)

	Note	(Un-Audited) 30 September 2010	(Audited) 30 June 2010
Rupees in thousand			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	418,867	416,802
Investment in associate	6	7,708	7,708
Investment available for sale	6	9,881	397
Long term deposits		2,707	2,588
		439,163	427,495
CURRENT ASSETS			
Stores and spares		19,437	15,081
Stock in trade		894,828	842,482
Trade debts		160,161	135,317
Loans and advances		20,976	20,986
Trade deposits and short-term prepayments		17,368	18,183
Accrued financial income		-	514
Income tax recoverable		16,479	59,886
Cash and bank balances		123,521	99,509
		1,252,770	1,191,958
TOTAL ASSETS		1,691,933	1,619,453
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		60,000	60,000
Reserves		722,506	653,022
Unappropriated profit		65,518	135,116
TOTAL EQUITY		848,024	848,138
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		31,694	37,228
Deferred taxation		53,893	53,893
		85,587	91,121
CURRENT LIABILITIES			
Trade and other payables		466,898	486,348
Mark up accrued on short term borrowings		7,974	1,806
Short term borrowings - Secured		223,920	92,526
Current portion of liabilities against assets subject to finance lease		21,124	20,422
Provision for taxation		38,406	79,092
		758,322	680,194
TOTAL LIABILITIES		843,909	771,315
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		1,691,933	1,619,453

The annexed notes from 1 to 12 form an integral part of these financial statements.



Saifi Chaudhry
Chief Executive



Muhammad Khalid
Director



Faisal Ahmad Nisar
Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

for the period ended 30 September 2010 (Un-Audited)

	30 September	
	2010	2009
	Rupees in thousand	
Sales - net	1,056,284	928,103
Cost of sales	789,189	673,948
Gross profit	267,095	254,155
Distribution cost	150,316	141,341
Administrative expenses	27,439	21,276
Other operating expenses	29,664	22,210
Other operating income	(6,568)	(4,188)
	200,851	180,639
Operating profit	66,244	73,516
Finance costs	10,642	3,390
Profit before taxation	55,602	70,126
Taxation	19,200	28,000
Net profit for the period	36,402	42,126
Other comprehensive income		
Unrealized loss on remeasurement of investments - available for sale	516	-
	516	-
Total comprehensive income	35,886	42,126
Earnings per share - basic and diluted Rupee	6.07	7.02

The annexed notes from 1 to 12 form an integral part of these financial statements.



Saifi Chaudhry
Chief Executive



Muhammad Khalid
Director



Faisal Ahmad Nisar
Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT


for the period ended 30 September 2010 (Un-Audited)

	30 September 2010	2009
	Rupees in thousand	
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated from operations		
Profit before taxation	55,602	70,126
Adjustments for:		
Depreciation	13,032	9,284
Interest/mark-up	10,104	2,905
Profit on bank deposits	(354)	(539)
Deterioration in value of shells, pallets and barrels	2,418	2,017
Gain on disposal of property, plant and equipment	-	(32)
	<u>25,200</u>	<u>13,635</u>
Operating profit before working capital changes	80,802	83,761
(Increase)/decrease in current assets		
Stores and spares	(4,356)	(77)
Stock in trade	(54,764)	1,231
Trade debts	(24,844)	(126,925)
Loans and advances	10	899
Trade deposits and short-term prepayments	815	4,843
	<u>(83,139)</u>	<u>(120,029)</u>
Increase/(decrease) in current liabilities		
Trade and other payables	(55,450)	(15,195)
Short term borrowings - Secured	131,394	58,826
	<u>75,944</u>	<u>43,631</u>
CASH GENERATED FROM OPERATIONS	73,607	7,363
Interest/mark-up paid	(3,936)	(671)
Profit on bank deposits-Received	868	539
Income tax paid	(16,479)	(4,054)
NET CASH GENERATED FROM OPERATING ACTIVITIES	54,060	3,177
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(15,097)	(9,709)
Sale proceeds from disposal of property, plant and equipment	-	489
Long term deposits	(119)	(107)
Investment - available for sale	(10,000)	-
NET CASH USED IN INVESTING ACTIVITIES	(25,216)	(9,327)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of liabilities against assets subject to finance lease	(4,832)	(2,743)
NET CASH USED IN FINANCING ACTIVITIES	(4,832)	(2,743)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	24,012	(8,893)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	99,509	70,844
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	123,521	61,951

The annexed notes from 1 to 12 form an integral part of these financial statements.



Saifi Chaudhry
Chief Executive



Muhammad Khalid
Director



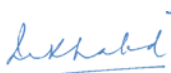
Faisal Ahmad Nisar
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for the period ended 30 September 2010 (Un-Audited)

	Capital Reserve		Revenue Reserve			Total
	Share Capital	Merger Reserve	General Reserve	Unappropriated Profits	Unrealized (loss)/gain on remeasurement of investments - available for sale	
	Rupees in thousand					
Balance as at 01 July 2009	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)
Other comprehensive income	-	-	-	-	113	113
Net profit for the period ended 30 September 2009	-	-	-	42,126	-	42,126
Balance as at 30 September 2009	60,000	5,000	650,000	70,497	(1,438)	784,059
Net profit for the nine months ended 30 June 2010	-	-	-	64,619	-	64,619
Other comprehensive income	-	-	-	-	(540)	(540)
Balance as at 30 June 2010	60,000	5,000	650,000	135,116	(1,978)	848,138
Transfer to general reserve	-	-	70,000	(70,000)	-	-
Dividend @ Rs. 6/- per share for the year ended 30 June 2010	-	-	-	(36,000)	-	(36,000)
Other comprehensive income	-	-	-	-	(516)	(516)
Net profit for the period ended 30 September 2010	-	-	-	36,402	-	36,402
Balance as at 30 September 2010	60,000	5,000	720,000	65,518	(2,494)	848,024

The annexed notes from 1 to 12 form an integral part of these financial statements.


