



CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE SIX MONTH PERIOD ENDED  
**31 DECEMBER 2015**



# INGREDIENTS



FOR THE GROWING BRAND

FLAVORS  
& FUN



## 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

### Website:

www.shezan.com

### Auditors:

Ernst & Young Ford Rhodes Sidat Hyder,  
Chartered Accountants,  
96-B-1, 4<sup>th</sup> Floor, Pace Mall Building,  
M.M. Alam Road, Gulberg II, 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.  
JS Bank Limited.



## Directors' Report to the Members

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The Board of Directors is pleased to present its report together with the un-audited condensed interim financial information for the six month period ended 31 December 2015.

For the half year under review, your Company recorded a turnover of Rs. 2.887 billion as against Rs. 3.204 billion in the corresponding period of 2014. The turnover decreased by 9.91%. The cost of sales was Rs. 2.114 billion against Rs. 2.281 billion in the corresponding period of 2014. Thus, the Company earned gross profit of Rs. 773.710 million as against Rs. 923.332 million for the period ended 31 December 2015. The decline in turnover was mainly due to the huge decrease in export sales in the African region. Further increase in the minimum threshold of wages also affected the profit margins due to increase in salaries and wages expenses. The distribution cost decreased by 15.58% as compared to the previous period. The decrease in distribution cost was mainly due to the reduction in oil prices and advertisement activities. The finance cost during the half year was Rs. 28.080 million as against Rs. 26.490 million of the corresponding period. The increase in finance cost was due to short term borrowings for working capital requirements during the period to stock the seasonal fruit/vegetable pulps and packaging materials to fulfill the sales demands of the Company, as well as the markup on long term loan.

In the second quarter ended 31<sup>st</sup> December, turnover was Rs. 1.184 billion as against Rs. 1.295 billion of corresponding quarter of 2014. Gross profit has decreased to Rs. 299.560 million. Earnings per share were at Rs. 0.36 and Rs. 7.45 for the quarter and six month period respectively. Here we would like to inform that October-December is our leanest quarter due to seasonal nature of our products.

Our export sales mainly consist of exports to Southern Africa region, which were badly affected by the decline in oil prices, resulting in revision of fiscal policies of that region coupled with massive devaluation in their local currency. The Company does not foresee any betterment in this situation in the near future. However, our local sales have shown an encouraging growth trend during the last six months.

The Company has converted its one portion pack slim line machine into base line at its Lahore factory, to meet rising demand as well as to re-align itself for future growth coverage and to reduce the freight cost of portion pack juice. Currently, it is being supplied from our Hattar factory to cater the supply demand of central region.

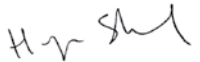
We are hopeful that, by the grace of Allah, we will continue to apply our strategy for growth, and believe that our business is well positioned to deliver sustainable growth in the future. The third quarter will be challenging. We will strive to improve our profit margins, which have been under pressure due to decreased sales and increased cost of production. Our prime season falls in summer months and the take-off starts in end March, with a peak from April to June.

We would like to place on record our appreciation for the commitment, devotion and hard work of all employees of the Company.

For and on Behalf of the Board of Directors

Karachi:

24 February 2016.

  
**Humayun A. Shahnawaz**  
 Chief Executive



## Auditors' Report to the Members on Review of Interim Financial Information

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### Introduction

We have reviewed the accompanying condensed interim balance sheet of Shezan International Limited ('the Company') as at 31 December 2015 and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and condensed notes to the interim financial information for the six month period then ended (here-in-after referred to as the 'interim financial information'). Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of review

We conducted our review in accordance with the International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore:

