

INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE SIX MONTH PERIOD ENDED  
**31 DECEMBER 2017**



# Freshness In Each Sip



حَالِل  
HALAL

## COMPANY INFORMATION

### Board of Directors:

Mr. Muneer Nawaz	Chairman
Mr. Humayun A. Shahnawaz	Chief Executive
Mr. Mahmood Nawaz	
Mr. M. Naeem	
Mr. Rashed Amjad Khalid	
Ms. Manahil Shahnawaz	
Mr. Saifi Chaudhry	(Independent Director)
Mr. Syed Etrat Hussain Rizvi	(N.I.T. Nominee)

### Chief Financial Officer & Company Secretary:

Mr. Faisal Ahmad Nisar, FCA

### Audit Committee:

Mr. M. Naeem	Chairman
Mr. Muneer Nawaz	Member
Mr. Rashed Amjad Khalid	Member
Mr. Saifi Chaudhry	Member

### Human Resource & Remuneration Committee:

Mr. Muneer Nawaz	Chairman
Mr. M. Naeem	Member
Mr. Humayun A. Shahnawaz	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

### Website:

[www.shezan.com](http://www.shezan.com)

### Auditors:

EY Ford Rhodes,  
 Chartered Accountants,  
 96-B-1, 4<sup>th</sup> Floor, Pace Mall Building,  
 M. M. Alam Road, Gulberg II, Lahore.

### Share Registrar:

Corplink (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 Limited.  
 Habib Bank Limited.  
 Bank Alfalah Limited.  
 JS Bank Limited.

## DIRECTORS' REPORT

**On behalf of the Board of Directors, we are pleased to present interim financial information of the Company for the six month period ended 31 December 2017.**

The fruit juice industry coupled with beverage industry is considered to be one of the leading industries in Pakistan. Traditionally in Pakistan and generally all over the world people prefer to use fruit based drinks rather than carbonated soft drinks. Common people especially young generation is inclined to have ready to consume drinks for their convenience and quick nourishment.

During the period the Company re-aligned and further strengthened its focus on its stronger regions by enhancing its capacities. We hope this capacity enhancement in the heart of our strongest markets would result in shape of further dominance of Shezan in these regions.

The decrease in sugar prices has benefited the Company during the period however, the continuous increase in petroleum prices remain an area of concern for the Company.

### FINANCIAL PERFORMANCE

We achieved strong profitability growth despite difficult circumstances, political turmoil and intense competition. The business portrayed encouraging results with 5.55% growth in net sales and 113% growth in profit after taxation. This was possible because of the management's careful policy about the marketing expenses, which resulted in significant reduction in this expense. Further reduction in finance cost has also played a vital role in this healthy profitability.

Summarized operating performance of the Company for the six month period ended 31 December 2017 is as follows:

Particulars	2017	2016
	Rupees in thousand	
Sales - net	3,336,994	3,161,667
Profit before taxation	250,118	108,274
Net profit after taxation	169,720	79,695
Earnings per share (Rs.)	21.25	9.98

### FUTURE OUTLOOK

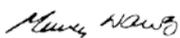
The Company has shown encouraging growth in the first half of the year and we are hopeful that this momentum will continue in second half as our prime season falls in summer months and the take-off starts in end March with a peak from April to June. Our aim is to fulfill growing demand of our juices in the market and to overcome the challenges that lie ahead with our expertise, consumer understanding and powerful brand equity. Our focus will remain to produce and offer best quality products for our customers to their satisfaction.

### ACKNOWLEDGEMENT

We, for and on behalf of Board of Directors, would like to take this opportunity to express appreciation of the commitment, loyalty and dedication of our workforce.

Further, we would like to acknowledge the professional support and cooperation received from our esteemed customers, vendors, bankers, equity holders and other stakeholders.

For and On behalf of the Board



**Muneer Nawaz**  
Chairman



**Humayun A. Shahnawaz**  
Chief Executive

Karachi:  
16 February 2018.

