

CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED

30 SEPTEMBER 2014

FOOD FOR THOUGHT







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. Munaf Ibrahim (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

Human Resource and Remuneration Committee:

Mr. M. Naeem Chairman
Mr. Muneer Nawaz 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

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.





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Directors' Report to the Members

The Directors are pleased to present your Company's Condensed Interim Financial Information for the Quarter ended 30 September 2014.

Our economy is facing many threats and challenges, which include terrorism, load shedding, political uncertainty, high inflation and energy crisis. The new dimension has now added to this list, which has seriously hampered the economic growth. The recent threat is floods caused by high rains and overflowing of rivers. Recent floods, considered to be as devastating as were in 2010, have undermined the very foundation of the economy. These floods wiped out about 0.6% to 0.8% from GDP as well as inflicted a massive damage to country's economic structure. Sales of our products were also affected due to these floods.

For the quarter under review, the Company achieved sales turnover of Rs. 1.909 billion as compared to Rs. 1.743 billion achieved over the previous accounting period of the quarter ended 30 September 2013. The increase in sales was due to a quantitative increase in sales of juices in tetra packaging. The cost of goods sold increased substantially due to upsurge in the cost of utilities. The energy crisis is playing havoc especially in the Punjab. We continuously have to rely on furnace oil in the absence of sui-gas and diesel to run our generators. The gross profit was Rs. 565.897 million compared with Rs. 552.157 million in the corresponding period of the previous year. The distribution cost increased marginally from Rs. 323.949 million to Rs. 324.028 million. The distribution cost includes advertisement and sales promotion expense of Rs. 149.837 million for the quarter. Similarly, for the quarter under review, profit before tax was Rs. 147.855 million as against Rs. 142.654 million in the previous accounting period. Earnings per share were Rs. 13.07 for the quarter as against Rs. 12.76 in the comparable quarter last year. These are encouraging results in the face of increased costs of POL, energy costs and wages.

Our juice brands, 'All Pure' and 'Twist' have increased its acceptance across the country. Numerous new channel partners were enrolled and existing ones were made more efficient to maintain the sales momentum. The Company is currently working on introducing new packaging for its fruit products and juice brands. The task of adding capacities and upgrading infrastructure continued. 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. Exports business continued to expand its base and explored new markets for our juice products. Our production facility in Karachi continued to meet the export requirements in the Middle East, Africa, USA and Europe.

The next quarter falls in our leanest season. Therefore, we will try to increase sales of non-seasonal products through effective marketing and advertisement strategy. We are confident that we will achieve satisfactory results in the half year ending 31 December 2014.

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

Humayun A. Shahnawaz Chief Executive

H~S

Karachi:

28 October 2014.

Condensed Interim Balance Sheet

as at 30 September 2014

	Note	(Un-Audited) 30 September 2014	(Audited) 30 June 2014
	Note	Rupees in	tnousand
ASSETS			
Non-current assets			
Property, plant and equipment Long term investment Long term deposits and prepayments	5 6	855,318 1,790 3,482	847,625 1,830 4,342
		860,590	853,797
Current Assets Stores and spares Stock in trade Trade debts Loans and advances Trade deposits and short term prepayments Accrued financial income Income tax recoverable Cash and bank balances		53,714 1,322,687 351,668 33,911 23,063 - 39,762 125,604 1,950,409	46,458 1,147,773 323,208 34,968 19,258 516 108,348 153,416
TOTAL ASSETS		2,810,999	2,687,742
EQUITY AND LIABILITIES			
Share capital and reserves Share capital Reserves Unappropriated profit		72,600 1,104,275 423,196	72,600 1,104,315 328,341
TOTAL EQUITY		1,600,071	1,505,256
Non-current liabilities Deferred taxation		68,522	68,522
Current liabilities Trade and other payables Mark up accrued on short term borrowings Short term borrowings- Secured Provision for taxation	7	503,446 9,606 445,769 183,585	704,928 5,573 164,530 238,933
TOTAL LIABILITIES		1,210,928	1,182,486
Contingencies and commitments	8	.,0,020	.,.32,.30
TOTAL EQUITY AND LIABILITIES		2,810,999	2,687,742

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.