24 February 2016.

*Ernie Yang Farooq Hameed Farooq Hameed*

Chartered Accountants  
Engagement Partner: Farooq Hameed



## Condensed Interim Balance Sheet

as at 31 December 2015

|   | Note | (Un-Audited)<br>31 December<br>2015 | (Audited)<br>30 June<br>2015 |
|---|------|-------------------------------------|------------------------------|
| Rupees in thousand                        |      |                                     |                              |
| <b>ASSETS</b>                             |      |                                     |                              |
| <b>NON-CURRENT ASSETS</b>                 |      |                                     |                              |
| Property, plant and equipment             | 5    | 1,171,755                           | 1,199,334                    |
| Long term investment                      | 6    | 2,221                               | 2,358                        |
| Long term deposits and prepayments        |      | 4,802                               | 3,561                        |
|   |      | 1,178,778                           | 1,205,253                    |
| <b>CURRENT ASSETS</b>                     |      |                                     |                              |
| Stores and spares                         |      | 66,584                              | 57,967                       |
| Stock in trade                            |      | 1,375,654                           | 1,453,506                    |
| Trade debts                               |      | 217,669                             | 305,770                      |
| Loans and advances                        |      | 114,150                             | 27,062                       |
| Trade deposits and short term prepayments |      | 26,577                              | 15,798                       |
| Interest accrued                          |      | 327                                 | 292                          |
| Income tax recoverable                    |      | 253,509                             | 206,677                      |
| Cash and bank balances                    |      | 98,964                              | 143,255                      |
|   |      | 2,153,434                           | 2,210,327                    |
| <b>TOTAL ASSETS</b>                       |      | <b>3,332,212</b>                    | <b>3,415,580</b>             |
| <b>EQUITY AND LIABILITIES</b>             |      |                                     |                              |
| <b>SHARE CAPITAL AND RESERVES</b>         |      |                                     |                              |
| Share capital                             |      | 79,860                              | 79,860                       |
| Reserves                                  |      | 1,454,706                           | 1,254,843                    |
| Unappropriated profit                     |      | 165,110                             | 393,459                      |
| <b>TOTAL EQUITY</b>                       |      | <b>1,699,676</b>                    | <b>1,728,162</b>             |
| <b>NON-CURRENT LIABILITIES</b>            |      |                                     |                              |
| Long term loan - secured                  | 7    | 150,000                             | 210,000                      |
| Deferred taxation                         |      | 86,215                              | 74,498                       |
| <b>CURRENT LIABILITIES</b>                |      |                                     |                              |
| Trade and other payables                  |      | 340,149                             | 778,894                      |
| Interest accrued on borrowings            |      | 7,456                               | 10,677                       |
| Current portion of long term loan         | 7    | 120,000                             | 90,000                       |
| Short term borrowings - secured           | 8    | 677,017                             | 280,000                      |
| Provision for taxation                    |      | 251,699                             | 243,349                      |
|   |      | 1,396,321                           | 1,402,920                    |
| <b>TOTAL LIABILITIES</b>                  |      | <b>1,632,536</b>                    | <b>1,687,418</b>             |
| <b>CONTINGENCIES AND COMMITMENTS</b>      | 9    |                                     |                              |
| <b>TOTAL EQUITY AND LIABILITIES</b>       |      | <b>3,332,212</b>                    | <b>3,415,580</b>             |

The annexed notes from 1 to 15 form an integral part of this interim financial information.

*Muhammad Nawaz*  
Chairman

*H. V. Shah*  
Chief Executive



## Condensed Interim Profit and Loss Account (Un-Audited) for the six month period ended 31 December 2015

|  | Note | Six month period ended<br>31 December |                | Three month period ended<br>31 December |                |
|--|------|---------------------------------------|----------------|---|----------------|
|  |      | 2015                                  | 2014           | 2015                                    | 2014           |
|  |      | Rupees in thousand                    |                | Rupees in thousand                      |                |
| Sales - net  |      | 2,887,219                             | 3,204,857      | 1,184,493                               | 1,295,218      |
| Cost of sales  |      | 2,113,509                             | 2,281,525      | 884,933                                 | 937,783        |
| <b>Gross profit</b>  |      | <b>773,710</b>                        | <b>923,332</b> | <b>299,560</b>                          | <b>357,435</b> |
| Distribution cost  |      | 497,615                               | 589,427        | 205,916                                 | 265,399        |
| Administrative expenses  |      | 105,408                               | 101,037        | 51,066                                  | 48,787         |
| Other operating expenses   |      | 87,286                                | 76,638         | 36,724                                  | 29,650         |
| Other income   |      | (24,243)                              | (28,054)       | (10,193)                                | (11,823)       |
|  |      | <b>666,066</b>                        | <b>739,048</b> | <b>283,513</b>                          | <b>332,013</b> |
| Operating profit   |      | 107,644                               | 184,284        | 16,047                                  | 25,422         |
| Finance cost   |      | 28,080                                | 26,490         | 13,699                                  | 15,483         |
| Profit before taxation   |      | 79,564                                | 157,794        | 2,348                                   | 9,939          |
| Taxation   |      | 20,067                                | 47,500         | (533)                                   | (5,500)        |
| <b>Net profit for the period</b>   |      | <b>59,497</b>                         | <b>110,294</b> | <b>2,881</b>                            | <b>15,439</b>  |
| <b>Other comprehensive income</b>  |      |                                       |                |   |                |
| Item to be reclassified to profit or loss<br>in subsequent periods:                          |      |                                       |                |   |                |
| -Unrealized (loss) / gain on remeasurement<br>of investments available for sale (net of tax) |      |                                       |                |   |                |
|  |      | (137)                                 | 381            | 40                                      | 421            |
| <b>Total comprehensive income for the period</b>   |      | <b>59,360</b>                         | <b>110,675</b> | <b>2,921</b>                            | <b>15,860</b>  |
| <b>Earnings per share - basic and diluted (Rupees)</b>                                       | 10   | 7.45                                  | 13.81          | 0.36                                    | 1.93           |

