



Let the Purity of Nature surround you
Shezan International Limited

Condensed Interim Financial Information (Un-audited)

for the three month period ended **30 September 2013**

**Nature,
simply
secured in a box**



**Just ALL
PURE**

Company Information

Board of Directors:

Mr. Muneer Nawaz	Chairman
Mr. Muhammad Khalid	Chief Executive
Mr. Mahmood Nawaz	
Mrs. Amtul Hai Khalid	
Mr. M. Naeem	
Ms. Nazish Khalid	
Mr. Firasat Ali	(N.I.T. Nominee)
Mr. Saleem Zamindar	(N.I.T. Nominee)

Chief Financial Officer & Company Secretary:

Mr. Faisal Ahmad Nisar, FCA

Audit Committee:

Mr. Muneer Nawaz	Chairman
Mr. M. Naeem	Member
Ms. Nazish Khalid	Member

Human Resources & Remuneration Committee:

Mr. Muneer Nawaz	Chairman
Mr. M. Naeem	Member
Mr. Saleem Zamindar	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.
 Bank Alfalah Limited.



Directors' Report to the Members

The Directors are pleased to present your Company's Condensed Interim Financial Information for the Quarter ended 30 September 2013.

The results for the quarter showed consistent sales and growth in net profit. For the quarter under review, the Company achieved sales turnover of Rs. 1.743 billion as compared to Rs. 1.444 billion achieved over the previous accounting period of the quarter ended 30 September 2012. The gross profit percentage for the quarter was 31.67% as compared to 30.09% of the corresponding quarter of last year. Distribution cost, for the quarter, showed an increase by 33.48% to Rs. 323 million. This was largely due to soaring POL and freight costs and expenses incurred on advertisement and promotion activities. Our advertisement costs are high and this trend would continue in the coming months due to market conditions. Similarly, for the quarter under review profit before tax was Rs. 142.654 million as against Rs. 115.725 million in the previous accounting period. Earnings per share was Rs. 14.04 for the quarter as against Rs. 11.47 in the comparable quarter last year. These are encouraging results in the face of increased costs of POL, energy costs, advertisement expenses and wages.

The quarter was both rewarding and challenging for the Company. Our key products delivered an impressive growth with their sales in line with the targets and substantially above the level set in the corresponding quarter of year 2012. Products re-designed and launched earlier in the year began to deliver good performances during the quarter. We are planning to increase our production capacities of juice products keeping in view the increased demand.

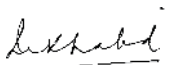
During the quarter we have also achieved encouraging growth in export sales of our products. Our production facility in Karachi continued to meet the export requirements in the Middle East, Africa, USA and Europe and performed well during the quarter ended 30 September 2013.

Growth prospect appears promising and we are confident that the Company would achieve its targets for the next quarter in spite of the lean season ahead. We will try to increase sales of non-seasonal products through effective marketing and advertising strategy.

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

For and on Behalf of the Board of Directors

Karachi:
24 October 2013.


Muhammad Khalid
Chief Executive



Condensed Interim Balance Sheet

as at 30 September 2013

	Note	(Un-audited) 30 September 2013	(Audited) 30 June 2013
Rupees in thousand			
ASSETS			
Non-current assets			
Property, plant and equipment	5	769,453	764,709
Investment in associate	6	–	–
Investment available for sale	7	1,159	1,144
Long term deposits and prepayments		3,118	3,208
		773,730	769,061
Current assets			
Stores and spares		29,921	28,051
Stock in trade		1,028,923	998,614
Trade debts		296,447	248,995
Loans and advances		29,190	14,048
Trade deposits and short term prepayments		21,783	23,763
Accrued financial income		–	408
Investment available for sale		–	9,860
Income tax recoverable		67,269	35,227
Cash and bank balances		95,668	149,601
		1,569,201	1,508,567
TOTAL ASSETS		2,342,931	2,277,628
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		66,000	66,000
Reserves		953,644	953,629
Unappropriated profit		384,063	291,409
TOTAL EQUITY		1,403,707	1,311,038
Non-current liabilities			
Deferred taxation		50,392	50,392
		50,392	50,392
Current liabilities			
Trade and other payables		534,368	603,972
Mark up accrued on short term borrowings		3,174	5,988
Short term borrowings- secured	8	150,000	154,948
Provision for taxation		201,290	151,290
		888,832	916,198
TOTAL LIABILITIES		939,224	966,590
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		2,342,931	2,277,628