## ڈائریکٹرز رپورٹ

ہم بورڈ آف ڈائریکٹرز کی جانب سے اختتام شدہ ششماہی 31 دسمبر 2017ء کے لئے کمپنی کی عبوری مالیاتی معلومات پیش کرتے ہیں۔

پھلوں کے مشروبات اور بیوریج کی صنعت کا شمار پاکستان کی بڑی صنعتوں میں ہوتا ہے۔ روایتی طور پر پاکستان اور عمومی طور پر دنیا بھر میں لوگ پھلوں سے تیار کردہ مشروبات کو کاربوئیڈ مشروبات کے استعمال پر ترجیح دیتے ہیں۔ عام عوام اور خاص طور پر نوجوان طبقہ میں یرجان بھر پور غذائیت اور فوری دستیابی کی وجہ سے زیادہ پایا جاتا ہے۔

اس عرصہ کے دوران کمپنی نے اپنی پیداواری صلاحیتوں میں اضافے کے ذریعے اپنی تمام تر توجہ بیلز کے لحاظ سے اپنے مضبوط ترین علاقوں پر مرکوز رکھی۔ ہم امید کرتے ہیں کہ ہمارا مضبوط ترین مارکیٹ میں پیداواری صلاحیتوں میں یہ اضافہ شیزان کی مصنوعات میں غلبے کو تقویت بخشنے گا۔

اس مدت کے دوران کمپنی کی کم قیمت کا کمپنی نے بھر پور فائدہ اٹھایا تاہم پٹرولیم مصنوعات کی قیمتوں میں مسلسل اضافہ کمپنی کے لئے باعث تشویش رہا۔

### مالیاتی کارکردگی:

تمام تر مشکل حالات، سیاسی تناؤ اور سخت مسابقتی فضا کے باوجود کمپنی نے منافع بخش کارکردگی دکھائی ہے، کمپنی نے خالص فروخت میں 5.55 فیصد اور منافع بعد از ٹیکس میں 113 فیصد کا حوصلہ افزا اضافہ حاصل کیا۔ یہ تیسری اخراجات کے متعلق بیجمنٹ کی محتاط پالیسی کے تحت ممکن ہوا، جسکی وجہ سے اس خرچے کی مد میں خاطر خواہ کمی ہوئی۔ مزید برآں مالیاتی لاگت میں بڑی کمی نے بھی حوصلہ افزا منافع کے حصول میں اہم کردار ادا کیا۔

اختتام شدہ ششماہی 31 دسمبر 2017ء کے لئے کمپنی کی عبوری مالیاتی نتائج مختصر ادرج ذیل ہیں۔

2016	2017	
روپے ہزاروں میں		
3,161,667	3,336,994	خالص فروخت
108,274	250,118	منافع قبل از ٹیکس
79,695	169,720	خالص منافع بعد از ٹیکس
9.98	21.25	فی شخص آمدنی۔ روپوں میں

### مستقبل کے امکانات:

کمپنی نے سال کی پہلی ششماہی میں حوصلہ افزا نمو کا رجحان پیش کیا ہے اور ہم پر امید ہیں کہ نمونہ یہ رفتار اگلی ششماہی میں بھی جاری رہے گی کیونکہ ہماری بیلز کا بہترین موسم، موسم گرما ہوتا ہے جو کہ مارچ کے آخر سے شروع ہوتا ہے اور اپریل سے جون تک بلند ترین سطح پر پہنچ جاتا ہے۔ ہمارا مقصد مارکیٹ میں اپنے جوس کی بڑھتی ہوئی طلب کو پورا کرنا ہے اور اپنی مہارت، صارفین کی بہتر سمجھ بوجھ اور مضبوط برانڈ کی مدد سے مستقبل کے چیلنجز پر قابو پانا ہے۔ ہماری تمام تر توجہ صارفین کے معیار اور وطنان کے مطابق اعلیٰ معیاری مصنوعات تیار کرنے پر مرکوز رہیں گی۔

### اظہار تشکر:

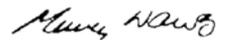
ہم بورڈ آف ڈائریکٹرز کی جانب سے اپنے ادارے کے تمام ملازمین کی لگن، وفاداری اور عزم کی تعریف کرتے ہیں۔ مزید برآں ہم پیشہ ورانہ سرپرستی اور تعاون کا بھی شکر یہ ادا کرنا چاہیں گے جو ہمیں تمام صارفین، ویبڈرز، حصص داران اور سٹیک ہولڈرز کی جانب سے ملا۔

