



*Fruitfully Yours*



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

**31 MARCH 2019**

# 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, 4<sup>th</sup> 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 (un-audited) of the Company for the nine month period ended 31 March 2019.

## ECONOMIC OVERVIEW

The economy of Pakistan continued to struggle during this quarter. The government has taken various measures to address the high fiscal and current account deficits and low reserves, but still needs stricter measures to revamp the economy. Exchange rate continued to depreciate and has cumulatively depreciated by 13.6 percent from July-2018 to March-2019. The State Bank of Pakistan has increased the policy rate by a cumulative 425 bases points to 10.75 percent since July-2018. There was healthy growth in the remittances, but foreign direct investment declined. These economic conditions may remain fragile in the near future as well.

## FINANCIAL PERFORMANCE

Summarized operating performance of the Company for the nine month period ended 31 March 2019 is as follows:

Particulars	31 March 2019	31 March 2018
	Rupees in thousand	
Revenue – Net	5,011,792	5,043,814
Profit after taxation	71,392	238,237
Earnings per share (Rs.)	8.13	(Restated) 27.12

On the operational side, we would like to apprise our shareholders that January-March is normally our take off period due to the seasonal nature of our products. Unfortunately, numerous external factors posed serious challenges to the business. During this quarter, it is worth mentioning that the climate of our country did not support our business at all. The winter season prolonged until the end of March. Moreover, other major factors have also left adverse impact on the Company's profits including devaluation of the Pak rupee and hike in POL prices. The cost of utilities and prices of raw/packing materials, pulps and sugar also increased significantly. Furthermore, there is a substantial increase in mark-up rates which affected the profits.

However, our export team is endeavoring hard to capture business opportunities in the markets of USA, Europe, Asia and Middle East. The export sales have shown an impressive double digit growth.

## FUTURE OUTLOOK

The economic growth is expected to decelerate in the remaining months of fiscal year 2019. The government is in negotiations with International Monetary Fund (IMF) for a support package that will lead to further tightening of the future fiscal and monetary policies.

Our peak season starts by mid-April, which seems delayed due to abnormal weather conditions. One of our major raw materials is sugar whose price has gone up and will affect our profits in the current quarter.

Despite very strong headwinds, with the help of capacity enhancement and our brand recognition, we will strive to recover our deficiencies in past quarters and our focus will remain on producing the country's best quality food products.

## CONTINGENCIES

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

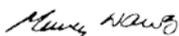
During the quarter, the Company received water and sewerage bills for the months of February and March 2019 from WASA, Lahore. The Company has challenged the notification regarding the subject bills before the Honorable Lahore High Court. The Honorable Lahore High Court has granted stay against the bills issued by WASA.

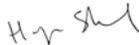
## ACKNOWLEDGEMENT

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

  
**Humayun A. Shahnawaz**  
Chief Executive

Lahore:  
24 April 2019.

## ڈائریکٹرز جائزہ رپورٹ برائے ممبران

ہم بورڈ آف ڈائریکٹرز کی جانب سے نو ماہ 31 مارچ 2019ء کیلئے کمپنی کے عبوری مالیاتی نتائج پیش کرتے ہیں۔

### معاشی جائزہ:

پاکستان کی معیشت اس سہ ماہی کے دوران بھی مشکلات میں گھری رہی۔ حکومت نے کم ہوتے ذخائر اور بڑھتے ہوئے موجودہ خسارہ کو سنبھالنے کیلئے کئی عملی اقدامات اٹھائے ہیں لیکن معیشت کی بہتری کیلئے ابھی مزید اقدامات کی ضرورت ہے۔ زرمبادلہ کی شرح مسلسل گرتی رہی اور مجموعی طور پر جولائی 2018ء سے مارچ 2019ء تک کے دوران 13.6 فی صد تک گر چکی تھی۔ سٹیٹ بینک آف پاکستان نے جولائی 2018ء سے اب تک شرح سود میں مجموعی طور پر 425BPS کا اضافہ کر کے 10.75 فی صد کر دیا ہے۔ ترسیلات زر میں حوصلہ افزا مہم ہوئی لیکن براہ راست غیر ملکی سرمایہ کاری میں کمی واقع ہوئی۔ یہ غیر مستحکم معاشی صورتحال مستقبل قریب میں بھی جاری رہ سکتی ہے۔

