

Condensed Interim Financial Information (Un-audited)
for the nine month period ended 31 March 2013

NURTURE from NATURE



Shezan International Limited



Shezan
Tastefully Your's

Company Information

Board of Directors:

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

Chief Financial Officer & Company Secretary:

Mr. Faisal Ahmad Nisar, FCA

Audit Committee:

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

Human Resources & Remuneration Committee:

Mr. Muneer Nawaz	Chairman
Mr. M. Naeem	Member
Mr. Saleem Zamindar	Member

Registered Office / Head Office:

56 - Bund Road, Lahore-54500.
 Phones: (042) 37466900-04.
 Faxes: (042) 37466899 & 37466895.
 E-mail: shezan@brain.net.pk

Factories:

- 56 - Bund Road, Lahore - 54500.
 Phones: (042) 37466900-04.
 Faxes: (042) 37466899 & 37466895.
 E-mail: shezan@brain.net.pk
- Plot No. L-9, Block No. 22,
 Federal "B", Industrial Area, Karachi-75950.
 Phones: (021) 36344722-23.
 Fax: (021) 36313790.
 E-mail: shezan@cyber.net.pk
- Plot No. 33-34, Phase III,
 Hattar Industrial Estate, Hattar.
 Phones: (0995) 617158 & 617343.
 Fax: (0995) 617342.
 E-mail: sil-htr@shezan.com

Auditors:

Ernst & Young Ford Rhodes Sidat Hyder,
 Chartered Accountants,
 Mall View Building,
 4 - Bank Square, Lahore.

Share Registrar:

Corp Link (Private) Limited,
 Wings Arcade, 1-K, Commercial,
 Model Town, Lahore.

Legal Advisors:

Cornelius, Lane & Mufti,
 Nawa-e-Waqt Building,
 Shahrah-e-Fatima Jinnah, Lahore.

Bankers:

United Bank Limited.
 MCB Bank Limited.
 National Bank of Pakistan.
 The Bank of Khyber.
 Bank Al-Habib.
 Habib Bank Limited.
 Bank Alfalah Limited.

Directors' Report to the Members

The Board of Directors takes pleasure in presenting the financial information for the third quarter ended 31 March 2013.

The results of operations for the quarter ended 31 March 2013 are as follow:

Rupees in thousand

	% age to Sales-net	Third Quarter 2013	% age to Sales-net	Third Quarter 2012	Change	% age of Change
Sales-net		1,263,045		966,808	296,237	30.64%
Operating profit	7.40%	93,573	8.22%	79,487	14,086	17.72%
Profit before taxation	6.32%	79,941	6.38%	61,767	18,174	29.42%
Net profit	3.72%	46,941	4.06%	39,312	7,629	19.41%

The Company's sales in the third quarter of 2013 amounted to Rs. 1.263 billion, compared with Rs. 966 million in the corresponding period of the previous year. The increase in sales was due to a quantitative increase in sales of juices in bottled as well as tetra packaging. The gross profit in the third quarter of 2013 amounted to Rs. 403.578 million (31.95% of turnover), compared with Rs. 288.365 million (29.83% of turnover) in the corresponding period of the previous year. The improvement in gross profit was mainly due to sales volume growth and efficient inventory and raw material management during the period. The distribution cost increased substantially and it grew by 47.96% as compared to the previous period. The distribution cost includes advertisement and sales promotion expense of Rs. 110.536 million for the quarter. We had to incur advertisement and publicity cost to maintain and increase the sales due to stiff competition of local as well as foreign brands in the market. The financing cost in the first quarter of 2013 amounted to Rs. 13.632 million, compared with Rs. 17.720 million in the corresponding period of the previous year. The decrease in financing expenses was mainly due to efficient use of funds during the period under review. However, short term borrowings were made during the period to stock the packaging materials to fulfill the sales demands.

In nine month period ended 31st March, turnover was Rs. 3.622 billion as against Rs. 3.248 billion of corresponding period of 2012. Gross profit has increased to Rs. 1.085 billion. Earnings per share were at Rs. 7.11 and Rs. 22.18 for the quarter and nine month period respectively.