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

Muhammad Nawaz
Chairman

Akshay
Chief Executive

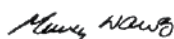


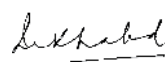
Condensed Interim Profit and Loss Account (Un-audited)

for the three month period ended 30 September 2013

	Note	30 September 2013	2012
		Rupees in thousand	
Sales - net		1,743,317	1,444,026
Cost of sales		1,191,160	1,009,521
Gross profit		552,157	434,505
Distribution cost		323,949	242,691
Administrative expenses		52,950	38,882
Other operating expenses		41,320	34,450
Other operating income		(15,296)	(9,523)
		402,923	306,500
Operating profit		149,234	128,005
Finance costs		6,580	12,280
Profit before taxation		142,654	115,725
Taxation		50,000	40,000
Net profit for the period		92,654	75,725
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Unrealized gain on remeasurement of investments- available for sale		15	162
		15	162
Total comprehensive income		92,669	75,887
			Restated
Earnings per share - basic and diluted (Rupees)	13	14.04	11.47

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


Chairman


Chief Executive



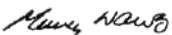
Condensed Interim Cash Flow Statement (Un-audited)

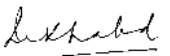
for the three month period ended 30 September 2013

	30 September 2013	2012
	Rupees in thousand	
Cash flow from operating activities		
Cash generated from operations		
Profit before taxation	142,654	115,725
Adjustments for:		
Depreciation	30,507	13,850
Interest/mark-up	5,822	11,780
Profit on bank deposits	(1,088)	(540)
Gain on sale of investment	(215)	-
Deterioration in value of shells, pallets and barrels	-	4,110
Impairment in the value of investment in associate	-	172
Loss/(gain) on disposal of property, plant and equipment	148	(49)
	35,174	29,323
Operating profit before working capital changes	177,828	145,048
(Increase)/decrease in current assets		
Stores and spares	(1,870)	(6,420)
Stock in trade	(30,309)	(26,744)
Trade debts	(47,452)	(48,445)
Loans and advances	(15,142)	(1,060)
Trade deposits and short-term prepayments	1,980	(1,813)
	(92,793)	(84,482)
Increase/(decrease) in current liabilities		
Trade and other payables	(69,604)	(117,217)
Short term borrowings- Secured	(4,948)	117,352
	(74,552)	135
Cash generated from operations	10,483	60,701
Interest/mark-up paid	(8,636)	(10,188)
Profit on bank deposits-Received	1,496	964
Income tax paid	(32,042)	(20,588)
Net cash generated from operating activities	(28,699)	30,889
Cash flow from investing activities		
Purchase of property, plant and equipment	(40,729)	(50,041)
Sale proceeds from disposal of property, plant and equipment	5,330	378
Long term deposits paid / received	90	2,175
Proceeds from sale of investment	10,075	-
Net cash used in investing activities	(25,234)	(47,488)
Cash flow from financing activities		
Repayment of liabilities against assets subject to finance lease	-	(6,470)
Net cash used in financing activities	-	(6,470)
Net (decrease)/increase in cash and cash equivalents	(53,933)	(23,069)
Cash and cash equivalents at the beginning of the period	149,601	109,169
Cash and cash equivalents at the end of the period	95,668	86,100

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

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


Chairman


Chief Executive

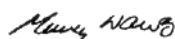


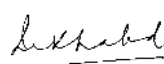
Statement of Changes in Equity (Un-audited)

for the three month period ended 30 September 2013

	Capital Reserve			Revenue Reserve			Total
	Share Capital	Merger Reserve	Reserve for Issue of Bonus Shares	General Reserve	Unrealized Gain/(Loss) on Remeasurement of Investments- available for sale	Unappropriated Profits	
Rupees in thousand							
Balance as at 01 July 2012	60,000	5,000	-	820,000	(1,628)	232,088	1,115,460
Net profit for the three month period ended 30 September 2012	-	-	-	-	-	75,725	75,725
Other comprehensive income	-	-	-	-	162	-	162
Total comprehensive income	-	-	-	-	162	75,725	75,887
Balance as at 30 September 2012	60,000	5,000	-	820,000	(1,466)	307,813	1,191,347
Transfer to general reserve	-	-	-	130,000	-	(130,000)	-
Dividend @ Rs. 9/- per share for the year ended 30 June 2012	-	-	-	-	-	(54,000)	(54,000)
Transfer to reserve for issue of bonus shares	-	-	6,000	-	-	(6,000)	-
Issue of bonus shares @10% for the year ended 30 June 2012	6,000	-	(6,000)	-	-	-	-
Net profit for the nine month period ended 30 June 2013	-	-	-	-	-	173,596	173,596
Other comprehensive income	-	-	-	-	95	-	95
Total comprehensive income	-	-	-	-	95	173,596	173,691
Balance as at 30 June 2013	66,000	5,000	-	950,000	(1,371)	291,409	1,311,038
Net profit for the three month period ended 30 September 2013	-	-	-	-	-	92,654	92,654
Other comprehensive income	-	-	-	-	15	-	15
Total comprehensive income	-	-	-	-	15	92,654	92,669
Balance as at 30 September 2013	66,000	5,000	-	950,000	(1,356)	384,063	1,403,707