### مالیاتی کارکردگی:

انتظام شدہ نو ماہ 31 مارچ 2019ء کے لئے کمپنی کے عبوری مالیاتی نتائج مختصر ادرج ذیل ہیں۔

31 مارچ 2018	31 مارچ 2019
روپے ہزاروں میں	
	مندرجات
5,043,814	5,011,792
	فروخت
238,237	71,392
	منافع بعد از ٹیکس
27.12 (ریٹیلڈ)	8.13
	فی حصص آمدنی - (روپوں میں)

ہم حصص داران کو بتاتے چلیں کہ از جنوری تا مارچ عام طور پر ہماری مصنوعات کی طلب میں مومی نوعیت کی وجہ سے اضافہ ہوتا ہے۔ بدقسمتی سے بیرونی محرکات نے ہمارے کاروبار کیلئے مشکلات پیدا کیں۔ اس سہ ماہی میں ملکی مومی حالات بھی ہمارے کاروبار کیلئے سود مند نہیں رہے۔ موسم سرما مارچ کے آخر تک جاری رہا۔ اسکے علاوہ روپے کی قدر میں کمی، پیٹرولیم مصنوعات کی قیمتوں میں اضافہ اور دوسرے بیرونی محرکات نے بھی کمپنی کے منافع پر برے اثرات مرتب کئے۔ پمپلیٹیوں کی لاگت، خام مال، پیکنگ میٹیریل، پمپ اور چینی کی قیمتیں بھی خاصی بڑھ چکی ہیں۔ مزید برآں شرح سود میں اضافے نے بھی ہمارے منافع کو متاثر کیا۔ تاہم ہماری ایکٹیوٹیوں میں ہم امریکہ، یورپ، ایشیا اور مشرق وسطیٰ میں کاروباری مواقع تلاش کر رہے ہیں برآمدات میں حوصلہ افزا اضافہ ہوا ہے۔

### مستقبل کے امکانات:

توقع کی جاتی ہے کہ معاشی ترقی ترقی مالی سال 2019ء کے اہلیہ مہینوں میں بھی مست روی کا شکار رہے گی۔ حکومت ادارہ برائے بین الاقوامی مالیاتی فنڈ کے ساتھ مستحکم (مالیاتی) معاہدے کیلئے مذاکرات کر رہی ہے اور اس کے نتیجے میں مستقبل کی مالیاتی پالیسیوں میں مزید ترقی آئے گی۔

ہمارے کاروبار کا بہترین وقت اپریل کے وسط سے شروع ہو جاتا ہے جو کہ مومی وجوہات کی وجہ سے تعطل کا شکار ہوتا نظر آ رہا ہے۔ چینی ہمارا ایک اہم خام مال ہے جسکی قیمت بڑھ چکی ہے، جو کہ ہمارے اگلی سہ ماہی کے منافع پر بھی اثر انداز ہوگی۔ مشکل ترین حالات کے باوجود پیداواری صلاحیت میں اضافے اور ہمارے برانڈ کی شناخت کی مدد سے ہم اپنے کچھ نئے سہ ماہیوں کے اہداف کو پورا کرنے کی بھرپور کوشش کریں گے اور منافع کے علاوہ ہماری توجہ ملک کی بہترین معیاری مصنوعات بنانے پر مرکوز ہوگی۔

### ناگہانی امکانات:

مزید برآں سپریم کورٹ آف پاکستان کے سومونڈ کیس نمبر 2018/26ء جو کہ شروہات بنانے والے اداروں کا زمینی اور سطحی پانی کے استعمال سے متعلقہ ہے کے مطابق ہماری کمپنی کو بھی پانی نکالنے پر ایک روپیہ فی لیٹر ٹیکس ادا کرنا پڑ سکتا ہے۔ ہماری کمپنی نے سپریم کورٹ آف پاکستان کے اس فیصلے کا از سر نو جائزہ لینے کیلئے درخواست دائر کی ہوئی ہے۔

اس سہ ماہی کے دوران واسلا لاہور نے کمپنی کو پانی و نکاس کے بل برائے ماہ فروری اور مارچ بھجوائے تھے۔ کمپنی نے ان بلوں کے خلاف لاہور ہائی کورٹ سے حکم امتناعی حاصل کیا ہوا ہے۔

