



Fruitfully Yours



CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED

31 DECEMBER 2018

Shezan

اس سے بھر دین
زندگی کے میٹ!



حَلَال
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. Muhammad Khalid *	(Independent Director)
Mr. Shahid Hussain Jatoti	(N.I.T. Nominee)

CHIEF FINANCIAL OFFICER:

Mr. Faisal Ahmad Nisar, FCA

COMPANY SECRETARY:

Mr. Khurram Babar

AUDIT COMMITTEE:

Mr. Muhammad Khalid	Chairman
Mr. Muneer Nawaz	Member
Mr. M. Naeem	Member
Mr. Rashed Amjad Khalid	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE:

Mr. Muhammad Khalid	Chairman
Mr. Muneer Nawaz	Member
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

AUDITORS:

EY Ford Rhodes,
Chartered Accountants,
96-B-1, 4th 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.

* Mr. Muhammad Khalid co-opted by the Board w.e.f 04 December 2018.

**Mr. Saifi Chaudhry passed away on 09 September 2018.

DIRECTORS' REVIEW REPORT TO THE MEMBERS

On behalf of the Board of Directors, we are pleased to present Condensed Interim Financial Statements of the Company for the six month period ended 31 December 2018.

ECONOMIC OVERVIEW

Pakistan is facing an increasingly difficult economic situation, with high fiscal and current account deficits and low reserves. The Pak Rupee continuously devalued during the first six months of the current fiscal year against the US Dollar. The government is taking various measures to raise foreign exchange reserves, which could affect the dollar- rupee parity rate during next six months of the current fiscal year. These economic conditions may remain fragile in the near future. The global interest rates are rising as well and the tighter liquidity position will pose challenges for Pakistan.

FINANCIAL PERFORMANCE

Summarized operating performance of the Company for the six month period ended 31 December 2018 is as follows:

Particulars	31 December 2018	31 December 2017
	Rupees in thousand	
Revenue – Net	3,437,835	3,336,994
Profit before taxation	78,795	250,118
Profit after taxation	85,551	169,720
Earnings per share (Rs.)	9.74	(Restated) 19.32

On the operational side, we would like to apprise our shareholders that October-December is our leanest quarter due to seasonal nature of our products. Further, numerous external factors posed challenges to the business. For the six month period ended revenue grew by 3.02%. This growth in the sales was not sufficient to sustain the impact of increase in production and distribution costs. Revenue growth could not be materialized in terms of profits due to fixed overheads and increased cost of packing and raw materials. Another factor that left adverse impact on Company's profits was increase in the prices of utilities, which led to cost escalation.

Our export team is endeavoring hard to capture business opportunities in markets of USA, Europe, Asia and Middle East that has resulted in steady increase in our export sales. Further, they participated in various international exhibitions to introduce our brand to potential customers.

FUTURE OUTLOOK

The third quarter will again be a challenging one. The government is trying to stabilize the economy by withdrawing subsidies on utilities and commodities as well as by imposing various levies and taxes on all sorts of goods. Devaluation of Pak Rupee, increase in the energy and utility prices, increase in import regulatory duties and increase in raw material prices will have effect on future profitability of the Company.

Despite the head winds, the growing demand of our juices in the market is an encouraging sign; and reflects the strength of our brand and its ability to compete in the most trying economic conditions. The Company has planned to materialize this potential demand by induction of new high speed and state of art production lines.

Further, subsequent to the decision of the Honourable Supreme Court of Pakistan in Suo Moto case no. 26 of 2018 regarding use of ground or surface water by bottling and beverage companies, the Company is subject to a potential water charge of Rs. 1/- per liter on water extraction or use of surface water. The Company is actively contesting this decision of the Honourable Supreme Court and has filed a review petition.

CHANGES IN THE BOARD

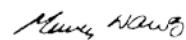
Our Company's respectable Independent Director Mr. Saifi Chaudhry passed away in September 2018, in his place the Board co-opted Mr. Muhammad Khalid as Independent Director with effect from 04 December 2018.

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

Lahore:
22 February 2019.