However, inspite of a volatile trend in the market, we are pleased that our juice products are showing encouraging sales trends. During the period we have also achieved encouraging growth in export sales of our products. Our production facility at Karachi continued to meet the export requirements in Middle East, Africa, USA and Europe and performed well during the quarter ended 31 March 2013. We are optimistic that our products have potential to sustain our growth momentum in the future. Our advertisement activities cost high and this trend would continue in the coming months due to market conditions.

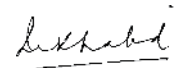
The Company's business strategy focuses mainly on reinforcing and establishing presence in the markets in which it operates and expanding its share in potentially high growth market segments. It also includes continued growth based on the Company's existing product range and its ability to launch new products.

The energy crisis is playing havoc especially in the Punjab. We continuously have to rely on furnace oil in the absence of sui-gas and diesel to run our generators when there is no electricity. There seems to be no respite on this front in the near future, all indications are that the energy situation would worsen in the months ahead and add to one cost of production.

On the whole, the Board is confident that by the Grace of Allah the results for the current financial year ending 30 June 2013 would be satisfactory as the management is critically aware of the difficult situation that prevails in the country and every effort will be made to maintain growth momentum in our business.

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

For and on Behalf of the Board of Directors



Muhammad Khalid
Chief Executive

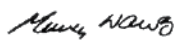
Karachi:
25 April 2013.

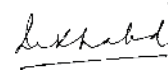
Condensed Interim Balance Sheet

as at 31 March 2013

	Note	(Un-audited) 31 March 2013	(Audited) 30 June 2012
Rupees in thousand			
ASSETS			
Non-current assets			
Property, plant and equipment	5	540,303	434,590
Investment in associate	6	-	7,672
Investment available for sale	7	991	747
Long term deposits and prepayments		3,208	5,339
		544,502	448,348
Current assets			
Stores and spares		27,715	15,408
Stock in trade		1,174,019	1,245,699
Trade debts		290,191	243,299
Loans and advances		47,556	25,486
Trade deposits and short-term prepayments		24,137	37,956
Accrued financial income		-	437
Income tax recoverable		57,571	69,640
Cash and bank balances		183,270	109,169
		1,804,459	1,747,094
TOTAL ASSETS		2,348,961	2,195,442
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		66,000	60,000
Reserves		953,616	823,372
Unappropriated profits		188,495	232,088
TOTAL EQUITY		1,208,111	1,115,460
Non-current liabilities			
Deferred taxation		57,211	56,682
		57,211	56,682
Current liabilities			
Trade and other payables		425,475	564,119
Short term borrowings	8	486,231	296,656
Current portion of liabilities against assets subject to finance lease		-	13,844
Mark up accrued on short term borrowings		12,641	9,220
Provision for taxation		159,292	139,461
		1,083,639	1,023,300
TOTAL LIABILITIES		1,140,850	1,079,982
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		2,348,961	2,195,442

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.


Chairman

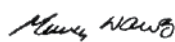

Chief Executive

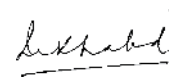
Condensed Interim Profit and Loss Account (Un-audited)

for the nine month period ended 31 March 2013

	Nine Month Period Ended 31 March		Three Month Period Ended 31 March	
	2013	2012	2013	2012
	Note	Rupees in thousand		Rupees in thousand
Sales - net	3,622,995	3,248,856	1,263,045	966,808
Cost of sales	2,537,278	2,348,797	859,467	678,443
Gross profit	1,085,717	900,059	403,578	288,365
Distribution cost	628,276	523,209	239,824	162,090
Administrative expenses	117,228	95,865	47,223	31,968
Other operating expenses	89,394	81,284	30,515	24,449
Other operating income	(24,518)	(27,506)	(7,557)	(9,629)
	810,380	672,852	310,005	208,878
Operating profit	275,337	227,207	93,573	79,487
Finance cost	38,930	45,334	13,632	17,720
	236,407	181,873	79,941	61,767
Share of profit from an associate	-	2	-	-
Profit before taxation	236,407	181,875	79,941	61,767
Taxation	90,000	62,215	33,000	22,455
Net profit for the period	146,407	119,660	46,941	39,312
Other comprehensive income				
Unrealized gain/(loss) on remeasurement of investment available for sale	244	91	58	(13)
Total comprehensive income for the period	146,651	119,751	46,999	39,299
Earnings per share basic and diluted (Rupee)	12	22.18	18.13	7.11
		18.13	7.11	5.96