### اظہار تشکر:

ہم بورڈ آف ڈائریکٹرز کی جانب سے اپنے تمام ملازمین کی لگن وفاداری اور عزم کی تعریف کرتے ہیں۔ مزید برآں ہم پیشہ ورانہ سرپرستی اور تعاون کا بھی شکریہ ادا کرنا چاہیں گے جو ہمیں تمام صارفین، ویڈرز، حصص داران اور سٹیک ہولڈرز کی جانب سے ملا۔

بورڈ آف ڈائریکٹرز کی ایما پر

H. S. S. S.

مافیوں اے شاہد

چیف ایگزیکٹو

Muhammad Nawaz

مینیجر

چیف مینیجر

لاہور:

24 اپریل 2019ء -

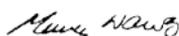
# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

## AS AT 31 MARCH 2019

		(Un-Audited) 31 March <b>2019</b>	(Audited) 30 June 2018
	Note	Rupees in thousand	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	1,537,355	1,329,038
Long term investment	7	2,278	2,667
Long term receivable		41,294	43,611
Long term deposits		4,837	4,758
		<b>1,585,764</b>	<b>1,380,074</b>
<b>CURRENT ASSETS</b>			
Stores and spares		129,330	124,439
Stock in trade		1,767,849	1,720,889
Right to recover asset		17,172	-
Trade debts		202,419	116,219
Loans and advances		184,276	175,095
Trade deposits and short-term prepayments		121,258	49,068
Interest accrued		-	354
Income tax recoverable		591,547	513,459
Cash and bank balances		146,131	152,949
		<b>3,159,982</b>	<b>2,852,472</b>
<b>TOTAL ASSETS</b>		<b>4,745,746</b>	<b>4,232,546</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		87,846	79,860
Reserves		2,004,903	1,805,292
Unappropriated profits		76,116	424,325
<b>TOTAL EQUITY</b>		<b>2,168,865</b>	<b>2,309,477</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term loan	8	394,304	-
Deferred taxation		7,392	51,465
		<b>401,696</b>	<b>51,465</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		541,793	739,463
Contract liabilities		46,338	93,006
Unclaimed dividend		4,105	2,621
Current portion of long-term loan	8	98,576	-
Short term borrowings	9	844,824	553,262
Interest accrued on borrowings		23,500	4,444
Refund liability		94,901	-
Provision for taxation		521,148	478,808
		<b>2,175,185</b>	<b>1,871,604</b>
<b>TOTAL LIABILITIES</b>		<b>2,576,881</b>	<b>1,923,069</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,745,746</b>	<b>4,232,546</b>

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

  
Chief Executive

  
Director

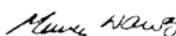
  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2019

	Note	Nine month period ended 31 March		Three month period ended 31 March	
		2019	2018	2019	2018
		Rupees in thousand		Rupees in thousand	
			Restated		Restated
Sales - net		5,011,792	5,043,814	1,573,957	1,706,820
Cost of sales		4,052,501	3,811,021	1,288,722	1,306,813
<b>Gross profit</b>		<b>959,291</b>	<b>1,232,793</b>	<b>285,235</b>	<b>400,007</b>
Distribution costs		585,366	576,284	186,746	195,933
Administrative expenses		239,336	221,626	81,967	77,666
Other operating expenses		86,359	112,104	21,776	44,454
Other income		(60,052)	(32,428)	(15,517)	(11,206)
		<b>851,009</b>	<b>877,586</b>	<b>274,972</b>	<b>306,847</b>
Operating profit		108,282	355,207	10,263	93,160
Finance costs		38,623	19,034	19,399	7,105
Profit / (loss) before taxation		69,659	336,173	(9,136)	86,055
Taxation					
Current		42,340	106,788	18,713	22,499
Deferred		(44,073)	(8,852)	(13,690)	(4,961)
Net profit / (loss) for the period		71,392	238,237	(14,159)	68,517
<b>Other comprehensive income / (loss)</b>					
Other comprehensive income to be reclassified					
- to profit or loss in subsequent periods (net of tax):					
Unrealized loss on remeasurement					
- of investments available for sale		(389)	(437)	(180)	(31)
<b>Total comprehensive income / (loss)</b>		<b>71,003</b>	<b>237,800</b>	<b>(14,339)</b>	<b>68,486</b>
<b>Earnings per share - basic and diluted (Rupees)</b>	11	<b>8.13</b>	27.12	<b>(1.61)</b>	7.80