بورڈ آف ڈائریکٹرز کی ایماہ پر



ہمایوں اے شاہ نواز

چیف ایگزیکٹو



منیر نواز

چیرمین

کراچی

16 فروری 2018ء -

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of Shezan International Limited ('the Company') as at 31 December 2017 and the related condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and condensed notes to the interim financial information for the six month period then ended (here-in-after referred to as the 'interim financial information'). Management is responsible for the preparation and presentation of this interim financial information in accordance with the 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 the International Standards 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.

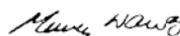
# CONDENSED INTERIM BALANCE SHEET

## AS AT 31 DECEMBER 2017

	Note	(Un-Audited) 31 December 2017	(Audited) 30 June 2017
Rupees in thousand			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	1,146,178	1,175,946
Long term investment	7	2,471	2,877
Long term deposits		6,258	5,183
		<b>1,154,907</b>	<b>1,184,006</b>
<b>CURRENT ASSETS</b>			
Stores and spares		86,386	71,178
Stock in trade		1,316,937	1,358,515
Trade debts		188,266	259,853
Loans and advances		101,507	185,138
Trade deposits and short term prepayments		29,870	19,920
Interest accrued		269	338
Income tax recoverable		450,034	371,221
Cash and bank balances		157,913	73,227
		<b>2,331,182</b>	<b>2,339,390</b>
<b>TOTAL ASSETS</b>		<b>3,486,089</b>	<b>3,523,396</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		79,860	79,860
Reserves		1,805,096	1,605,502
Unappropriated profits		199,252	337,343
<b>TOTAL EQUITY</b>		<b>2,084,208</b>	<b>2,022,705</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term loan	8	-	-
Deferred taxation		58,147	62,038
		<b>58,147</b>	<b>62,038</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		443,432	680,750
Interest accrued on borrowings		2,272	1,584
Current portion of long term loan	8	30,000	90,000
Short term borrowings	9	409,947	292,525
Provision for taxation		458,083	373,794
		<b>1,343,734</b>	<b>1,438,653</b>
<b>TOTAL LIABILITIES</b>		<b>1,401,881</b>	<b>1,500,691</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,486,089</b>	<b>3,523,396</b>

The annexed notes from 1 to 16 form an integral part of this interim financial information.

  
Chief Executive

  
Director

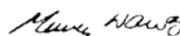
  
Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2017

	Note	Six month period ended 31 December		Three month period ended 31 December	
		2017	2016	2017	2016
		Rupees in thousand		Rupees in thousand	
Sales - net		3,336,994	3,161,667	1,237,709	1,219,772
Cost of sales		2,380,750	2,288,169	933,625	907,668
<b>Gross profit</b>		<b>956,244</b>	<b>873,498</b>	<b>304,084</b>	<b>312,104</b>
Distribution costs		467,705	567,071	184,606	227,960
Administrative expenses		143,960	118,408	70,763	54,423
Other operating expenses		103,754	83,416	36,036	35,945
Other income		(21,222)	(23,291)	(10,726)	(8,333)
		<b>694,197</b>	<b>745,604</b>	<b>280,679</b>	<b>309,995</b>
Operating profit		262,047	127,894	23,405	2,109
Finance costs		11,929	19,620	3,845	9,395
Profit/(loss) before taxation		250,118	108,274	19,560	(7,286)
Taxation		80,398	28,579	(7,866)	(13,421)
Net profit for the period		169,720	79,695	27,426	6,135
<b>Other comprehensive income</b>					
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):					
Unrealized (loss)/gain on re-measurement of investments - available for sale		(406)	381	(296)	294
<b>Total comprehensive income</b>		<b>169,314</b>	<b>80,076</b>	<b>27,130</b>	<b>6,429</b>
<b>Earnings per share - basic and diluted (Rupees)</b>	11	<b>21.25</b>	9.98	<b>3.43</b>	0.77

The annexed notes from 1 to 16 form an integral part of this interim financial information.