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Chairman


Chief Executive

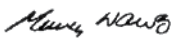
Condensed Interim Cash Flow Statement (Un-audited)

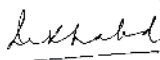
for the nine month period ended 31 March 2013

	31 March	
	2013	2012
	Rupees in thousand	
Cash flow from operating activities		
Cash generated from operations:		
Profit before taxation	236,407	181,875
Adjustments for:		
Depreciation	43,509	45,921
Interest/mark-up	36,647	43,682
Profit on bank deposits	(2,085)	(1,949)
Share of profit from an associate	-	(2)
Deterioration in value of shells, pallets and barrels	12,155	9,946
Impairment in the value of investment in associate	172	-
Gain on disposal of property, plant and equipment	(908)	(4,047)
	89,490	93,551
Operating profit before working capital changes	325,897	275,426
(Increase)/decrease in current assets:		
Stores and spares	(12,307)	(3,581)
Stock in trade	59,525	(67,614)
Trade debts	(46,892)	(97,821)
Loans and advances	(22,070)	(18,007)
Trade deposits and short-term prepayments	13,819	(2,917)
	(7,925)	(189,940)
Increase/(decrease) in current liabilities:		
Trade and other payables	(138,857)	(121,668)
Short term borrowings	189,575	229,652
	50,718	107,984
Cash generated from operations:	368,690	193,470
Interest/mark-up paid	(33,226)	(33,411)
Profit on bank deposits	2,522	2,325
Income tax paid	(57,571)	(38,958)
Net cash generated from operating activities	280,415	123,426
Cash flow from investing activities		
Purchase of property, plant and equipment	(142,967)	(49,078)
Sale proceeds from disposal of property, plant and equipment	2,153	5,042
Long term deposits	2,131	(680)
Net cash used in investing activities	(138,683)	(44,716)
Cash flow from financing activities		
Repayment of obligations under finance lease	(13,844)	(23,151)
Dividend paid	(53,787)	(44,931)
Net cash used in financing activities	(67,631)	(68,082)
Net increase in cash and cash equivalents	74,101	10,628
Cash and cash equivalents at the beginning of the period	109,169	82,608
Cash and cash equivalents at the end of the period	183,270	93,236

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

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.


Chairman

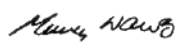

Chief Executive

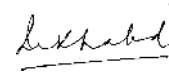
Condensed Interim Statement of Changes in Equity (Un-audited)

for the nine month period ended 31 March 2013

	Capital Reserve			Revenue Reserve			Total
	Share Capital	Merger Reserve	Reserve for Issue of Bonus Shares	General Reserve	Unrealized Gain/(Loss) on Remeasurement of Investments-available for sale	Unappropriated Profits	
	Rupees in thousand						
Balance as at 01 July 2011	60,000	5,000	-	720,000	(1,707)	169,718	953,011
Transfer to General reserve	-	-	-	100,000	-	(100,000)	-
Dividend @ Rs. 7.5/- per share for the year ended 30 June 2011	-	-	-	-	-	(45,000)	(45,000)
Net profit for the nine month period ended 31 March 2012	-	-	-	-	-	119,660	119,660
Other comprehensive income	-	-	-	-	91	-	91
Total comprehensive income	-	-	-	-	91	119,660	119,751
Balance as at 31 March 2012	60,000	5,000	-	820,000	(1,616)	144,378	1,027,762
Balance as at 01 July 2012	60,000	5,000	-	820,000	(1,628)	232,088	1,115,460
Transfer to General reserve	-	-	-	130,000	-	(130,000)	-
Dividend @ Rs.9/- per share for the year ended 30 June 2012	-	-	-	-	-	(54,000)	(54,000)
Transfer to reserve for issue of bonus shares	-	-	6,000	-	-	(6,000)	-
Issue of bonus shares @ 10% for the year ended 30 June 2012	6,000	-	(6,000)	-	-	-	-
Net profit for the nine month period ended 31 March 2013	-	-	-	-	-	146,407	146,407
Other comprehensive income	-	-	-	-	244	-	244
Total comprehensive income	-	-	-	-	244	146,407	146,651
Balance as at 31 March 2013	66,000	5,000	-	950,000	(1,384)	188,495	1,208,111

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.