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2019

Nine month period ended  
31 March

**2019**                      2018  
Rupees in thousand

## CASH FLOWS FROM OPERATING ACTIVITIES

### Cash generated from operations

Profit before taxation	69,659	336,173
Adjustments to reconcile profit before tax to net cash:		
- Depreciation	181,079	148,574
- Interest / markup expense	36,041	17,152
- Profit on bank deposits	(2,262)	(1,659)
- Provision for doubtful debts	4,171	21,161
- Loss on disposal of property, plant and equipment	12,337	11,618
	231,366	196,846
<b>Operating profit before working capital changes</b>	<b>301,025</b>	<b>533,019</b>

### (Increase) / decrease in current assets

Stores and spares	(4,891)	(26,113)
Stock in trade	(46,960)	6,663
Right to recover asset	673	-
Trade debts	(90,371)	(42,722)
Loans and advances	(9,181)	147,733
Trade deposits and short term prepayments	(72,190)	(8,243)
	(222,920)	77,318

### Increase / (decrease) in current liabilities

Trade and other payables	(197,670)	(116,785)
Contract liability	(46,668)	-
Refund liability	(14,769)	-
Short term borrowings obtained - net	291,562	93,569
	32,455	(23,216)

### Cash generated from operations

Interest / markup paid	(16,985)	(12,227)
Profit on bank deposits received	2,616	1,997
Income tax paid	(78,088)	(115,198)
Long term receivable received	2,317	-
Long term deposits paid	(79)	425

**Net cash generated from operating activities**                      20,341                      462,118

## CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(431,136)	(162,495)
Sale proceeds from disposal of property, plant and equipment	29,403	20,013
<b>Net cash used in investing activities</b>	<b>(401,733)</b>	<b>(142,482)</b>

## CASH FLOWS FROM FINANCING ACTIVITIES

Long term loan obtained / (re-paid)	492,880	(90,000)
Dividends paid	(118,306)	(107,135)
<b>Net cash generated from / (used in) financing activities</b>	<b>374,574</b>	<b>(197,135)</b>

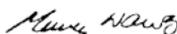
**Net (decrease) / increase in cash and cash equivalents**                      (6,818)                      122,501

**Cash and cash equivalents at the beginning of the period**                      152,949                      73,227

**CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD**                      146,131                      195,728

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

  
Chief Executive

  
Director

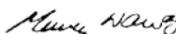
  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2019

	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							
<b>Balance as at 01 July 2017</b>	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 nine month period ended 31 March 2018	-	-	-	-	-	238,237	238,237
Other comprehensive loss	-	-	-	-	(437)	-	(437)
Total comprehensive income	-	-	-	-	(437)	238,237	237,800
<b>Balance as at 31 March 2018</b>	<b>79,860</b>	<b>5,000</b>	<b>-</b>	<b>1,800,000</b>	<b>65</b>	<b>267,769</b>	<b>2,152,694</b>
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 nine month period ended 31 March 2019	-	-	-	-	-	71,392	71,392
Other comprehensive loss	-	-	-	-	(389)	-	(389)
Total comprehensive income	-	-	-	-	(389)	71,392	71,003
<b>Balance as at 31 March 2019</b>	<b>87,846</b>	<b>5,000</b>	<b>-</b>	<b>2,000,000</b>	<b>(97)</b>	<b>76,116</b>	<b>2,168,865</b>

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2019

## 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 nine month period ended 31 March 2019 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.

## 3 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:

Description	<b>As at 30 June 2018</b>		
	Carrying Amount As stated	Reclassification Rupees in thousand	IFRS 15 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 nine month period and for the three month period ended amounting to Rs. (thousand)141,170 and Rs. (thousand) 53,816, respectively and other operating expenses for the nine month period and for the three month period ended amounting to Rs. (thousand) 50,313 and Rs. (thousand) 14,209, respectively, have been reclassified to cost of sales. As a result corresponding gross profit for the nine month period has decreased by Rs. (thousand) 191,483 and for the three month period ended it has decreased by Rs. (thousand) 68,025. Amounts for the nine month and three month period ended 31 March 2018 have been reclassified as follows for the purpose of comparability:

Description	<b>Nine month period ended 31 March 2018</b>		
	Carrying Amount As stated	Reclassification Rupees in thousand	IFRS 15 Carrying Amount
Distribution costs	717,454	(141,170)	576,284
Operating expenses	162,417	(50,313)	112,104
Cost of sales	3,619,538	191,483	3,811,021
	4,499,409	–	4,499,409