  
Chief Executive

  
Director

  
Chief Financial Officer

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

### FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2017

Six month period  
31 December  
**2017**                      2016  
Rupees in thousand

#### CASH FLOWS FROM OPERATING ACTIVITIES

##### Cash generated from operations

Profit before taxation	250,118	108,274
Adjustments to reconcile profit before tax to net cash:		
- Depreciation	97,202	102,673
- Interest / mark-up expense	10,642	18,293
- Profit on bank deposits	(1,150)	(974)
- Loss on disposal of property, plant and equipment	10,641	3,884
	117,335	123,876

<b>Operating profit before working capital changes</b>	<b>367,453</b>	<b>232,150</b>
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##### (Increase) / decrease in current assets

Stores and spares	(15,208)	(5,058)
Stock in trade	41,578	(15,184)
Trade debts	71,587	18,333
Loans and advances	83,631	46,767
Trade deposits and short term prepayments	(9,950)	(11,866)
	171,638	32,992

##### Increase/(decrease) in current liabilities

Trade and other payables	(242,195)	(175,981)
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<b>CASH GENERATED FROM OPERATIONS</b>	<b>296,896</b>	<b>89,161</b>
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Interest / mark-up paid	(9,954)	(12,071)
Profit on bank deposits received	1,219	904
Income tax paid	(78,813)	(28,828)
Long term deposits paid	(1,075)	(714)

<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>208,273</b>	<b>48,452</b>
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#### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(85,474)	(147,137)
Sale proceeds from disposal of property, plant and equipment	7,399	9,692

<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(78,075)</b>	<b>(137,445)</b>
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#### CASH FLOWS FROM FINANCING ACTIVITIES

Long term loan repaid	(60,000)	(60,000)
Short term borrowings obtained - net	117,422	219,038
Dividends paid	(102,934)	(71,171)

<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(45,512)</b>	<b>87,867</b>
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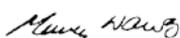
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>84,686</b>	<b>(1,126)</b>
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<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>73,227</b>	<b>102,906</b>
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<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>157,913</b>	<b>101,780</b>
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The annexed notes from 1 to 16 form an integral part of this interim financial information.

  
Chief Executive

  
Director

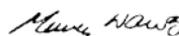
  
Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2017

	Capital Reserve		Revenue Reserve			Total
	Share Capital	Merger Reserve	General Reserve	Unrealized gain / (loss) on remeasurement of Investments - available for sale	Unappropriated Profits	
Rupees in thousand						
<b>Balance as at 01 July 2016</b>	<b>79,860</b>	<b>5,000</b>	<b>1,450,000</b>	<b>(394)</b>	<b>299,899</b>	<b>1,834,365</b>
Transfer to General Reserve	-	-	150,000	-	(150,000)	-
Final dividend @ Rs. 9/- per share for the year ended 30 June 2016	-	-	-	-	(71,874)	(71,874)
Profit for the six month period ended 31 December 2016	-	-	-	-	79,695	79,695
Other comprehensive income	-	-	-	381	-	381
Total comprehensive income	-	-	-	381	79,695	80,076
<b>Balance as at 31 December 2016</b>	<b>79,860</b>	<b>5,000</b>	<b>1,600,000</b>	<b>(13)</b>	<b>157,720</b>	<b>1,842,567</b>
<b>Balance as at 01 July 2017</b>	<b>79,860</b>	<b>5,000</b>	<b>1,600,000</b>	<b>502</b>	<b>337,343</b>	<b>2,022,705</b>
Transfer to General Reserve	-	-	200,000	-	(200,000)	-
Final dividend @ Rs. 13.50/- per share for the year ended 30 June 2017	-	-	-	-	(107,811)	(107,811)
Profit for the six month period ended 31 December 2017	-	-	-	-	169,720	169,720
Other comprehensive loss	-	-	-	(406)	-	(406)
Total comprehensive income	-	-	-	(406)	169,720	169,314
<b>Balance as at 31 December 2017</b>	<b>79,860</b>	<b>5,000</b>	<b>1,800,000</b>	<b>96</b>	<b>199,252</b>	<b>2,084,208</b>

The annexed notes from 1 to 16 form an integral part of this interim financial information.