The annexed notes from 1 to 15 form an integral part of this interim financial information.

*Muhammad Nawaz*  
Chairman

*H. N. Shah*  
Chief Executive



## Condensed Interim Cash Flow Statement (Un-Audited)

for the six month period ended 31 December 2015

|  | Six month period ended<br>31 December |               |
|--|---------------------------------------|---------------|
|  | 2015                                  | 2014          |
|  | Rupees in thousand                    |               |
| <b>Cash flow from operating activities:</b>                  |                                       |               |
| Cash generated from operations                               |                                       |               |
| Profit before taxation                                       | 79,564                                | 157,794       |
| Adjustments for:   |                                       |               |
| Depreciation   | 102,070                               | 79,941        |
| Interest expense   | 26,533                                | 23,787        |
| Profit on bank deposits                                      | (1,173)                               | (1,417)       |
| Loss on disposal of property, plant and equipment            | 4,995                                 | 3,719         |
|  | 132,425                               | 106,030       |
| Operating profit before working capital changes              | 211,989                               | 263,824       |
| (Increase)/decrease in current assets                        |                                       |               |
| Stores and spares  | (8,617)                               | (9,209)       |
| Stock in trade   | 77,852                                | (195,433)     |
| Trade debts  | 88,101                                | (40,361)      |
| Loans and advances   | (87,088)                              | 3,301         |
| Trade deposits and short term prepayments                    | (10,779)                              | (46,306)      |
|  | 59,469                                | (288,008)     |
| Increase/(decrease) in current liabilities                   |                                       |               |
| Trade and other payables                                     | (441,106)                             | (282,531)     |
| Short term borrowings - secured                              | 397,017                               | 813,556       |
|  | (44,089)                              | 531,025       |
| Cash generated from operations                               | 227,369                               | 506,841       |
| Interest/mark-up paid  | (29,754)                              | (11,334)      |
| Profit on bank deposits received                             | 1,138                                 | 1,583         |
| Income tax paid  | (46,832)                              | (82,747)      |
| Net cash generated from operating activities                 | 151,921                               | 414,343       |
| <b>Cash flow from investing activities</b>                   |                                       |               |
| Purchase of property, plant and equipment                    | (82,818)                              | (414,213)     |
| Sale proceeds from disposal of property, plant and equipment | 3,332                                 | 5,319         |
| Long term deposits (paid) / received                         | (1,241)                               | 786           |
| Net cash used in investing activities                        | (80,727)                              | (408,108)     |
| <b>Cash flow from financing activities</b>                   |                                       |               |
| Repayments of long term loan                                 | (30,000)                              | -             |
| Dividends paid   | (85,485)                              | (71,030)      |
| Net cash used in financing activities                        | (115,485)                             | (71,030)      |
| Net decrease in cash and cash equivalents                    | (44,291)                              | (64,795)      |
| Cash and cash equivalents at the beginning of the period     | 143,255                               | 153,416       |
| <b>Cash and cash equivalents at the end of the period</b>    | <b>98,964</b>                         | <b>88,621</b> |

The annexed notes from 1 to 15 form an integral part of this interim financial information.

