



Speed
ENERGY DRINK

Condensed Interim Financial Information
for the six months period ended 31 December 2010 (Un-Audited)





ALL-PURE

The Complete
Fruit
Experience



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 Limited.
Habib Bank Limited.
Bank Alfalah Limited.

Directors' Report To The Members

The Board of Directors take pleasure in presenting the financial statements for the half year ended 31 December 2010.

On the operational side, we like to inform our shareholders that October-December is our leanest quarter due to seasonal nature of our products. In spite of seasonal factor, slowness in the market, double digit inflation, floods, deteriorating security environment and difficult economic environment in the country, the Company maintained its growth momentum which was indicated by a healthy increase in turnover. This was mainly due to our effective marketing strategies to cope with stiff competition. Furthermore, we continued our focus on expanding the distribution network and highlighting quality standards of our juice and food products. As a result, our juice products brands 'SHEZAN TWIST' and "ALL PURE" are receiving good response from the consumers all over the country.

In second quarter ended 31st December, turnover was up 30.86% to Rs. 728 million and gross profit surged to Rs. 149 million. The increase in turnover for the quarter is encouraging keeping in view the seasonal nature of our products. During the six month period, the Company has recorded 20.20% increase in its turnover, which grew to Rs. 1.784 billion from Rs. 1.484 billion in the corresponding period of 2009. In a half year comparison, net profit decreased by 17.15% to Rs. 44.209 million. This decrease was due to high finance cost incurred during the period and sharp increase in the cost of basic raw materials like sugar price - highest ever in our history, pulps, concentrates and energy costs as compared to corresponding period of 2009.

On the export side, we are pleased to report that the volume of export sales was maintained during the period in spite of higher operational and shipping costs. We are endeavoring to capture business opportunities in the emerging markets in Afghanistan, Africa and developed economies of Europe.

The third quarter is challenging. We will continue to strive to improve margins which have been under pressure due to increased packaging material and raw material prices and the devaluation of the currency. We will carefully implement price rationalization of our products while entering into our prime season to maintain growth momentum by controlling costs.

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



Karachi:
23 February 2011.

Saifi Chaudhry
Chief Executive

Report To The Members On Review Of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Shezan International Limited as at December 31, 2010 and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts 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 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 2011.



Chartered Accountants
Audit Engagement Partner
Muhammad Junaid

Condensed Interim Balance Sheet

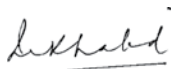
as at 31 December 2010 (Un-Audited)

	Note	(Un-Audited) 31 December 2010	(Audited) 30 June 2010
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	413,195	416,802
Investment in associate	6	7,709	7,708
Investments available for sale	6	11,899	397
Long term deposits and prepayments		2,438	2,588
		435,241	427,495
CURRENT ASSETS			
Stores and spares		11,716	15,081
Stock in trade		749,096	842,482
Trade debts		135,979	135,317
Loans and advances		77,802	20,986
Trade deposits and short-term prepayments		15,849	18,183
Accrued financial income		-	514
Income tax recoverable		27,468	59,886
Cash and bank balances		99,489	99,509
		1,117,399	1,191,958
TOTAL ASSETS		1,552,640	1,619,453
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		60,000	60,000
Reserves		725,000	655,000
Unappropriated profits		71,347	133,138
TOTAL EQUITY		856,347	848,138
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		20,173	37,228
Deferred taxation		56,895	53,893
		77,068	91,121
CURRENT LIABILITIES			
Trade and other payables		251,176	486,348
Mark up accrued on short term borrowings		7,214	1,806
Short term borrowings - secured		299,013	92,526
Current portion of liabilities against assets subject to finance lease		27,629	20,422
Provision for taxation		34,193	79,092
		619,225	680,194
TOTAL LIABILITIES		696,293	771,315
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		1,552,640	1,619,453

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

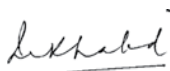
for the six months period ended 31 December 2010 (Un-Audited)