  
Chief Executive

  
Director

  
Chief Financial Officer

## **CONDENSED NOTES TO THE INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2017**

### **1. THE COMPANY AND ITS OPERATIONS**

The Company is a Public Limited Company incorporated in Pakistan and is listed on the Pakistan Stock Exchange. 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 fruits and vegetables.

### **2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

**2.1** This interim financial information of the Company for the six month period ended 31 December 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provision of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provision of or directives issued under the Companies Ordinance, 1984 have been followed.

**2.2** The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However as allowed by the SECP vide its Circular No. 23 dated 04 October 2017 read with related press release, and as per Circular No. 17 of the Institute of Chartered Accountants of Pakistan, this interim financial information has been prepared in accordance with the provision of the repealed Companies Ordinance 1984.

**2.3** This interim financial information does not include all the information and the disclosures required in the annual audited financial statements and should be read in conjunction with annual audited financial statements of the Company for the year ended 30 June 2017.

**2.4** This interim financial information is un-audited but subject to limited scope review by the auditors. Three month 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 month period ended 31 December 2017.

### **3. ACCOUNTING POLICIES**

The significant accounting judgments, estimates, assumptions and accounting policies adopted and applied by the Company for the preparation of this interim financial information are the same as were adopted and applied in the preparation of the preceding annual audited financial statements for the year ended 30 June 2017 except as follows:

#### **New / Revised Standards, Interpretations and Amendments**

The Company has adopted the following amendments and interpretation of IFRSs which became effective for the current period:

IAS 7 - Disclosure Initiative - Amendments to IAS 7

IAS 12 - Recognition of Deferred Tax Assets for Unrealized losses - Amendments to IAS 12

The adoption of the above revision, amendments and interpretations of the standards did not have any material effect on the interim financial information.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Company expects that such improvements to the standards do not have any material impact on the Company's interim financial information for the period.

### **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 based on management judgment and prevailing laws, these are subject to final adjustments in the annual audited financial statements.

### **5. SEASONALITY OF OPERATIONS**

The quarterly results of the Company are subject to seasonal fluctuations due to variation in demand of the main products (juices, squashes and syrups).

## 6. PROPERTY PLANT AND EQUIPMENT

The additions / (disposals) / transfers (at cost), made during the six month period ended 31 December 2017 are as follows:

	Additions Rupees in thousand	Deletions/ Transfers
<b>Owned assets</b>		
Plant and machinery	4,575	(400)
Laboratory equipment	16	-
Motor vehicles	1,804	(749)
Electric equipment	12,989	(515)
Furniture and fixtures	362	-
Computers and accessories	872	-
Empty bottles, shells, pallets and barrels	24,100	(47,779)
	44,718	(49,443)
<b>Capital work in progress</b>		
Motor vehicles	541	(1,804)
Furniture and fixtures	1,253	-
Plant and machinery	36,817	-
Buildings	3,949	-
	42,560	(1,804)
	87,278	(51,247)

Additions / (disposals) / transfers (at cost),  
made during the year ended 30 June 2017

239,616

109,042

(Un-Audited)  
31 December  
2017

(Audited)  
30 June  
2017

Note

Rupees in thousand

## 7. LONG TERM INVESTMENT - AVAILABLE FOR SALE

Quoted - Modaraba

BRR Guardian Modaraba - credit rating 'A'

305,000 (30 June 2017: 305,000)

certificates of Rs. 10/- each

7.1

2,375

2,375

Gain on re-measurement

96

502

2,471

2,877

**7.1** The above investment represents 0.39% (30 June 2017: 0.39%) of the issued certificate capital of the Modaraba.

(Un-Audited)  
31 December  
2017

(Audited)  
30 June  
2017

Note

Rupees in thousand

## 8. LONG TERM LOAN - SECURED

Long term loan

8.1

30,000

90,000

Less: current portion

(30,000)

(90,000)

-

-

## CONDENSED NOTES TO THE INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2017

**8.1** This represents long term loan obtained from a commercial bank which originally amounted to Rs. (thousand) 300,000 payable in 10 equal quarterly instalments with a grace period of six months. The rate of mark-up / interest is 3 months KIBOR + 0.30%, payable quarterly. The facility is secured against a first exclusive registered charge on the plant and machinery up to Rs. (thousand) 430,000.