*Muhammad Nawaz*  
Chairman

*H. V. Shah*  
Chief Executive





## Condensed Interim Statement of Changes in Equity (Un-Audited) for the six month period ended 31 December 2015

| Note  | Capital Reserve    |                |                         | Revenue Reserve |   |                       | Total     |
|---|--------------------|----------------|-------------------------|-----------------|---|-----------------------|-----------|
|   | Share Capital      | Merger Reserve | Reserve for Bonus Issue | General Reserve | Unrealized gain/(loss) on remeasurement of Investments-available for sale | Unappropriated Profit |           |
|   | Rupees in thousand |                |                         |                 |   |                       |           |
| Balance as at 01 July 2014  | 72,600             | 5,000          | -                       | 1,100,000       | (685)   | 328,341               | 1,505,256 |
| Transfer to General reserve   | -                  | -              | -                       | 150,000         | -   | (150,000)             | -         |
| Final dividend for the year ended<br>30 June 2014 @ Rs. 10/- per share. | -                  | -              | -                       | -               | -   | (72,600)              | (72,600)  |
| Transfer to reserve for issue of bonus shares                           | -                  | -              | 7,260                   | -               | -   | (7,260)               | -         |
| Issue of bonus shares @ 10%<br>for the year ended 30 June 2014          | 11 7,260           | -              | (7,260)                 | -               | -   | -                     | -         |
| Net profit for the Six month period<br>ended 31 December 2014           | -                  | -              | -                       | -               | -   | 110,294               | 110,294   |
| Other comprehensive income  | -                  | -              | -                       | -               | 381   | -                     | 381       |
| Total comprehensive income  | -                  | -              | -                       | -               | 381   | 110,294               | 110,675   |
| Balance as at 31 December 2014  | 79,860             | 5,000          | -                       | 1,250,000       | (304)   | 208,775               | 1,543,331 |
| Balance as at 01 July 2015  | 79,860             | 5,000          | -                       | 1,250,000       | (157)   | 393,459               | 1,728,162 |
| Transfer to General reserve   | -                  | -              | -                       | 200,000         | -   | (200,000)             | -         |
| Final dividend for the year ended<br>30 June 2015 @ Rs. 11/- per share  | -                  | -              | -                       | -               | -   | (87,846)              | (87,846)  |
| Net profit for the six month period<br>ended 31 December 2015           | -                  | -              | -                       | -               | -   | 59,497                | 59,497    |
| Other comprehensive loss  | -                  | -              | -                       | -               | (137)   | -                     | (137)     |
| Total comprehensive income  | -                  | -              | -                       | -               | (137)   | 59,497                | 59,360    |
| Balance as at 31 December 2015  | 79,860             | 5,000          | -                       | 1,450,000       | (294)   | 165,110               | 1,699,676 |

The annexed notes from 1 to 15 form an integral part of this interim financial information.

*Muhammad Nawaz*  
Chairman

*H. N. Shah*  
Chief Executive



# Condensed Notes to the Interim Financial Information (Un-Audited)

## for the six month period ended 31 December 2015

### 1. THE COMPANY AND ITS OPERATIONS

Shezan International Limited (the Company) is a Public Limited Company incorporated in Pakistan and is listed on Pakistan Stock Exchange (formerly Karachi Stock Exchange and Lahore 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 fresh fruits and vegetables.

### 2. BASIS OF PRESENTATION AND MEASUREMENT

2.1 This interim financial information of the Company for the six month period ended 31 December 2015 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 This 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 2015.

2.3 This interim financial information is un-audited but subject to limited scope review by the auditors. Three month figures for the period ended 31 December 2015 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 2015.

### 3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this interim financial information are the same as those applied in the preparation of financial statements for the year ended 30 June 2015 except as follows:

#### New, Amended and Revised Standards and Interpretations of IFRSs

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

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any material effect on the condensed interim financial information.

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

### 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.



## Condensed Notes to the Interim Financial Information (Un-Audited) for the six month period ended 31 December 2015

### 5. PROPERTY, PLANT AND EQUIPMENT

The additions / deletions/ transfers (at cost), made during the six month period ended 31 December 2015 are as follows:

|  | Additions          | Deletions /<br>Transfers |
|--|--------------------|--------------------------|
|  | Rupees in thousand |                          |
| <b>Owned assets</b>                        |                    |                          |
| Plant and machinery                        | 7,979              | (500)                    |
| Forklifts                                  | 2,160              | -                        |
| Electric equipment                         | 18,423             | (100)                    |
| Computers and accessories                  | 370                | -                        |
| Empty bottles, shells, pallets and barrels | 57,591             | (19,668)                 |
|  | 86,523             | (20,268)                 |
| Capital work in progress                   |                    |                          |
| Motor vehicles                             | -                  | (14,651)                 |
| Buildings                                  | 10,946             | -                        |
| Total                                      | 10,946             | (14,651)                 |
| Grand total                                | 97,469             | (34,919)                 |