Condensed Interim Profit and Loss Account (Un-audited)

for the three month period ended 30 September 2014

	30 Sept	ember
	2014	2013
Note	Rupees in t	housand
Sales - net	1,909,639	1,743,317
Cost of sales	1,343,742	1,191,160
Gross profit	565,897	552,157
Distribution cost	324,028	323,949
Administrative expenses	52,250	52,950
Other operating expenses	46,988	41,320
Other income	(16,231)	(15,296)
	407,035	402,923
Operating profit	158,862	149,234
Finance costs	11,007	6,580
Profit before taxation	147,855	142,654
Taxation	53,000	50,000
Net profit for the period	94,855	92,654
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss		
in subsequent periods		
Unrealized (loss) / gain on remeasurement of investments- available for sale	(40)	15
Total comprehensive income	94,815	92,669
		Restated
Earnings per share – basic and diluted (Rupees) 11	13.07	12.76

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.





Condensed Interim Cash Flow Statement (Un-audited)

for the three month period ended 30 September 2014

		30 Septe	
		2014	2013
N	ote	Rupees in t	nousand
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations			
Profit before taxation Adjustments for:		147,855	142,654
Depreciation		41,764	30,507
Interest/mark-up		9,606	5,822
Profit on bank deposits		(704)	(1,088)
Gain on sale of investment Loss/(gain) on disposal of property, plant and equipment		3,768	(215) 148
2033, (gain) on disposar of property, plant and equipment		54,434	35,174
Operating profit before working capital changes		202,289	177,828
(Increase)/decrease in current assets			
Stores and spares		(7,256)	(1,870)
Stock in trade		(174,914)	(30,309)
Trade debts		(28,460)	(47,452)
Loans and advances Trade deposits and short-term prepayments		1,057 (3,805)	(15,142) 1,980
frade deposits and short-term prepayments		(213,378)	(92,793)
Increase/(decrease) in current liabilities		(213,370)	(92,793)
Trade and other payables		(201,482)	(69,604)
Short term borrowings- secured		281,239	(4,948)
		79,757	(74,552)
Cash generated from operations		68,668	10,483
Interest/mark-up paid		(5,573)	(8,636)
Profit on bank deposits-received		1,220	1,496
Income tax paid		(39,762)	(32,042)
Net cash generated from operating activities		24,553	(28,699)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(55,052)	(40,729)
Sale proceeds from disposal of property, plant and equipment		1,827	5,330
Long term deposits paid / received Proceeds from sale of investment		860	90
Proceeds from sale of investment		_	10,075
Net cash used in investing activities		(52,365)	(25,234)
CASH FLOW FROM FINANCING ACTIVITIES		_	_
Net cash used in financing activities		-	-
Net decrease in cash and cash equivalents		(27,812)	(53,933)
Cash and cash equivalents at the beginning of the period		153,416	149,601
Cash and cash equivalents at the end of the period	A	125,604	95,668

A- Cash and cash equivalents includes cash and bank balances as stated in condensed interim balance sheet. The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.



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Condensed Interim Statement of Changes in Equity (Un-audited) for the three month period ended 30 September 2014