Humayun A. Shah Nawaz
Chief Executive

ڈائریکٹرز جائزہ رپورٹ برائے ممبران

ہم بورڈ آف ڈائریکٹرز کی جانب سے اختتام شدہ ششماہی 31 دسمبر 2018ء کیلئے کمپنی کے عبوری مالیاتی نتائج پیش کرتے ہیں۔

معاشی جائزہ:

پاکستان بڑھتے ہوئے مشکل معاشی حالات سے گزر رہا ہے۔ جسکی بنیادی وجہ بڑھتا ہوا مالیاتی خسارہ اور کم ہوتے ذخائر ہیں۔ پاکستانی روپیہ کی قدر کم ہونے کی وجہ سے درآمدی اور برآمدی اور زر سہیل کی لاگت کے اثرات کو جذب کر سکتا۔ فروخت میں یہ اضافہ ٹیکسٹ اور ہینڈ اور بڑھتی ہوئی خام مال اور پیکنگ اقدامات بخاری ہے، جن کے مگد اثرات اگلے چھ ماہ میں نظر آئیں گے۔ تاہم مستقبل قریب میں معاشی حالات ای طرح ابتر ہیں گے۔ بین الاقوامی سود کی شرح میں اضافہ اور کم ضمن مالیاتی حالات پاکستان کیلئے بڑھتی ہوئی ہوں گے۔

مالیاتی کارکردگی:

اختتام شدہ ششماہی 31 دسمبر 2018ء کے لئے کمپنی کے عبوری مالیاتی نتائج مختصر اور ج ذیل ہیں۔

تفصیل	31 دسمبر 2018	31 دسمبر 2017
روپے ہزاروں میں		
فروخت	3,437,835	3,336,994
منافع قبل از ٹیکس	78,795	250,118
منافع بعد از ٹیکس	85,551	169,720
فی شخص آمدنی - (روپوں میں)	9.74	19.32 (ریٹینڈ)

مالیاتی کارکردگی:

ہم حصص داران کو تازے تجزیوں کی کمپنی کی مصنوعات موسمی نوعیت کی ہیں اور اس وجہ سے ڈسمبر سہ ماہی تک کاروباری دوران یہ انتہائی ست ہوتا ہے۔ اسکے علاوہ بیرونی حالات نے بھی کاروبار کیلئے مسائل پیدا کیے رکھے۔ کمپنی کی چھ ماہ کی فروخت میں 3.02% کا اضافہ ہوا۔ لیکن فروخت میں یہ اضافہ اتنا نہ تھا کہ بڑھتی ہوئی پیداواری اور زر سہیل کی لاگت کے اثرات کو جذب کر سکتا۔ فروخت میں یہ اضافہ ٹیکسٹ اور ہینڈ اور بڑھتی ہوئی خام مال اور پیکنگ کی لاگت کی وجہ سے منافع میں تبدیلی نہ ہو سکا۔ مزید برآں کمپنی کے منافع پر یوٹیلیٹی کی بڑھتی ہوئی قیمتوں نے بھی بہت بُرا اثر چھوڑا۔ اور اس وجہ سے بھی لاگت میں اضافہ ہوا۔ ہماری ایکسپورٹ کی ٹیم یورپ، ایشیا، اور مڈل ایسٹ کی منڈیوں میں کاروبار کے مواقع حاصل کرنے کی بھرپور کوشش کر رہی ہے جسکی وجہ سے ہماری برآمدات میں خاطر خواہ اضافہ ہوا ہے۔ ایکسپورٹ کی ٹیم نے متعدد بین الاقوامی نمائشوں میں بھی حصہ لیا تاکہ بین الاقوامی منڈیوں میں اپنے برانڈ کو متعارف کروا سکے۔

مستقبل کے امکانات:

تیسری سہ ماہی بھی ادارے کیلئے کھن رہے گی۔ گورنمنٹ معاشی حالات کو متوازن کرنے کیلئے نئے محصولات کیساتھ ساتھ یوٹیلیٹی کی قیمتوں میں سے سبسڈی بھی واپس لے رہی ہے۔ گرتی ہوئی روپے کی قدر، بجلی کی بڑھتی ہوئی قیمتیں، درآمدی ڈیوٹی میں اضافہ اور خام مال کی قیمتوں میں اضافہ بھی ادارے کے منافع پر اثر انداز ہوگا۔