### 6. LONG TERM INVESTMENT - AVAILABLE FOR SALE

|  | (Un-Audited)<br>31 December<br>2015 | (Audited)<br>30 June<br>2015 |
|--|-------------------------------------|------------------------------|
| Note   | Rupees in thousand                  |                              |
| Quoted<br>Modaraba   |                                     |                              |
| BRR Guardian Modaraba - Credit rating 'A'<br>305,000 (30 June 2015: 305,000) certificates of Rs. 10/- each | 2,375                               | 2,375                        |
| Loss on remeasurement  | (154)                               | (17)                         |
|  | 6.1                                 | 2,221                        |
|  | 2,221                               | 2,358                        |

6.1 The above investment represents 0.39% (30 June 2015: 0.39%) of the issued certificate capital of the Modaraba.

### 7. LONG TERM LOAN - SECURED

|                       | (Un-Audited)<br>31 December<br>2015 | (Audited)<br>30 June<br>2015 |
|-----------------------|-------------------------------------|------------------------------|
| Note                  | Rupees in thousand                  |                              |
| Long term loan        | 270,000                             | 300,000                      |
| Less: current portion | (120,000)                           | (90,000)                     |
|                       | 7.1                                 | 210,000                      |
|                       | 150,000                             | 210,000                      |

7.1 During the year ended 30 June 2015, the Company had acquired a long term loan from a commercial bank amounting to Rs. (thousand) 300,000 which is payable in 10 equal quarterly installments with a grace period of six months. The rate of mark-up / interest is 3 months KIBOR + 0.30%, payable quarterly. The facility is secured against first exclusive registered charge on Plant and Machinery up to Rs. (thousand) 430,000.

### 8. SHORT TERM BORROWINGS - SECURED

The aggregate short term borrowings available from commercial banks under mark-up arrangement are Rs. (thousand) 1,875,000 (30 June 2015: Rs. (thousand) 1,175,000).



## Condensed Notes to the Interim Financial Information (Un-Audited) for the six month period ended 31 December 2015

The rate of mark-up on short term borrowings ranges between 1 month KIBOR + 0.04% to 1 month KIBOR / 3 months KIBOR + 0.25% (30 June 2015: 1 month KIBOR + 0.25% to 1 month KIBOR / 3 months KIBOR + 0.50%), payable monthly / 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) 2,314,000 (30 June 2015: Rs. (thousand) 1,215,000) and Rs. (thousand) 848,000 (30 June 2015: Rs. (thousand) 514,000) respectively.

The un-utilized facility for opening letters of credit and for guarantees as at 31 December 2015 amounts to Rs. (thousand) 218,026 (30 June 2015: Rs. (thousand) 226,681) and Rs. (thousand) 80,796 (30 June 2015: Rs. (thousand) 84,144), respectively.

### 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 2015.

#### b) Commitments

- i) Commitments in respect of letter of credit established for the import of raw and packing materials amounts to Rs. (thousand) 31,974 (30 June 2015: Rs. (thousand) 23,319).
- ii) Counter guarantees in favour of banks in the ordinary course of business amounts to Rs. (thousand) 29,204 (30 June 2015: Rs. (thousand) 25,856).

### 10. EARNINGS PER SHARE-BASIC AND DILUTED

|   | Un-Audited                            |         |   |        |
|---|---------------------------------------|---------|---|--------|
|   | Six month period ended<br>31 December |         | Three month period ended<br>31 December |        |
|   | 2015                                  | 2014    | 2015                                    | 2014   |
| The basic and diluted earnings per share of the company are based on:             |                                       |         |   |        |
| Profit after taxation attributable to ordinary shareholders (Rupees in thousand)  | 59,497                                | 110,294 | 2,881                                   | 15,439 |
| Weighted average number of ordinary shares at the end of the period (in thousand) | 7,986                                 | 7,986   | 7,986                                   | 7,986  |
| Earnings per share - Basic and diluted (Rupees)                                   | 7.45                                  | 13.81   | 0.36                                    | 1.93   |

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

During the period 31 December 2014, the Company issued 726,000 bonus shares @ 10% of its paid-up capital as on book closure date of 23 October 2014. In accordance with the provisions of section 236M of 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 end price of the first date 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 at the Honorable Sindh High Court challenging the levy of tax under the above referred section. The Honorable Sindh High Court has granted stay against deduction of income tax on bonus shares and directed the Company to retain 5% of the bonus shares issued to the plaintiff shareholders for disposal and treatment as the Court may deem appropriate at any subsequent time. Accordingly, the Company has retained 5% of the bonus shares issued to plaintiff shareholders.