Saifi Chaudhry
Chief Executive

Muhammad Khalid
Director

Faisal Ahmad Nisar
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the period ended 30 September 2010 (Un-Audited)

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 2010.

2.3 This condensed interim financial information is un-audited.

3. ACCOUNTING POLICIES

The accounting policies adopted and applied by the Company for the preparation of this interim condensed 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 2010.

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.

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

The additions / (deletions) during the period ended 30 September 2010 are as follows:

	Additions	Deletions
	Rupees in thousand	
Company owned assets		
Plant and machinery	2,875	-
Furniture and fixtures	64	-
Electric equipment	2,438	-
Computers and accessories	183	-
Fork lift	2,210	-
Motor vehicles	1,040	-
Total	8,810	-
Capital work in progress		
Land - Advance	5,000	-
Building	2,386	-
Motor vehicles	715	-
Total	8,101	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the period ended 30 September 2010 (Un-Audited)

	Note	(Un-Audited) 30 September 2010	(Audited) 30 June 2010
Rupees in thousand			
6. INVESTMENTS			
Associated undertaking			
Private Limited			
Hattar Food Products (Private) Limited			
85,000 (30 June 2010: 85,000) ordinary shares			
of Rs. 100/- each at cost			
	6.1	7,708	7,724
Share of profit/(loss) from an associate			
		-	(16)
		7,708	7,708
Available for sale:			
Quoted			
BRR Guardian Modaraba			
305,000 (30 June 2010: 305,000) certificates			
of Rs. 10/- each			
	6.2	397	824
Gain/(loss) on remeasurement			
		18	(427)
		415	397
National Investment Trust Limited – NIT(Units)			
361,141 (30 June 2010: Nil) units			
of Rs. 10/- each			
	6.3	10,000	-
Loss on remeasurement			
		(534)	-
		9,466	-
		9,881	397

6.1 The above investment represents 44.88% (30 June 2010:44.88%) 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 30 September 2010) is Rs. 90.68 (30 June 2010: Rs. 90.68). Aggregate amount of assets and liabilities of the associate are Rs. (thousand) 23,871 and Rs. (thousand) 6,696, respectively.

6.2 The above investment represents 0.39% (30 June 2010: 0.39%) of the issued certificate capital of the Modaraba.

6.3 The cost of investment is Rs. (thousand) 10,000 (30 June 2010: Rs. (thousand) Nil) and the market value as at 30 September 2010 was Rs. (thousand) 9,466 (30 June 2010: Rs. (thousand) Nil).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the period ended 30 September 2010 (Un-Audited)

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 2010 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) 2,643 (30 June 2010: Rs. (thousand) 13,405).
- ii) Counter guarantees in favour of banks in the ordinary course of business amounted to Rs. (thousand) 19,305 (30 June 2010: Rs. (thousand) 25,243).
- iii) Commitments for equity investment in an associated undertaking were Rs. (thousand) 1,500 (30 June 2010: Rs. (thousand) 1,500).

	30 September 2010	2009
	Rupees in thousand	
8. TRANSACTIONS WITH RELATED PARTIES		
Purchases of raw materials	219,939	148,029
Sales of finished goods	262	361
Royalty charged	10,563	9,281
Purchases/repairs of electric equipment/vehicles	121	61
Services rendered	-	45
Contributions to staff provident fund	699	683

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

for the period ended 30 September 2010 (Un-Audited)

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 drinks 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 account for the period ended 30 September 2010:

	Juice Drinks	Others	Total
Rupees in thousand			
Sales	806,383	249,901	1,056,284
Cost of sales	598,302	190,887	789,189
Profit before taxation	208,081	59,014	267,095
Unallocated expenses			
Corporate expenses			(177,755)
Finance costs			(10,642)
Other operating expenses			(29,664)
Other operating income			6,568
Taxation			(19,200)
Profit after taxation			36,402

Segment analysis of assets and liabilities as at 30 September 2010:

	Juice Drinks	Others	Total
Rupees in thousand			
Segment assets	1,074,314	413,861	1,488,175
Unallocated assets			203,758
Total			1,691,933
Segment liabilities	216,232	172,752	388,984
Unallocated liabilities			454,925
Total			843,909

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the period ended 30 September 2010 (Un-Audited)

Segment analysis of profit and loss account for the period ended 30 September 2009:

	Juice Drinks	Others	Total
Rupees in thousand			
Sales	727,459	200,644	928,103
Cost of sales	534,193	139,755	673,948
Profit before taxation	193,266	60,889	254,155
Unallocated expenses			
Corporate expenses			(162,617)
Finance costs			(3,390)
Other operating expenses			(22,210)
Other operating income			4,188
Taxation			(28,000)
Profit after taxation			42,126

Segment analysis of assets and liabilities as at 30 June 2010:

	Juice Drinks	Others	Total
Rupees in thousand			
Segment assets	1,028,461	381,608	1,410,069
Unallocated assets			209,384
Total			1,619,453
Segment liabilities	288,881	182,037	470,918
Unallocated liabilities			300,397
Total			771,315

10. EARNINGS PER SHARE - BASIC AND DILUTED

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

11. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors on 27 October 2010.

12. GENERAL

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

Shezan

Fruitfully Yours