	Note	Six Months Ended 31 December		Three Months Ended 31 December	
		2010	2009	2010	2009
		(Rupees in thousand)		(Rupees in thousand)	
Sales - net		1,784,729	1,484,741	728,445	556,638
Cost of sales		1,367,943	1,108,503	578,754	434,555
Gross profit		416,786	376,238	149,691	122,083
Distribution cost		237,652	219,870	87,336	78,529
Administrative expenses		54,550	46,085	27,111	24,809
Other operating expenses		53,656	36,436	23,992	14,226
Other operating income		(10,613)	(8,901)	(4,045)	(4,713)
		335,245	293,490	134,394	112,851
Operating profit		81,541	82,748	15,297	9,232
Finance cost		20,834	6,702	10,192	3,312
		60,707	76,046	5,105	5,920
Share of profit from an associate		1	2	1	2
Profit before taxation		60,708	76,048	5,106	5,922
Taxation		18,002	24,500	(1,198)	(3,500)
Profit for the period		42,706	51,548	6,304	9,422
Other comprehensive income					
Unrealized gain on remeasurement of investments- available for sale		1,503	291	2,019	178
Total comprehensive income for the period		44,209	51,839	8,323	9,600
Earnings per share - basic and diluted (Rupees)	10	7.12	8.59	1.05	1.57

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

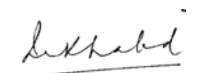
for the six months period ended 31 December 2010 (Un-Audited)


	Note	31 December	
		2010	2009
(Rupees in thousand)			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations			
Profit before taxation		60,708	76,048
Adjustments for:			
Depreciation		26,473	18,862
Interest/mark-up		19,612	5,481
Profit on bank deposits		(1,036)	(904)
Share of profit from an associate		(1)	(2)
Deterioration in value of shells, pallets and barrels		4,526	3,873
Gain on disposal of property, plant and equipment		-	(952)
		49,574	26,358
Operating profit before working capital changes		110,282	102,406
(Increase)/decrease in current assets			
Stores and spares		3,365	(3,943)
Stock in trade		88,860	116,380
Trade debts		(662)	5,891
Loans and advances		(56,816)	(6,449)
Trade deposits and short-term prepayments		2,334	6,759
		37,081	118,638
Increase/(decrease) in current liabilities			
Trade and other payables		(235,299)	(176,570)
Short term borrowings - secured		206,487	82,880
		(28,812)	(93,690)
Cash generated from operations		118,551	127,354
Interest/mark-up paid		(14,204)	(3,346)
Profit on bank deposits		1,550	985
Income tax paid		(27,480)	(33,877)
Net cash generated from operating activities		78,417	91,116
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(22,866)	(26,715)
Sale proceeds from disposal of property, plant and equipment		-	1,584
Investment		(10,000)	(25,000)
Long term deposits		150	(186)
Net cash used in investing activities		(32,716)	(50,317)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of obligations under finance lease		(9,848)	(4,008)
Dividend paid		(35,873)	(35,875)
Net cash used in financing activities		(45,721)	(39,883)
Net (decrease)/increase in cash and cash equivalents		(20)	916
Cash and cash equivalents at the beginning of the period		99,509	70,844
Cash and cash equivalents at the end of the period	-A	99,489	71,760

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

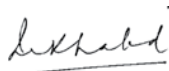
for the six months period ended 31 December 2010 (Un-Audited)

	Share Capital	Capital Reserve	Revenue Reserve		Total
		Merger Reserve	General Reserve	Unappropriated Profits	
(Rupees in thousand)					
Balance as at 01 July 2009	60,000	5,000	580,000	132,820	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)
Total comprehensive income for the period ended 31 December 2009	-	-	-	51,839	51,839
Balance as at 31 December 2009	60,000	5,000	650,000	78,659	793,659
Total comprehensive income for the period ended 30 June 2010	-	-	-	54,479	54,479
Balance as at 30 June 2010	60,000	5,000	650,000	133,138	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)
Total comprehensive income for the period ended 31 December 2010	-	-	-	44,209	44,209
Balance as at 31 December 2010	60,000	5,000	720,000	71,347	856,347

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

for the six months period ended 31 December 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 report of the Company for the six months period ended 31 December 2010 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.2 The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2010.

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 2010.

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.