مشکل ترین حالات کے باوجود، ہمارے جس کی بڑھتی ہوئی مانگ ہمارے لئے حوصلہ مند ہے، اور ہمارے مضبوط برانڈ کی عکاس اور اسکی مشکل ترین معاشی حالات میں بھی مقابلے کی استطاعت کو ظاہر کرتی ہے۔ ادارے نے بڑھتی ہوئی طلب کو پورا کرنے کیلئے پیداواری تیز ترین مشینری لگانے کیلئے منصوبہ بندی کی ہے۔

مزید برآں قابل اہل احرام سپریم کورٹ کے ازخود نوٹس نمبر 26/2018 کے فیصلے میں جو کہ پانی اور مشروبات بنانے والی کمپنیوں کے زیر زمین سطحی پانی کے استعمال سے متعلق ہے، کمپنی کو مکمل طور پر زیر زمین سطحی پانی کے استعمال پر ایک رو پیٹی لیٹر قیمت ادا کرنا پڑے گی۔ کمپنی نے قابل احرام سپریم کورٹ کے اس فیصلے پر نظر ثانی کی درخواست دائر کی ہے۔

بورڈ میں تبدیلی:

ہمارے ادارے کے ایک انتہائی قابل احرام آزاد ڈائریکٹر محترم سہتی چوہدری جنبر 2018ء میں وفات پا گئے تھے اور بورڈ نے انکی جگہ محترم محمد خالد صاحب کو 04 دسمبر 2018ء سے آزاد ڈائریکٹر کی حیثیت سے منتخب کر لیا ہے۔

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 شکریہ ادا کرتا چاہیں گے جو ہمیں تمام صارفین، دینڈرز، حصص داران اور سٹیک ہولڈرز کی جانب سے ملا۔

بورڈ آف ڈائریکٹرز کی ایماہ پر

H. S. S. S.

ہمایوں اے شاہواز
چیف ایگزیکٹو

Muhammad Nawaz

منیر نواز
جنرل مین
لاہور

22 فروری 2019ء -



Chaska Ka Double Dose



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Shezan International Limited
Report on Review of Condensed Interim Financial Statements for the Six Month Period Ended 31 December 2018

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Shezan International Limited as at 31 December 2018 and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the condensed interim financial statements for the six month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements 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 statements 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 condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures of the condensed interim statement of comprehensive income and related notes for the quarters ended 31 December 2018 and 31 December 2017 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended 31 December 2018.

The engagement partner on the audit resulting in this independent auditor's review report is Abdullah Fahad Masood.

Lahore:
25 February 2019.

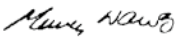
EY Ford Rhodes
EY Ford Rhodes
Chartered Accountants

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	(Un-Audited) 31 December 2018	(Audited) 30 June 2018
		Rupees in thousand	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,518,666	1,329,038
Long-term investment	7	2,458	2,667
Long-term receivable		41,301	43,611
Long-term deposits		4,788	4,758
		1,567,213	1,380,074
CURRENT ASSETS			
Stores and spares		134,432	124,439
Stock-in-trade		1,415,883	1,720,889
Right to recover asset		14,171	-
Trade debts		102,187	116,219
Loans and advances		38,137	175,095
Trade deposits and short term prepayments		30,976	49,068
Interest accrued		466	354
Income tax recoverable		556,325	513,459
Cash and bank balances		130,122	152,949
		2,422,700	2,852,472
TOTAL ASSETS		3,989,913	4,232,546
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		87,846	79,860
Reserves		2,005,083	1,805,292
Unappropriated profits		90,275	424,325
TOTAL EQUITY		2,183,204	2,309,477
NON-CURRENT LIABILITIES			
Deferred taxation		21,082	51,465
CURRENT LIABILITIES			
Trade and other payables		404,619	739,463
Contract liabilities		92,746	93,006
Unclaimed dividend		4,149	2,621
Short-term borrowings	8	671,874	553,262
Interest accrued on borrowings		9,199	4,444
Refund liability		100,605	-
Provision for taxation		502,435	478,808
		1,785,627	1,871,604
TOTAL LIABILITIES		1,806,709	1,923,069
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		3,989,913	4,232,546