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

Description	<b>01 July 2018</b>		
	Carrying Amount As stated	Cumulative catch-up adjustment Rupees in thousand	IFRS 15 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 statement of cash flows. The basic and diluted EPS for the period ended 31 March 2019 would have been lower by Rs. 1.60 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 NINE MONTH PERIOD ENDED 31 MARCH 2019

## 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 of return 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 return 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 nine month period ended 31 March 2019 are as follows:

	Additions	Deletions/ Transfers
	Rupees in thousand	
<b>OWNED ASSETS</b>		
Buildings on freehold land	6,228	-
Plant and machinery	220,453	(1,585)
Laboratory equipment	2,129	-
Motor vehicles	8,725	(4,912)
Electric equipment	25,457	(385)
Furniture and fixtures	6,626	-
Forklifts	5,415	-
Computers and accessories	2,160	-
Empty bottles, shells, pallets and barrels	123,356	(119,986)
	400,549	(126,868)
<b>CAPITAL WORK IN PROGRESS</b>		
Motor vehicles	-	(5,540)
Furniture and fixtures	2,124	(6,710)
Plant and machinery	229,768	(207,904)
Buildings on freehold land	25,077	(6,228)
	256,969	(226,382)
	<b>657,518</b>	<b>(353,250)</b>

	Note	(Un-Audited) 31 March <b>2019</b>	(Audited) 30 June 2018
Rupees in thousand			
<b>7 LONG TERM INVESTMENT - AVAILABLE FOR SALE</b>			
Quoted - Modaraba			
BRR Guardian Modaraba - Credit rating 'A'			
305,000 (30 June 2018: 305,000)			
certificates of Rs. 10/- each	7.1	2,375	2,375
(Loss) / Gain on remeasurement		(97)	292
		<b>2,278</b>	2,667

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

	Note	(Un-Audited) 31 March <b>2019</b>	(Audited) 30 June 2018
Rupees in thousand			
<b>8 LONG TERM LOAN - SECURED</b>			
Long term loan	8.1	492,880	–
Less: Current portion		(98,576)	–
		<b>394,304</b>	–

**8.1** This represents long term loan obtained from a commercial bank, payable in 5 equal semi annual installments with a grace period of six months. The rate of mark-up / interest is 3 months KIBOR + 0.25% per annum, payable quarterly. The facility is secured against a first exclusive registered charge on the plant and machinery up to Rs. (thousand) 733,334.

## **9 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) 1,280,176 (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% per annum (30 June 2018: 1 month KIBOR plus 0.08% to 1 month KIBOR / 3 months KIBOR plus 0.25% per annum), payable monthly / quarterly.

These facilities are secured against a first registered joint pari passu hypothecation and ranking charge on current assets of the Company up to Rs. (thousand) 2,314,000 (30 June 2018: Rs. (thousand) 2,314,000) and Rs. (thousand) 400,000 (30 June 2018: Rs. Nil) respectively.

The un-utilized facility for opening letters of credit and for guarantees amounts to Rs. (thousand) 471,490 (30 June 2018: Rs. (thousand) 206,672) and Rs. (thousand) 67,242 (30 June 2018: Rs. (thousand) 75,521), respectively.

## **10 CONTINGENCIES AND COMMITMENTS**

### **10.1 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:

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2019

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. The Company is contesting this decision of Honorable Supreme Court and has filed a review petition through its legal counsel.

Further to the above, the Company has received various bills aggregating to Rs. (thousand) 47,261 from WASA, Lahore on account of water charges for the month of February and March 2019 including arrears. The Company has filed writ petition in Lahore High Court and the Court has granted stay order against WASA, Lahore for the recovery of billed amounts and instead directed the WASA, Lahore to recover the amount as per previous notification. Moreover, the Company has submitted surety bonds / undertakings for the remaining amount to WASA, Lahore to comply with the directions given by the Honorable Lahore High Court as per the said order.

Further, the Company has also received water charge workings from Convener of the Committee (formed by Honorable Supreme Court) for our Karachi and Hattar plants amounting to Rs. (thousand) 48,796. The Company is reviewing the same and will proceed further after consulting its legal counsel.