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


Chairman


Chief Executive



Notes to the Condensed Interim Financial Information (Un-audited)

for the three month period ended 30 September 2013

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.

2. Statement of compliance and basis of presentation

2.1 This condensed interim financial information of the Company for the three month period ended 30 September 2013 has been prepared in accordance with the requirements of the International Accounting Standard 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 statements and should be read in conjunction with annual audited financial statements of the Company for the year ended 30 June 2013.

2.3 This condensed interim financial information is un-audited.

3. Significant accounting judgments, estimates, assumptions and policies

The significant accounting judgments, estimates, assumptions and accounting policies adopted and applied by the Company for the preparation of this interim condensed financial information are the same as were adopted and applied in the preparation of the preceding annual audit financial statements for the year ended 30 June 2013.

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. Property plant and equipment

The additions / (deletions) made during the period ended 30 September 2013 are as follows:

	Additions/ Adjustments	Deletions/ Adjustments
	Rupees in thousand	
Owned assets		
Plant and machinery	705	-
Electric equipment	161	-
Computers and accessories	475	-
Motor vehicles	2,751	(1,870)
Empty bottles, shells, pallets and barrels	38,339	(17,236)
Forklifts	4,895	-
	47,326	(19,106)
Capital work in progress		
Motor vehicles (Advance)	4,012	(3,985)
Furniture and fixtures	324	-
Buildings	242	-
Total	4,578	(3,985)



for the three month period ended 30 September 2013

6. Investment in associate

The investment represented Nil (30 June 2013: Nil) of the issued share capital of the Hattar Food Products (Private) Limited (HFPPPL). The principal business activity of HFPPPL was to process food products. During the preceding financial year, HFPPPL had applied for winding up under "Company Easy Exit Scheme" (CEES). HFPPPL had transferred the plant and machinery to the Company, based on the independent valuation report, in settlement of its investment.

	(Un-audited) 30 September 2013	(Audited) 30 June 2013
	Rupees in thousand	
Hattar Food Products (Private) Limited-unquoted		
Opening carrying amount	-	7,672
Impairment	-	(172)
Assets acquired in settlement on winding up	-	(7,500)
	-	-

7. Investment available for sale

		(Un-audited) 30 September 2013	(Audited) 30 June 2013
		Rupees in thousand	
Quoted			
Modaraba			
BRR Guardian Modaraba - Credit rating 'A'			
305,000 (2013: 305,000) certificates of Rs. 10/- each	7.1	2,375	2,375
Loss on remeasurement		(1,216)	(1,231)
		1,159	1,144

7.1 The above investment represents 0.39% (2013: 0.39%) of the issued certificate capital of the Modaraba.

8. Short term borrowings - secured

The aggregate running finance facilities available from commercial banks under the mark-up arrangement are Rs. (thousand) 1,475,000 (2013: Rs. (thousand) 975,000).

The rate of mark-up ranges between 1 month KIBOR+0.50% to 3 months KIBOR+0.50% (2013: 1 month KIBOR + 0.50% to 3 months KIBOR + 0.50%), payable quarterly.

The facilities are secured against first registered joint pari passu hypothecation and ranking charge on current assets of the Company up to Rs. (thousand) 1,215,000 (2013 : Rs. (thousand) 1,215,000) and Rs. (thousand) 948 (2013 : Rs. (thousand) 200) respectively.

The un-utilized facility for opening letters of credit and for guarantees as at 30 September 2013 amounts to Rs. (thousand) 128,078 (2013 : Rs. (thousand) 137,245) and Rs. (thousand) 49,816 (2013 : Rs. (thousand) 50,621), respectively.