Chairman


Chief Executive

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

for the nine month period ended 31 March 2013

1. The Company and its operations

Shezan International Limited (the Company) is a Public Limited Company incorporated in Pakistan and is listed on Lahore and Karachi Stock Exchanges. The registered office of the Company is situated at 56 - Bund Road, Lahore, Pakistan. It is engaged in the manufacturing, trading and sale of juices, pickles, jams, ketchups etc., based upon or derived from fresh fruits and vegetables.

2. Basis of presentation and measurements

2.1 This condensed interim financial information of the Company for the nine month period ended 31 March 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, as applicable in Pakistan.

2.2 This condensed interim financial information does not include all the information and the disclosures required in the annual financial statements and should be read in conjunction with annual audited financial statements of the Company for the year ended 30 June 2012.

2.3 This condensed interim financial information is un-audited.

3. Accounting policies

The accounting policies adopted and applied by the Company for the preparation of this interim condensed financial information are the same as were adopted and applied in the preparation of the preceding annual audit financial statements for the year ended 30 June 2012.

4. Taxation, workers' welfare fund and workers' profit participation fund

Provisions in respect of Workers' Welfare Fund, Workers' Profit Participation Fund and Taxation are estimated and these are subject to final adjustments in the annual audited financial statements.

5. Property plant and equipment

The additions / (deletions/transfers) made during the period ended 31 March 2013 are as follows:

	Note	Additions Rupees in thousand	Deletions/ Transfers
Company owned assets			
Buildings on freehold land		11,317	-
Buildings on leasehold land		5,729	-
Plant and machinery	5.1	86,655	-
Electric equipment		8,285	-
Furniture and fixture		35	-
Computers and accessories		972	-
Motor vehicles		12,241	(6,066)
		125,234	(6,066)
Capital work in progress			
Motor vehicles (Advance)		18,597	(13,471)
Land (Advance)		35,500	-
Plant and machinery	5.2	67,730	(12,655)
Furniture and fixtures		2,900	-
Buildings		7,592	(14,580)
		132,319	(40,706)
Total		257,553	(46,772)

5.1 Addition to plant and machinery includes transfer from leased assets having net book value of Rs. (thousand) 45,119 representing cost of Rs. (thousand) 66,379 less accumulated depreciation of Rs. (thousand) 21,260.

5.2 This includes Rs. (thousand) 7,500 relating to plant and machinery acquired in settlement on winding up from HFPPPL as explained in note 6.

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

for the nine month period ended 31 March 2013

6. Investment in associate

The investment represented 44.88% (30 June 2012: 44.88%) of the issued share capital of the Hattar Food Products (Private) Limited (HFPPL). The principal business activity of HFPPL was to process food products. During the period, HFPPL has applied for winding up under "Company Easy Exit Scheme" (CEES). HFPPL has transferred the plant and machinery to the Company, based on the independent valuation report, in settlement of its investment.

	(Un-audited) 31 March 2013	(Audited) 30 June 2012
	Rupees in thousand	
Hattar Food Products (Private) Limited-unquoted		
Opening carrying amount	7,672	7,690
85,000 (30 June 2012: 85,000) ordinary shares of Rs.100/- each	-	(18)
Share of (loss) from associate for the period / year	(172)	-
Impairment	(7,500)	-
Assets acquired in settlement on winding up	-	7,672
	-	7,672

7. Investment available for sale

	(Un-audited) 31 March 2013	(Audited) 30 June 2012
	Rupees in thousand	
Quoted		
Modaraba		
BRR Guardian Modaraba-Credit rating 'A'		
305,000 (30 June 2012: 305,000) certificates of Rs. 10/- each	2,375	2,375
Less: Loss on remeasurement	(1,384)	(1,628)
	991	747