Since the matters are pending before the Honorable Superior Courts, no provision has been made in these condensed interim financial statements as the management is hopeful for the favorable outcome of the cases.

### 10.2 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) 78,510 (30 June 2018: Rs. (thousand) 43,328).
- (ii) Counter-guarantees in favor of banks in the ordinary course of business, amounted to Rs. (thousand) 42,758 (30 June 2018: Rs. (thousand) 34,479).
- (iii) The Company is subject to purchase commitments aggregating to Rs. (thousand) 35,722 (30 June 2018: Rs. (thousand) 412,851) in respect of plant and machinery for the factory.

(Un-Audited)			
Nine month period ended		Three month period ended	
31 March		31 March	
2019	2018	2019	2018
Rupees in thousand		Rupees in thousand	

### 11 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation attributable to ordinary shareholders (Rupees in thousand)	71,392	238,237	(14,159)	68,517
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)	8.13	27.12	(1.61)	7.80

- 11.1** No fully diluted earnings per share has been disclosed as the Company has not issued any instrument which would have an impact on earnings per share, when exercised.

## 12 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.

## 13 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) Nine month period ended 31 March	
	2019	2018
	Rupees in thousand	
<b>Transactions during the period:</b>		
<i>Associated undertakings</i>		
Purchases of raw materials	475,585	462,651
Sales of finished goods	203	61
Royalty charged	53,859	55,473
Purchases/repairs of electric equipment/vehicles	87	133
Contributions to staff provident fund	4,506	4,412
		*Restated
Remuneration and benefits of Directors, Chief Executive and key management personnel	31,600	27,279

Comparative of 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 March 2019	(Audited) 30 June 2018
	Relationship with the Company	Rupees in thousand	
<b>Period / year end balances:</b>			
Due to related parties	Associate	55,024	59,648
Due from related parties	Associate	141,965	145,020
Due from staff provident fund	Employees' Fund	118	-

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2019

## 14 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 office of the Chief Executive. The Chief Executive considers the business from the product perspective and evaluates performance on the basis of their gross profit or gross loss. As at 31 March 2019, the Company is organized into following two operating segments based on their products.

### JUICE DRINKS

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

### OTHERS

Others include pickles, ketchup, sauces, jams etc.

Profit and loss account for the nine month period ended 31 March 2019: (Un-Audited)

	Juices and Drinks	Others	Total
	Rupees in thousand		
Sales	4,223,313	788,479	5,011,792
Cost of sales	(3,300,949)	(751,552)	(4,052,501)
Gross profit	922,364	36,927	959,291
<b>Unallocated expenses and income</b>			
Distribution costs			(585,366)
Administrative expenses			(239,336)
Other operating expenses			(86,359)
Other income			60,052
Finance costs			(38,623)
Taxation			1,733
<b>Profit after taxation</b>			<b>71,392</b>
<b>Assets and liabilities as at 31 March 2019: (Un-Audited)</b>			
Segment assets	3,057,095	766,335	3,823,430
Unallocated assets			922,316
<b>Total</b>			<b>4,745,746</b>
Segment liabilities	1,013,073	107,371	1,120,444
Unallocated liabilities			1,456,437
<b>Total</b>			<b>2,576,881</b>

Profit and loss account for the nine month period ended 31 March 2018: (Un-Audited) - Restated

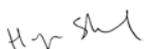
	Juices and Drinks	Others	Total
	Rupees in thousand		
Sales	4,305,855	737,959	5,043,814
Cost of sales	(3,153,610)	(657,411)	(3,811,021)
Gross profit	1,152,245	80,548	1,232,793
<b>Unallocated expenses and income</b>			
Distribution costs			(576,284)
Administrative expenses			(221,626)
Other operating expenses			(112,104)
Other income			32,428
Finance costs			(19,034)
Taxation			(97,936)
<b>Profit after taxation</b>			<b>238,237</b>
<b>Assets and liabilities as at 30 June 2018: (Audited)</b>			
Segment assets	2,751,499	745,561	3,497,060
Unallocated assets			735,486
<b>Total</b>			<b>4,232,546</b>
Segment liabilities	506,644	241,774	748,418
Unallocated liabilities			1,174,651
<b>Total</b>			<b>1,923,069</b>

## 15 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors on 24 April 2019.

## 16 GENERAL

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

  
Chief Executive

  
Director

  
Chief Financial Officer





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