The Company has adopted the following amended IFRS and related interpretations which became effective during the period:

IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues (Amendment)

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

In April 2009, International Accounting Standards Board issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations

IFRS 8 - Operating Segments

IAS 1 - Presentation of Financial Statements

IAS 7 - Statement of Cash Flows

IAS 17 - Leases

IAS 36 - Impairment of Assets

IAS 39 - Financial Instruments: Recognition and measurement

The adoption of the above standards, amendments / improvements and interpretations did not have any material effect on the condensed interim financial statements of the Company.

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

for the six months period ended 31 December 2010 (Un-Audited)

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

The additions made during the six months period ended 31 December 2010 are as follows:

	Additions (Rupees in thousand)
Company owned assets	
Plant and machinery	3,723
Furniture and fixtures	284
Electric equipment	3,782
Laboratory equipment	186
Computers and accessories	361
Fork lift	2,210
Motor vehicles	4,690
Total	15,236
Capital work in progress	
Land - Advance	5,000
Vehicles - Advance	715
Building	3,729
Total	9,444

	Note	(Un-Audited) 31 December 2010	(Audited) 30 June 2010
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		1	(16)
		7,709	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
Unrealized gain/(loss) on remeasurement		155	(427)
		552	397
National Investment Trust Limited - Units			
361,141 (30 June 2010: Nil) units of Rs. 27.69/- each	6.3	10,000	-
Unrealized gain on remeasurement		1,347	-
		11,347	-
		11,899	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 31 December 2010) is Rs. 90.69 (30 June 2010: Rs. 90.68). 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

for the six months period ended 31 December 2010 (Un-Audited)

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 the investment is Rs. (thousand) 10,000 (30 June 2010: Rs. (thousand) Nil) and the market value as at 31 December 2010 was Rs. (thousand) 11,347 (30 June 2010: 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 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) 6,365 (30 June 2010: Rs. (thousand) 13,405).

ii) Counter guarantees in favour of banks in the ordinary course of business amounted to Rs. (thousand) 19,335 (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).

8. TRANSACTIONS WITH RELATED PARTIES

	31 December	
	2010	2009
	(Rupees in thousand)	
Purchases of raw materials	247,877	160,104
Sales of finished goods	286	394
Royalty charged	17,841	14,847
Purchases/ repairs of electric equipment/ vehicles	129	69
Services rendered	-	90
Contributions to staff provident fund	2,247	1,428

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 six months period ended 31 December 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 six months period ended 31 December 2010 (Un-Audited):

	Juice Drinks	Others	Total
	(Rupees in thousand)		
Sales	1,387,090	397,639	1,784,729
Profit before taxation	321,838	94,948	416,786
Unallocated expenses			
Corporate expenses			(292,202)
Finance costs			(20,834)
Other operating expenses			(53,656)
Other operating income			10,613
Share of profit from an associate			1
Taxation			(18,002)
Profit after taxation			42,706

Segment analysis of assets and liabilities as at 31 December 2010 (Un-Audited):

	Juice Drinks	Others	Total
	(Rupees in thousand)		
Segment assets	1,022,314	334,046	1,356,360
Unallocated assets			196,280
Total			1,552,640
Segment liabilities	145,472	56,144	201,616
Unallocated liabilities			494,677
Total			696,293

Notes to the Condensed Interim Financial Information

for the six months period ended 31 December 2010 (Un-Audited)

Segment analysis of profit and loss account for six months period ended 31 December 2009 (Un-Audited):

	Juice Drinks	Others	Total
	(Rupees in thousand)		
Sales	1,157,751	326,990	1,484,741
Profit before taxation	279,072	97,166	376,238
Unallocated expenses			
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)
Profit after taxation			51,548

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

	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.

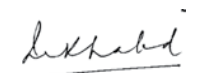
11. AUTHORIZATION


This condensed interim financial information was authorized for issue by the Board of Directors on 23 February 2011.

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!





speed

ENERGY DRINK

**LIFE AT THE
SPEED OF LIGHT**

KIRADHI

PER 100 ml: 44g CARBOHYDRATE, 20g SUGAR, 10g
CALORIES FROM CARBOHYDRATE

LEMON

10g SUGAR, 10g CARBOHYDRATE, 10g CALORIES

MINTAI

PER 100 ml: 20g CARBOHYDRATE, 10g SUGAR, 10g
CALORIES FROM CARBOHYDRATE

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