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


Director

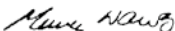

Chief Executive


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2018

	Note	Six month period ended 31 December		Three month period ended 31 December	
		2018	2017	2018	2017
		Rupees in thousand		Rupees in thousand	
			Restated		Restated
Sales - net		3,437,835	3,336,994	1,231,848	1,237,709
Cost of sales		2,763,779	2,504,208	1,072,118	988,939
Gross profit		674,056	832,786	159,730	248,770
Distribution costs		398,620	380,351	161,826	147,544
Administrative expenses		157,369	143,960	73,917	70,763
Other operating expenses		64,583	67,650	24,408	17,784
Other income		(44,535)	(21,222)	(26,869)	(10,726)
		576,037	570,739	233,282	225,365
Operating profit / (loss)		98,019	262,047	(73,552)	23,405
Finance costs		19,224	11,929	9,010	3,845
Profit / (loss) before taxation		78,795	250,118	(82,562)	19,560
Taxation					
Current		23,627	84,289	(29,300)	(3,975)
Deferred		(30,383)	(3,891)	(30,383)	(3,891)
Net profit / (loss) for the period		85,551	169,720	(22,879)	27,426
Other comprehensive income / (loss)					
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):					
Unrealized gain / (loss) on remeasurement of investments - available for sale		(209)	(406)	45	(296)
Total comprehensive income / (loss)		85,342	169,314	(22,834)	27,130
Earnings per share - basic and diluted (Rupees) 10		9.74	19.32	(2.60)	3.12

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


Director


Chief Executive


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2018

Six month period
31 December
2018 2017
Rupees in thousand

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations:

Profit before taxation	78,795	250,118
Adjustments to reconcile profit before tax to net cash:		
Depreciation	115,054	97,202
Interest/ markup expense	20,728	10,642
Un-winding of interest	(3,323)	-
Profit on bank deposits	(1,707)	(1,150)
Loss on disposal of property, plant and equipment	13,168	10,641
	143,920	117,335
Operating profit before working capital changes	222,715	367,453

(Increase)/decrease in current assets:

Stores and spares	(9,993)	(15,208)
Stock-in-trade	305,006	41,578
Right to recover asset	3,674	-
Trade debts	14,032	71,587
Loans and advances	136,958	83,631
Trade deposits and short-term prepayments	18,092	(9,950)
	467,769	171,638

Increase/(decrease) in current liabilities:

Trade and other payables	(334,844)	(242,195)
Contract liabilities	(260)	-
Refund liability	(9,065)	-
Short-term borrowings	118,612	117,422
	(225,557)	(124,773)

Cash generated from operations

	464,927	414,318
Interest expense paid	(12,650)	(9,954)
Profit on bank deposits received	1,595	1,219
Income tax paid	(42,866)	(78,813)
Long-term receivable received	2,310	-
Long-term deposits paid	(30)	(1,075)

Net cash generated from operating activities

413,286 325,695

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(326,820)	(85,474)
Sale proceeds from disposal of property, plant and equipment	8,969	7,399
Net cash used in investing activities	(317,851)	(78,075)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long-term loan	-	(60,000)
Dividends paid	(118,262)	(102,934)
Net cash used in financing activities	(118,262)	(162,934)

Net (decrease)/ increase in cash and cash equivalents

(22,827) 84,686

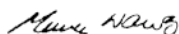
Cash and cash equivalents at the beginning of the period