		Capital Reserve	j		Revenue Reserve		
					Unrealized		
					gain /(loss) on		
					remeasurement		
	Share	Merger	Reserve for	General		Unappropriated	
	Capital	Reserve	Bonus Issue	Reserve	available for sale	Profits	Total
			Kuļ	Jeez III tiit	Jusanu		
Balance as at 01 July 2013	66,000	5,000	-	950,000	(1,371)	291,409	1,311,038
Net profit for the 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
Transfer to general reserve	-	-	-	150,000	-	(150,000)	-
Dividend @ Rs.10/- per share							
for the year ended 30 June 2013	-	-	-	-	-	(66,000)	(66,000)
Transfer to reserve for issue of bonus share:	s -	-	6,600	-	-	(6,600)	-
Issue of bonus shares @10%							
for the year ended 30 June 2013	6,600	-	(6,600)	-	-	-	-
Net profit for the nine month							
period ended 30 June 2014	-	-	-	-	-	166,878	166,878
Other comprehensive income	-		-	-	671	-	671
Total comprehensive income	-	-	-	-	671	166,878	167,549
Balance as at 30 June 2014	72,600	5,000	-	1,100,000	(685)	328,341	1,505,256
Net profit for the period							
ended 30 September 2014	-	-	-	-	-	94,855	94,855
Other comprehensive income	-	-	-	-	(40)	-	(40)
Total comprehensive income	-		-		(40)	94,855	94,815
Balance as at 30 September 2014	72,600	5,000	-	1,100,000	(725)	423,196	1,600,071

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.





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 preparation

- **2.1** This condensed interim financial information of the Company for the three month period ended 30 September 2014 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 2014.
- **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 audited financial statements for the year ended 30 June 2014.

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/transfers), at cost, made during the three month period ended 30 September 2014 are as follows:

	Additions Rupees in th	Deletions/ Transfers nousand
Owned assets		
Plant and machinery Electric equipment Computers and accessories Empty bottles, shells, pallets and barrels	2,495 488 305 54,802	- - - (10,380)
	58,090	(10,380)
Capital work in progress		
Motor vehicles Plant and machinery Buildings	2,270	(757) (4,550) -
Total	2,270	(5,307)



6.	Long term investment available for sale	Note	(Un-audited) 30 September 2014 Rupees in tho	(Audited) 30 June 2014 ousand
	Quoted Modaraba			
	BRR Guardian Modaraba - Credit rating 'A' 305,000 (30 June 2014: 305,000) certificates of Rs. 10/- each	6.1	2,375	2,375
	Loss on remeasurement		(585)	(545)
			1,790	1,830

6.1 The above investment represents 0.39% (30 June 2014: 0.39%) of the issued certificate capital of the Modaraba.

7. Short term borrowings - secured

The aggregate short term borrowings available from commercial banks under the mark-up arrangement are Rs. (thousand) 1,175,000 (30 June 2014: Rs. (thousand) 1,475,000).

The rate of mark-up ranges between 1 month KIBOR / 3 months KIBOR + 0.25% to 1 month KIBOR / 3 months KIBOR + 0.50% (30 June 2014: 1 month KIBOR + 0.35% 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 (30 June 2014: Rs. (thousand) 1,215,000) and Rs. (thousand) 514,000 (30 June 2014: Rs. (thousand) 948,000) respectively.

The un-utilized facility for opening letters of credit and for guarantees as at 30 September 2014 amounts to Rs. (thousand) 202,313 (30 June 2014: Rs. (thousand) 269,891) and Rs. (thousand) 87,135 (30 June 2014: Rs. (thousand) 110,948), respectively.

8. Contingencies and commitments

a) Contingencies

 There has been no change in the status of the contingencies reported in the annual audited financial statements for the year ended 30 June 2014.

b) Commitments

- Commitments in respect of letter of credit established for the import of tetra pak machinery, raw and packing materials amounts to Rs. (thousand) 247,687 (30 June 2014: Rs. (thousand) 190,466).
- ii) Counter guarantees in favour of banks in the ordinary course of business amounted to Rs. (thousand) 22,865 (30 June 2014: Rs. (thousand) 24,052).