### 9. SHORT TERM BORROWINGS - SECURED

The aggregate short-term borrowings available from commercial banks under mark-up arrangements are Rs. (thousand) 1,625,000 (30 June 2017: Rs. (thousand) 1,625,000). The un-utilised portion of the said facility is Rs. (thousand) 1,215,053 (30 June 2017: Rs. (thousand) 1,332,475).

The rate of mark-up / interest on short-term borrowings ranges between 1 month KIBOR plus 0.08% to 1 month KIBOR / 3 months KIBOR plus 0.25% (30 June 2017: 1 month KIBOR minus 0.05% to 1 month KIBOR / 3 months KIBOR plus 0.25%), payable monthly / quarterly.

The facilities are secured against a first registered joint pari passu hypothecation and ranking charge on current assets of the Company up to Rs. (thousand) 2,314,000 (30 June 2017: Rs. (thousand) 2,314,000) and Rs. Nil (30 June 2017: Rs. (thousand) 334,000) respectively.

The un-utilized facility for opening letters of credit and for guarantees amounts to Rs. (thousand) 216,801 (30 June 2017: Rs. (thousand) 190,430) and Rs. (thousand) 80,009 (30 June 2017: Rs. (thousand) 72,881), respectively.

### 10. CONTINGENCIES AND COMMITMENTS

#### 10.1 CONTINGENCIES

There has been no change in the status of the contingencies reported in the annual audited financial statements of the Company for the year ended 30 June 2017 except for the following:

- i. The Company has filed a reference application before the Lahore High Court against the decision of Appellate Tribunal Inland Revenue for the tax year 2003, which is pending adjudication. The exposure of the Company with respect to this tax year amounts to Rs. (thousand) 3,465 (30 June 2017: Rs. (thousand) 3,465).
- ii. The Company has filed an appeal for the tax years 2010 and 2012 while the department has filed an appeal for the tax years 2012 and 2013 before Appellate Tribunal Inland Revenue against the order passed under section 161 of the Income Tax Ordinance, 2001 by Commissioner Inland Revenue (Appeals), which is pending adjudication. The exposure of the Company with respect to these tax years amounts to Rs. (thousand) 3,135 (30 June 2017: Rs. (thousand) 3,135).
- iii. The Company has received an order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2016 passed by the Additional Commissioner Inland Revenue, wherein the income of the Company has been reassessed and certain expenses have been disallowed and added in the income resulting in tax impact of Rs. (thousand) 20,889 (30 June 2017: Rs. Nil). The Company has filed an appeal before the Commissioner Inland Revenue (Appeals), which is pending adjudication.

The Company, based on legal advice and its assessment of facts of the cases, expects a favorable outcome in the matters described above. Accordingly no provision has been recognized in respect of these.

#### 10.2 COMMITMENTS

- i. Commitments in respect of letter of credit established for the import of plant and machinery, raw and packing materials amounts to Rs. (thousand) 33,199 (30 June 2017: Rs. (thousand) 59,570).
- ii. Counter guarantees in favor of banks in the ordinary course of business amounts to Rs. (thousand) 29,991 (30 June 2017: Rs. (thousand) 37,119).

	(Un-Audited)			
	Six month period ended 31 December		Three month period ended 31 December	
	2017	2016	2017	2016
	Rupees in thousand		Rupees in thousand	
<b>11. EARNINGS PER SHARE - BASIC AND DILUTED</b>				
Profit after taxation attributable to ordinary shareholders (Rupees in thousand)	169,720	79,695	27,426	6,135
Weighted average number of ordinary shares at the end of the period (in thousand)	7,986	7,986	7,986	7,986
Earnings per share - Basic and diluted (Rupees)	21.25	9.98	3.43	0.77

**11.1** No fully diluted earnings per share has been disclosed as the Company has not issued an instrument which would have an impact on earnings per share, when exercised.