152,949 73,227

CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

130,122 157,913

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


Director



Chief Executive


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2018

	Capital Reserve		Revenue Reserve			Total	
	Share Capital	Merger Reserve	Reserve for issue of bonus share	General Reserve	Unrealized gain / (loss) on remeasurement of Investments - available for sale		Unappropriated Profits
Rupees in thousand							
Balance as at 01 July 2017	79,860	5,000	-	1,600,000	502	337,343	2,022,705
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
Balance as at 31 December 2017	79,860	5,000	-	1,800,000	96	199,252	2,084,208
Balance as at 01 July 2018 as reported	79,860	5,000	-	1,800,000	292	424,325	2,309,477
Impact of restatement (note 3.1.1 c)	-	-	-	-	-	(91,825)	(91,825)
Balance as at 01 July 2018 - Restated	79,860	5,000	-	1,800,000	292	332,500	2,217,652
Transfer to General Reserve	-	-	-	200,000	-	(200,000)	-
Final dividend @ Rs.15/- per share for the year ended 30 June 2018	-	-	-	-	-	(119,790)	(119,790)
Transfer to reserve for issue of bonus shares	-	-	7,986	-	-	(7,986)	-
Issue of bonus shares @ 10% for the year ended 30 June 2018	7,986	-	(7,986)	-	-	-	-
Profit for the six month period ended 31 December 2018	-	-	-	-	-	85,551	85,551
Other comprehensive loss	-	-	-	-	(209)	-	(209)
Total comprehensive income	-	-	-	-	(209)	85,551	85,342
Balance as at 31 December 2018	87,846	5,000	-	2,000,000	83	90,275	2,183,204

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


Director


Chief Executive


Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2018

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 These condensed interim financial statements of the Company for the six month period ended 31 December 2018 have been prepared in accordance with the Accounting and Reporting Standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.
- Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do 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 2018.

2.3 These condensed interim financial statements are 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 2018.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended 30 June 2018, except as follows:

3.1 New / Revised Standards, Interpretations and Amendments

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

- IFRS 15 - Revenue from Contracts with Customers
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration

The Company applied, for the first time, IFRS 15 Revenue from Contracts with Customers. As required by IAS 8, the nature and effect of these changes are disclosed below:

3.1.1 IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

a) Condensed interim statement of financial position

In condensed interim statement of financial position, the corresponding figure of trade and other payables amounting to Rs. (thousand) 93,006 has been reclassified to contract liabilities. Contract liabilities are recognized in respect of Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from a customer. Amounts as at 30 June 2018 have also been reclassified as follows for the purpose of comparability:

As at 30 June 2018

Description	Carrying Amount	Reclassification	IFRS 15
	As stated		Carrying Amount
Trade and other payables	832,469	(93,006)	739,463
Contract liabilities	-	93,006	93,006
	832,469	-	832,469

b) Condensed interim statement of comprehensive income

In condensed interim statement of comprehensive income, the corresponding figures of distribution costs (cost of free sampling) for the six month period and for the three month period amounting to Rs. (thousand) 87,354 and Rs. (thousand) 37,062, respectively and other operating expenses for the six month period and for the three month period amounting to Rs. (thousand) 36,104 and Rs. (thousand) 18,252, respectively, have been reclassified to cost of sales. As a result, corresponding gross profit for the six month period has decreased by Rs. (thousand) 123,458 and for the three month period it has decreased by Rs. (thousand) 55,314. Amounts for the six month period ended 31 December 2017 have been reclassified as follows for the purpose of comparability:

Six month period ended 31 December 2017

Description	Carrying Amount	Reclassification	IFRS 15
	As stated		Carrying Amount
Distribution costs	467,705	(87,354)	380,351
Operating expenses	103,754	(36,104)	67,650
Cost of sales	2,380,750	123,458	2,504,208
	2,952,209	-	2,952,209

- c) Contracts with right to recover have the following impact accounted for as a cumulative catch-up adjustment to opening retained earnings under the modified retrospective model of transition:

01 July 2018

Description	Carrying Amount	Cumulative catch-up adjustment	IFRS 15
	As stated		Carrying Amount
Right to recover asset	-	17,845	17,845
Refund liability	-	(109,670)	(109,670)
Retained earnings	(424,325)	91,825	(332,500)
	(424,325)	-	(424,325)

There is no material impact on the condensed interim statement of cash flows. The basic and diluted EPS for the six month period ended 31 December 2018 would have been lower by Rs. 0.61 per share had the standard not been adopted.