7.1 The above investment represents 0.39% (30 June 2012: 0.39%) of the issued certificate capital of the Modaraba.

8. Short term borrowings - secured

The aggregate running finance facilities available from commercial banks under the mark-up arrangement are Rs. (thousand) 825,000 (30 June 2012: Rs. (thousand) 825,000). The rate of mark-up ranges between 1 month/3 months KIBOR + 0.50% to 1 month KIBOR + 0.90% (30 June 2012: 1 month KIBOR + 0.50% to 1 month KIBOR + 0.90%), payable quarterly.

The facilities are secured against first registered joint pari passu hypothecation charge on current assets of the Company up to Rs. (thousand) 1,215,000 (30 June 2012: Rs. (thousand) 1,215,000). The un-utilized facility for opening letters of credit and for guarantees as at 31 March 2013 amounts to Rs. (thousand) 129,290 (30 June 2012: Rs. (thousand) 143,792) and Rs. (thousand) 48,258 (30 June 2012: Rs. (thousand) 47,725), respectively.

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

for the nine month period ended 31 March 2013

9. Contingencies and commitments

a) Contingencies

- i) There has been no change in the status of the contingencies reported in the annual audited financial statements for the year ended 30 June 2012.

b) Commitments

- i) Commitments in respect of letter of credit established for the import of raw and packing materials amounted to Rs. (thousand) 25,710 (30 June 2012: Rs. (thousand) 11,208).
- ii) Counter guarantees in favour of banks in the ordinary course of business amounted to Rs. (thousand) 26,742 (30 June 2012: Rs. (thousand) 27,275).
- iii) The Company has entered into ijarah arrangements for plant and machinery with various Modaraba companies. These arrangements have remaining terms of less than three years. Such arrangements also include a clause to enable revision of the rental charge on an annual basis according to prevailing market conditions.

The total of future ujarah payments under ijarah, for each of the following periods/years:

	(Un-audited) 31 March 2013	(Audited) 30 June 2012
	Rupees in thousand	
Not later than one year	25,361	56,383
Later than one year but not later than five years	16,908	95,767
	42,269	152,150

10. Transactions with related parties

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

	31 March	
	2013	2012
	Rupees in thousand	
Transactions during the period		
Associated undertakings		
Purchases of raw materials	347,499	397,549
Sales of finished goods	755	709
Plant and machinery acquired in settlement of investment on winding up	7,500	-
Royalty charged	36,232	32,489
Purchases/repairs of electric equipment/vehicles	12	32
Services received	1,889	456
Remuneration and benefits of directors, Chief Executive Officer and key management personnel	19,225	21,733
Contributions to staff provident fund	2,493	2,641

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

for the nine month period ended 31 March 2013

(Un-audited)
31 March
2013
Rupees in thousand

(Audited)
30 June
2012

Period / year end balances

Due to associated undertakings	52,582	100,034
Due from related parties	18	6
Payable to provident fund	438	594

All transactions with related parties and associated undertakings are entered into arm's length determined in accordance with comparable uncontrolled price method except for transactions with M/s. Shah Nawaz (Private) Limited, where an additional discount of 40% is given by them on service charges and 15% on spare parts in connection with the repair of motor vehicles, due to group policy. The effect of this policy on the balance sheet and profit and loss account is considered to be immaterial.

11. Segmental analysis

The Company's activities are broadly categorized into two primary business segments namely Juice Drinks activities and Other Operating activities.

Juice drinks activities

Juice drinks activities include bottled as well as juices in tetra pak packings.