### 12. NON TRANSFER OF BONUS SHARES TO INDIVIDUAL SHAREHOLDERS

During the year ended 30 June 2015, the Company issued 726,000 bonus shares @ 10% of its paid-up capital on the book closure date of 23 October 2014. In accordance with the provisions of section 236M of the Income Tax Ordinance, 2001, the Company was required to collect tax from its shareholders @5% on the value of bonus shares, determined on the basis of the end price of the first day of book closure.

However, a number of shareholders of the Company have filed a suit against the Federation of Pakistan, competent authorities and the Company, before the Honorable Sindh High Court, challenging the levy of tax under the above referred section. Since the matter is subjudice before the Honorable Sindh High Court, accordingly the Company has retained 5% of the bonus shares issued to plaintiff shareholders.

### 13. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise related group companies, associates, staff provident fund, directors and key management personnel. Details of significant transactions with related parties are as follows:

	(Un-Audited)	
	Six month period ended 31 December	
	2017	2016
	Rupees in thousand	
<b>Transactions during the period</b>		
<b>Associated companies</b>		
Purchases of raw materials	303,826	104,222
Sales of finished goods	45	21
Royalty charged	36,709	36,087
Purchases/repairs of electric equipment/vehicles	71	146
Contributions to staff provident fund	2,985	2,478
Remuneration and benefits of Directors, Chief Executive and key management personnel	29,636	26,236

## CONDENSED NOTES TO THE INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2017

	(Un-Audited) 31 December 2017	(Audited) 30 June 2017
	Rupees in thousand	
<b>Period / year end balances:</b>		
Due to associated undertaking	36,563	57,511
Due to staff provident fund	-	1,469

### 14. SEGMENTAL ANALYSIS

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the office of the Chief Executive. The Chief Executive considers the business from the product perspective and evaluates performance on the basis of their gross profit or gross loss. As at 31 December 2017, the Company is organized into following two operating segments based on their products.

#### JUICE DRINKS

Juice drinks segment includes bottled as well as juices in tetra pack packing.

#### OTHERS

Others include pickles, ketchup, sauces, jams etc.

Profit and loss account for six month period ended 31 December 2017: (Un-Audited)

	Juices and Drinks	Others	Total
	Rupees in thousand		
Sales	2,891,642	445,352	3,336,994
Cost of sales	(1,991,422)	(389,328)	(2,380,750)
Gross profit	900,220	56,024	956,244

#### Unallocated expenses and income

Distribution costs			(467,705)
Administrative expenses			(143,960)
Other operating expenses			(103,754)
Other income			21,222
Finance costs			(11,929)
Taxation			(80,398)
Profit after taxation			169,720

#### Assets and liabilities as at 31 December 2017: (Un-Audited)

Segment assets	2,215,414	584,870	2,800,284
Unallocated assets			685,805
Total			3,486,089
Segment liabilities	274,217	129,164	403,381
Unallocated liabilities			998,500
Total			1,401,881

## Profit and loss account for six month period ended 31 December 2016: (Un-Audited)

	Juices and Drinks	Others Rupees in thousand	Total
Sales	2,721,756	439,911	3,161,667
Cost of sales	(1,920,036)	(368,133)	(2,288,169)
Gross profit	801,720	71,778	873,498
<b>Unallocated expenses and income</b>			
Distribution costs			(567,071)
Administrative expenses			(118,408)
Other operating expenses			(83,416)
Other income			23,291
Finance costs			(19,620)
Taxation			(28,579)
Profit after taxation			79,695

## Assets and liabilities as at 30 June 2017: (Audited)

Segment assets	2,486,147	538,742	3,024,889
Unallocated assets			498,507
Total			3,523,396
Segment liabilities	562,067	180,381	742,448
Unallocated liabilities			758,243
Total			1,500,691

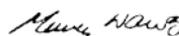
**15. DATE OF AUTHORIZATION FOR ISSUE**

This interim financial information was authorized for issue by the Board of Directors on 16 February 2018.