SALE OF GOODS

The Company's contracts with customers for the sale of goods generally include one performance obligation for both local and export sales i.e. provision of goods to the customers.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2018

LOCAL SALES

The Company has concluded that revenue from sale of goods should be recognized at the point in time when control of the goods is transferred to the customer, generally on dispatch of products from the factory (ex-factory). There has been an impact on amount of revenue recognized due to right to recover under the contracts.

Amount of revenue recognized has been impacted due to expected returns as follows:

- a) a refund liability for the received consideration from a customer against the products that are expected to be returned has been recorded;
- b) a right to recover asset has been recognized (with the corresponding adjustment in cost of sales) for Company's right to recover products from customer on settling refund liability; and
- c) revenue for the transferred products only has been recognized; revenue for the expected returned goods has not been recognized.

EXPORT SALES

The Company has concluded that revenue from sale of goods should be recognized at the point in time when control of the goods is transferred to the customer, i.e. on the related receipt of shipment delivery document. Therefore, this did not result in an impact on timing of recognition of revenue.

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 / (deletions)/ transfers (at cost), made during the six month period ended 31 December 2018 are as follows:

	Additions	Deletions/ Transfers
	Rupees in thousand	
OWNED ASSETS		
Buildings on freehold land	6,228	-
Plant and machinery	199,195	-
Laboratory equipment	148	-
Furniture and fixtures	4,950	-
Motor vehicles	8,725	(4,227)
Forklifts	5,415	-
Electric equipment	11,426	-
Computers and accessories	1,725	-
Empty bottles, shells, pallets and barrels	82,291	(63,010)
	320,103	(67,237)
CAPITAL WORK IN PROGRESS		
Motor vehicles	-	(5,540)
Furniture and fixtures	555	(4,817)
Plant and machinery	204,999	(192,279)
Buildings on free hold land	10,026	(6,228)
	215,580	(208,864)
	535,683	(276,101)

	Note	(Un-Audited) 31 December 2018	(Audited) 30 June 2018
		Rupees in thousand	
7 LONG TERM INVESTMENT - AVAILABLE FOR SALE			
Quoted - Modaraba			
BRR Guardian Modaraba - Credit rating 'A'			
305,000 (30 June 2018: 305,000)			
	7.1	2,375	2,375
		83	292
		2,458	2,667

7.1 The above investment represents 0.39% (30 June 2018: 0.39%) of the issued certificate capital of the Modaraba.

7.2 This investment is placed under a shariah permissible agreement.

8 SHORT TERM BORROWINGS - SECURED

The aggregate short-term borrowings available from commercial banks under mark-up / interest arrangements are Rs. (thousand) 2,125,000 (30 June 2018: Rs. (thousand) 2,125,000). The un-utilized portion of the said facility amounts to Rs. (thousand) 1,453,126 (30 June 2018: Rs. (thousand) 1,571,738).

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 2018: 1 month KIBOR plus 0.08% to 1 month KIBOR / 3 months KIBOR plus 0.25%), payable monthly / quarterly.

The facilities are secured against first registered joint pari passu hypothecation charge on current assets of the Company up to Rs. (thousand) 2,314,000 (30 June 2018: Rs. (thousand) 2,314,000).

The un-utilized facility for opening letters of credit and for guarantees amounts to Rs. (thousand) 206,735 (30 June 2018: Rs. (thousand) 206,672) and Rs. (thousand) 69,559 (30 June 2018: Rs. (thousand) 75,521), respectively.

9 CONTINGENCIES AND COMMITMENTS

9.1 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 2018 except for the following:

The Company, along-with several other bottling / beverage companies, is involved in litigation arising from a suo moto notice of the Honorable Supreme Court of Pakistan (case no. 26 of 2018) regarding use of ground/surface water. The exposure is a potential water charge of Re. 1/- liter on water extracted / use of surface water. The Company is contesting this decision of Honorable Supreme Court and has filed a review petition through its legal counsel. Due to non-availability of information regarding the quantity of water extracted as well as the period to which this charge will be applied, the potential amount of exposure, if any, which may arise cannot be estimated.