## Notes to the Condensed Interim Financial Information (Un-Audited) for the six month period ended 31 December 2015

### 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<br>Six month period ended<br>31 December |                              |
|---|---|------------------------------|
|   | 2015  | 2014                         |
|   | Rupees in thousand                                  |                              |
| <b>Transactions during the period</b>   |   |                              |
| <b>Associated undertakings</b>  |   |                              |
| Purchases of raw materials  | 307,935   | 307,309                      |
| Sales of finished goods   | 198   | 388                          |
| Royalty charged - net   | 28,969  | 27,361                       |
| Purchases / repairs of electric equipment / vehicles  | 144   | 126                          |
| Services received   | 342   | 342                          |
| Contributions to staff provident fund   | 2,509   | 2,137                        |
| Remuneration and benefits of Directors, Chief Executive Officer<br>and key management personnel | 23,413  | 19,225                       |
|   | (Un-Audited)<br>31 December<br>2015                 | (Audited)<br>30 June<br>2015 |
|   | Rupees in thousand                                  |                              |
| <b>Period / year end balances</b>   |   |                              |
| Due to associated undertakings  | 32,652  | 123,701                      |
| Due from related parties  | -   | 48                           |
| Due to provident fund   | -   | 772                          |

### 13. 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 tetra pak - packaged juices.

#### Other operating activities

Other operating activities include pickles, ketchup, sauces, jams etc.

Segment analysis of profit and loss account for six month period ended 31 December 2015 - (Un-Audited):

|                             | Juice Drinks       | Others  | Total     |
|-----------------------------|--------------------|---------|-----------|
|                             | Rupees in thousand |         |           |
| Sales                       | 2,450,997          | 436,222 | 2,887,219 |
| Cost of sales               | 1,750,205          | 363,304 | 2,113,509 |
| Gross profit                | 700,792            | 72,918  | 773,710   |
| <b>Unallocated expenses</b> |                    |         |           |
| Corporate expenses          |                    |         | (603,023) |
| Finance costs               |                    |         | (28,080)  |
| Other operating expenses    |                    |         | (87,286)  |
| Other income                |                    |         | 24,243    |
| Taxation                    |                    |         | (20,067)  |
| Profit after taxation       |                    |         | 59,497    |



## Condensed Notes to the Interim Financial Information (Un-Audited) for the six month period ended 31 December 2015

Segment analysis of assets and liabilities as at 31 December 2015 - (Un-Audited):

|                         | Juice Drinks | Others<br>Rupees in thousand | Total            |
|-------------------------|--------------|------------------------------|------------------|
| Segment assets          | 2,411,951    | 498,675                      | 2,910,626        |
| Unallocated assets      |              |                              | 421,586          |
| <b>Total</b>            |              |                              | <b>3,332,212</b> |
| Segment liabilities     | 734,635      | 265,535                      | 1,000,170        |
| Unallocated liabilities |              |                              | 632,366          |
| <b>Total</b>            |              |                              | <b>1,632,536</b> |

Segment analysis of profit and loss account for six month period ended 31 December 2014 - (Un-Audited):

|                              | Juice Drinks | Others<br>Rupees in thousand | Total          |
|------------------------------|--------------|------------------------------|----------------|
| Sales                        | 2,711,495    | 493,362                      | 3,204,857      |
| Cost of sales                | 1,884,989    | 396,536                      | 2,281,525      |
| Gross profit                 | 826,506      | 96,826                       | 923,332        |
| Unallocated expenses         |              |                              |                |
| Corporate expenses           |              |                              | (690,464)      |
| Finance costs                |              |                              | (26,490)       |
| Other operating expenses     |              |                              | (76,638)       |
| Other income                 |              |                              | 28,054         |
| Taxation                     |              |                              | (47,500)       |
| <b>Profit after taxation</b> |              |                              | <b>110,294</b> |

Segment analysis of assets and liabilities as at 30 June 2015 - (Audited)

|                         | Juice Drinks | Others<br>Rupees in thousand | Total            |
|-------------------------|--------------|------------------------------|------------------|
| Segment assets          | 2,501,386    | 497,343                      | 2,998,729        |
| Unallocated assets      |              |                              | 416,851          |
| <b>Total</b>            |              |                              | <b>3,415,580</b> |
| Segment liabilities     | 756,131      | 241,668                      | 997,799          |
| Unallocated liabilities |              |                              | 689,619          |
| <b>Total</b>            |              |                              | <b>1,687,418</b> |

#### 14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors on 24 February 2016.

#### 15. GENERAL

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

*Munir Nawab*

Chairman

*H. V. Shah*

Chief Executive