**16. GENERAL**

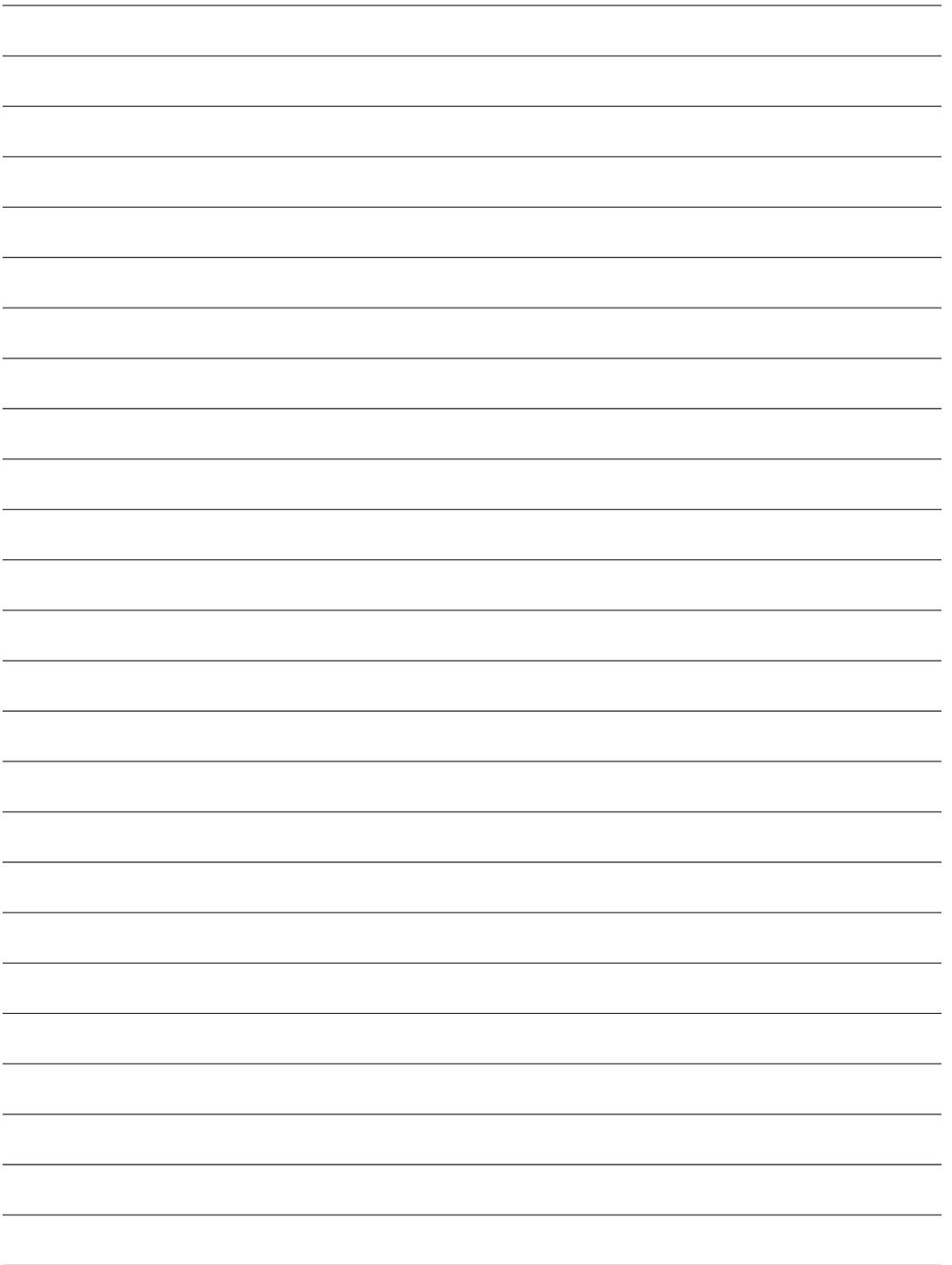
Figures in this interim financial information have been rounded off to the nearest thousand of rupees unless otherwise stated.

  
Chief Executive

  
Director

  
Chief Financial Officer







# Chaska Ka Double Dose



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