9.2 COMMITMENTS

- (i)** Commitments in respect of letters of credit established for the import of raw, packing materials and plant and machinery amounted to Rs. (thousand) 343,265 (30 June 2018: Rs. (thousand) 43,328).
- (ii)** Counter-guarantees in favor of banks in the ordinary course of business, amounted to Rs. (thousand) 40,441 (30 June 2018: Rs. (thousand) 34,479).
- (iii)** The Company is subject to purchase commitments aggregating to Rs. (thousand) 221,710 (30 June 2018: Rs. (thousand) 412,851) in respect of plant and machinery.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2018

	(Un-Audited)			
	Six month period ended 31 December		Three month period ended 31 December	
	2018	2017	2018	2017
	Rupees in thousand		Rupees in thousand	
10 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit after taxation attributable to ordinary shareholders (Rupees in thousand)	85,551	169,720	(22,879)	27,426
Weighted average number of ordinary shares at the end of the period (in thousand)	8,785	Restated 8,785	8,785	Restated 8,785
Earnings per share - Basic and diluted (Rupees)	9.74	19.32	(2.60)	3.12

10.1 No 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.

11 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 then 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, the Company has retained 5% of the bonus shares issued to plaintiff shareholders.

12 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 transactions with them are as follows:

	(Un-Audited)	
	Six month period ended 31 December	
	2018	2017
	Rupees in thousand	
Transactions during the period:		
<i>Associated undertakings</i>		
Purchases of raw materials	288,873	303,826
Sales of finished goods	83	45
Royalty charged	36,943	36,709
Purchases/repairs of electric equipment/vehicles	68	71
Contributions to staff provident fund	2,999	2,985
		*Restated
Remuneration and benefits of Directors, Chief Executive and key management personnel	22,009	18,539

* Comparatives for Executives' remuneration have been restated in line with change in definition of Executive brought about by the application of Companies Act, 2017.

		(Un-Audited) 31 December 2018	(Audited) 30 June 2018
	Relationship with the Company	Rupees in thousand	
Period / year end balances:			
Due to related parties	Associate	43,421	59,648
Due from related parties	Associate	–	145,020
Due to staff provident fund	Employees' Fund	100	–

13 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 Chief Executive. The Chief Executive considers the business from the product perspective and evaluates performance on the basis of their profit or loss. As at 31 December 2018, the Company is organized into two operating segments based on their products.

JUICE DRINKS

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

OTHERS

Others include pickles, ketchup, sauces, jams etc.

Profit and loss account for the six month period ended 31 December 2018 (Un-Audited):

	Juices and Drinks	Others	Total
	Rupees in thousand		
Sales	2,978,236	459,599	3,437,835
Cost of sales	(2,286,447)	(477,332)	(2,763,779)
Gross profit/ (loss)	691,789	(17,733)	674,056
Unallocated expenses and income			
Distribution costs			(398,620)
Administrative expenses			(157,369)
Other operating expenses			(64,583)
Other income			44,535
Finance costs			(19,224)
Taxation			6,756
Profit after taxation			85,551
Assets and liabilities as at 31 December 2018 (Un-Audited):			
Segment assets	2,755,032	449,731	3,204,763
Unallocated assets			785,150
Total			3,989,913
Segment liabilities	307,436	131,749	439,185
Unallocated liabilities			1,367,524
Total			1,806,709

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2018

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

	Juices and Drinks	Others Rupees in thousand	Total
Sales	2,891,642	445,352	3,336,994
Cost of sales	(2,094,695)	(409,513)	(2,504,208)
Gross profit	796,947	35,839	832,786
Unallocated expenses and income			
Distribution costs			(380,351)
Administrative expenses			(143,960)
Other operating expenses			(67,650)
Other income			21,222
Finance costs			(11,929)
Taxation			(80,398)
Profit after taxation			169,720

Assets and liabilities as at 30 June 2018 (Audited):

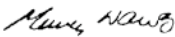
Segment assets	2,751,499	745,561	3,497,060
Unallocated assets			735,486
Total			4,232,546
Segment liabilities	506,644	241,774	748,418
Unallocated liabilities			1,174,651
Total			1,923,069

14 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors on 22 February 2019.

15 GENERAL

Figures in these condensed interim financial statements have been rounded off to the nearest thousand of rupees unless otherwise stated.


Director


Chief Executive


Chief Financial Officer



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