Notes to the Condensed Interim Financial Information (Un-audited)

for the three month period ended 30 September 2013

9. 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 2013.

b) Commitments

- i) Commitments in respect of letter of credit established for the import of raw and packing materials amounted to Rs. (thousand) 26,922 (30 June 2013 : Rs. (thousand) 17,755).
- ii) Counter guarantees in favour of banks in the ordinary course of business amounted to Rs. (thousand) 25,184 (30 June 2013 : Rs. (thousand) 24,379).

10. Transactions with related parties

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

	30 September 2013	2012
	Rupees in thousand	
Transactions during the period		
Associated undertakings		
Purchases of raw materials	165,395	153,908
Sales of finished goods	307	345
Assets acquired in settlement on winding up	-	7,500
Royalty charged	16,664	14,457
Purchases/repairs of electric equipment/vehicles	13	2
Services received	171	171
Remuneration and benefits of Chief Executive Officer, Directors and key management personnel	5,807	4,711
Contributions to staff provident fund	1,082	847
	(Un-audited) 30 September 2013	(Audited) 30 June 2013
	Rupees in thousand	

Period / year end balances

Due to associated undertakings	36,973	32,927
Due from related parties	14	34
Payable to provident fund	898	1,041

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 15% on spare parts in connection with the repair 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.

11. Number of employees

	(Un-audited) 30 September 2013	(Audited) 30 June 2013
	No. of persons	
Number of permanent persons employed are as follow:		
Total Employees	306	306
Average Employees	306	309



for the three month period ended 30 September 2013

12. 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 three month period ended 30 September 2013:

	Juices and Drinks	Others Rupees in thousand	Total
Sales	1,512,225	231,092	1,743,317
Cost of sales	1,009,237	181,923	1,191,160
Profit before taxation	502,988	49,169	552,157
Unallocated expenses			
Corporate expenses			(376,899)
Finance costs			(6,580)
Other operating expenses			(41,320)
Other operating income			15,296
Taxation			(50,000)
Profit after taxation			92,654

Segment analysis of assets and liabilities as at 30 September 2013:

	Juices and Drinks	Others Rupees in thousand	Total
Segment assets	1,615,381	415,383	2,030,764
Unallocated assets			312,167
Total			2,342,931
Segment liabilities	253,115	90,398	343,513
Unallocated liabilities			595,711
Total			939,224

Segment analysis of profit and loss account for the three month period ended 30 September 2012:

	Juices and Drinks	Others Rupees in thousand	Total
Sales	1,195,735	248,291	1,444,026
Cost of sales	819,997	189,524	1,009,521
Profit before taxation	375,738	58,767	434,505
Unallocated expenses			
Corporate expenses			(281,573)
Finance costs			(12,280)
Other operating expenses			(34,450)
Other operating income			9,523
Taxation			(40,000)
Profit after taxation			75,725



Notes to the Condensed Interim Financial Information (Un-audited)

for the three month period ended 30 September 2013

Segment analysis of assets and liabilities as at 30 June 2013:

	Juices and Drinks	Others Rupees in thousand	Total
Segment assets	1,615,383	399,070	2,014,453
Unallocated assets			263,175
Total			2,277,628
Segment liabilities	273,369	95,618	368,987
Unallocated liabilities			597,603
Total			966,590

13. Earnings per share- basic and diluted

	Three month period ended 30 September 2013 Rupees in thousand	Three month period ended 30 September 2012 Rupees in thousand
Profit after taxation attributable to ordinary shareholders	92,654	75,725
Weighted average number of ordinary shares at the end of the year (in thousand)	6,600	Restated 6,600
Earnings per share - Basic (Rupees)	14.04	11.47

13.1 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.

14. Date of authorization for issue

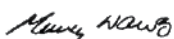
This condensed interim financial information was authorized for issue by the Board of Directors on 24 October 2013.

15. Appropriations

The Board of Directors have proposed a final dividend of Rs.10/- per share, amounting to Rs. (thousand) 66,000 for the year ended 30 June 2013 (2012: Rs. 9/- per share amounting to Rs. (thousand) 54,000) and 10% bonus share amounting to Rs. (thousand) 6,600 (2012: 10% bonus shares amounting to Rs. (thousand) 6,000) along with transfer to general reserve amounting to Rs. (thousand) 150,000 (2012: Rs. (thousand) 130,000) at their meeting held on 25 September 2013 for approval of the members at the Annual General Meeting to be held on 29 October 2013.

16. General

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


Chairman


Chief Executive





Tomato

Ketchup

ٹماٹو کیچپ