Other operating activities

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

Segment analysis of profit and loss account for nine month period ended 31 March 2013:

	Juice Drinks	Others Rupees in thousand	Total
Sales	3,006,677	616,318	3,622,995
Cost of sales	2,082,875	454,403	2,537,278
Profit before taxation	923,802	161,915	1,085,717
Unallocated expenses			
Corporate expenses			(745,504)
Finance cost			(38,930)
Other operating expenses			(89,394)
Other operating income			24,518
Share of profit from an associate			-
Taxation			(90,000)
Profit after taxation			146,407

Segment analysis of assets and liabilities as at 31 March 2013:

	Juice Drinks	Others Rupees in thousand	Total
Segment assets	1,607,839	439,271	2,047,110
Unallocated assets			301,851
Total			2,348,961
Segment liabilities	169,777	120,086	289,863
Unallocated liabilities			850,987
Total			1,140,850

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

for the nine month period ended 31 March 2013

Segment analysis of profit and loss account for nine month period ended 31 March 2012:

	Juice Drinks	Others Rupees in thousand	Total
Sales	2,569,288	679,568	3,248,856
Cost of sales	1,846,956	501,841	2,348,797
Profit before taxation	722,332	177,727	900,059
Unallocated expenses			
Corporate expenses			(619,074)
Finance cost			(45,334)
Other operating expenses			(81,284)
Other operating income			27,506
Share of profit from an associate			2
Taxation			(62,215)
Profit after taxation			119,660

Segment analysis of assets and liabilities as at 30 June 2012:

	Juice Drinks	Others Rupees in thousand	Total
Segment assets	1,329,947	573,988	1,903,935
Unallocated assets			291,507
Total			2,195,442
Segment liabilities	238,503	49,636	288,139
Unallocated liabilities			791,843
Total			1,079,982

12. Earnings per share - basic and diluted

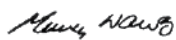
	Nine Month Period Ended 31 March		Three Month Period Ended 31 March	
	2013	2012	2013	2012
	Rupees in thousand			
The basic and diluted earnings per share of the Company are based on:				
Profit after taxation attributable to ordinary shareholders	146,407	119,660	46,941	39,312
Weighted average number of ordinary shares at the end of the period (in thousand)	6,600	6,600	6,600	6,600
Earnings per share-basic and diluted (Rupees)	22.18	18.13	7.11	5.96

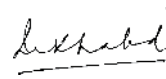
13. Authorization

This condensed interim financial information was authorized for issue by the Board of Directors on 25 April 2013.

14. General

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


Chairman

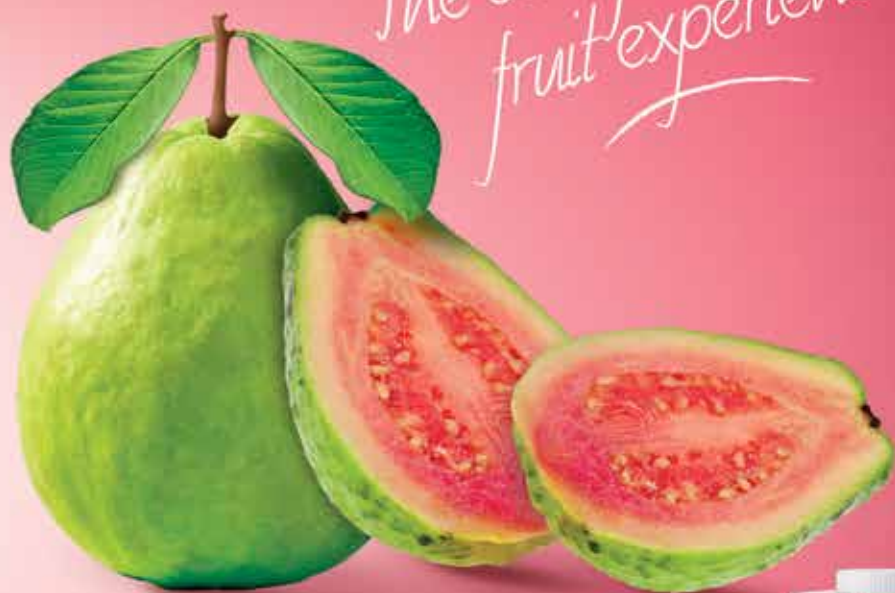

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HATTAR

Plot No. 33/34, Phase III, Hattar Industrial Estate,
Hattar, Khyber Pakhtunkhwa, Pakistan.