9. 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 Septemb 2014 Rupees in thou	
Transactions during the period		
Associated undertakings		
Purchases of raw materials	191,207	165,39
Sales of finished goods	372	30
Royalty charged	17,759	16,66
Purchases/repairs of electric equipment/vehicles	69	1
Services received	171	13
Remuneration and benefits of Directors, Chief Executive Officer		
and key management personnel	11,871	8,44
Contributions to staff provident fund	1,064	1,08
	(Un-audited) 30 September 2014 Rupees in	(Audited 30 June 2014 thousand
Period / year end balances		
Due to associated undertakings	38,599	34.37
Due from related parties	-	3 1,07
Due to provident fund	87	

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% (30 June 2014: 40%) is given by them on service charges and 15% (30 June 2014: 15%) 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.

10. 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, squashes and syrups etc.

	Juice and Drinks	Others Rupees in thousand	Tot
Sales	1,623,719	285,920	1,909,6
Cost of sales	1,117,961	225,781	1,343,7
Gross profit	505,758	60,139	565,8
Unallocated expenses			
Corporate expenses			(376,2
Finance costs			(11,0
Other operating expenses			(46,9
Other income			16,2
Taxation			(53,0)
Profit after taxation			94.8

Segment analysis of assets and liabilities as at 30 September 2014:

Juice and Drinks	Others Rupees in thousand	Total
2.070.124	501.472	2.570.506
2,078,124	501,472	2,579,596
		231,403
		2,810,999
189,257	149,414	338,671
		872,257
		1,210,928
	2,078,124	Rupees in thousand 2,078,124 501,472

Segment analysis of profit and loss account for three month period ended 30 September 2013:

	Juice and Drinks	Others Rupees in thousand	Total
Sales Cost of sales	1,439,589 954,576	303,728 236,584	1,743,317 1,191,160
Gross profit	485,013	67,144	552,157
Unallocated expenses Corporate expenses Finance costs Other operating expenses Other income Taxation			(376,899) (6,580) (41,320) 15,296 (50,000)
Profit after taxation			92,654

	Juice and Drinks	Others Rupees in thousand	Total
Segment assets	1,911,281	446,385	2,357,66
Unallocated assets			330,07
Total			2,687,74
Segment liabilities	267,418	213,960	481,37
Unallocated liabilities			701,10
Total			1,182,48

	Three month period ended 30 September 2014 Rupees ir	Three month period ended 30 September 2013 n thousand
Profit after taxation attributable to ordinary shareholders	94,855	92,654
Weighted average number of ordinary shares at the end of the period (in thousand)	7,260	Restated 7,260

^{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.

13.07

12. Date of authorization for issue

11. Earnings per share - basic and diluted

Earnings per share - Basic (Rupees)

This condensed interim financial information was authorized for issue by the Board of Directors on 28 October 2014.

13. Appropriations

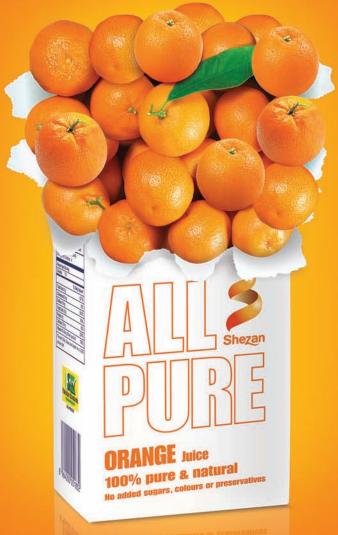
The Board of Directors have proposed a final dividend of Rs.10/- per share, amounting to Rs. (thousand) 72,600 for the year ended 30 June 2014 (30 June 2013: Rs.10/- per share amounting to Rs. (thousand) 66,000) and 10% bonus shares amounting to Rs. (thousand) 7,260 (30 June 2013: 10% bonus shares amounting to Rs. (thousand) 6,600) along with transfer to general reserve amounting to Rs. (thousand) 150,000 (30 June 2013: Rs. (thousand) 150,000) at their meeting held on 26 September 2014 for approval of the members at the Annual General Meeting to be held on 30 October 2014.





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Just Nature's Ingredients



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