



Fruitfully Yours

CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED
31 DECEMBER 2020



Grown with tender,
love and care.



COMPANY INFORMATION

Board of Directors:

Mr. Muneer Nawaz	Chairman
Mr. Humayun A. Shahnawaz	Chief Executive
Mr. M. Naeem	
Mr. Abid Nawaz	
Mr. Rashed Amjad Khalid	
Ms. Manahil Shahnawaz	
Mr. Shahid Hussain Jatoi	(Independent Director)
Mr. Abdul Hamid Ahmed Dagia	(Independent Director)
Mr. Nauman Khalid	(Independent Director)

Chief Financial Officer:

Mr. Faisal Ahmad Nisar, FCA

Company Secretary:

Mr. Khurram Babar

Audit Committee:

Mr. Shahid Hussain Jatoi	Chairman
Mr. Muneer Nawaz	Member
Mr. M. Naeem	Member
Mr. Rashed Amjad Khalid	Member

Human Resource & Remuneration Committee:

Mr. Nauman 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.pk

Auditors:

EY Ford Rhodes,
Chartered Accountants,
96-B-1, 4th Floor, Pace Mall Building,
M. M. Alam Road, Gulberg II, Lahore.

Share Registrar:

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

Legal Advisors:

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

Bankers:

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

DIRECTORS' REPORT

TO THE MEMBERS

On behalf of the Board of Directors of Shezan International Limited, we are pleased to present the Directors' Report together with condensed Interim Financial Statements (Un-audited) of the Company for the six month period ended 31 December 2020.

The global crisis caused by the Covid-19 pandemic has started to demonstrate a slow recovery as international economies are trying to recover from the effects of this pandemic. As compared to other countries, Pakistan was fortunate enough to evade much of the adverse economic effects of this second wave of the pandemic due to the smart and timely policies of the Government of Pakistan. The domestic economy has shown a gradual recovery and it is expected to gain growth slightly above 2% in financial year 2020-2021.

OPERATIONAL OVERVIEW

The Company's performance during the period under review remained satisfactory as summarized below:

Particulars	2020	2019
	Rupees in thousand	
Revenue from contracts with customers–net	2,838,211	3,545,325
Gross profit	623,232	459,988
Net profit / (loss) after tax for the period	62,681	(239,627)
Earnings / (loss) per share - (Rupees)	7.14	(27.28)

We kept our focus on cost control, efficient utilization of our plants, and ensuring continuity of supplies to our customers. The Company's revenue dropped during the first half of this financial year as compared to the corresponding period of the last year. The Company's sales were negatively affected due to the scare of the second wave of Covid-19, which resulted in lower economic activity. We faced severe negative headwinds in our juice segment (as juice is an impulse buy product) due to continued restrictions on the social and recreational activities, closure of schools, colleges, amusement parks and restaurants, which contribute handsome volumes in our sales. In spite of decreased sales, the Company showed encouraging results and growth in the gross profit margin due to price rationalization and cost efficiency measures.

The finance cost for the period under review significantly decreased as compared to the corresponding period because the State Bank of Pakistan reduced the discount rate in aggregate by 6.25%. In addition, the Company has obtained a long-term loan against the refinance scheme for salaries and wages introduced by the State Bank of Pakistan at a very marginal rate of 0.45% per annum through effective negotiations.

FUTURE PROSPECTS

The availability of Covid-19 vaccines will encourage the revival of social and recreational activities in the country. The resumption of normalcy and opening up of educational institutions, restaurants, parks and zoos, will help to boost the sales volumes of the Company. Because the next two quarters fall in our peak season, we anticipate good sales pickup to recover the revenue deficit caused by Covid-19 pandemic in 2020.

The Company has succeeded in increasing exports and achieved a healthy 44% growth in our export sales as compared to the corresponding period last year. We put emphasis on finding new export avenues for the introduction and sales of our juices and cooked food. We are confident that we will maintain this growth momentum throughout the year and years to come.

VOTE OF THANKS

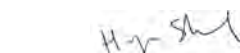
We take this opportunity to thank our shareholders for their confidence, valued customers for the trust they continue to place in us, the management team for its sincere efforts, the employees for their commendable services, the Board of Directors for their continuous guidance, and all stakeholders - Bankers, Dealers, Vendors, Associates.

For and on behalf of the Board



Muneer Nawaz
Chairman

Lahore:
24 February 2021.



Humayun A. Shah Nawaz
Chief Executive Officer

ڈائریکٹرز رپورٹ برائے ممبران

ہم شیطان انٹرنیشنل لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ڈائریکٹرز رپورٹ اور اختتام شدہ ششماہی 31 دسمبر 2020ء کیلئے کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی نتائج پیش کرتے ہیں۔

کوویڈ-19 وبا کی وجہ سے پیدا ہونے والے عالمی بحران نے آہستہ آہستہ بحالی کے عمل کا آغاز کر دیا ہے اور بین الاقوامی معیشتیں اس وبا کے اثرات سے نبرد آزما ہونے کیلئے جدوجہد کر رہی ہیں۔ دیگر ممالک کے مقابلے میں، پاکستان کا فی خوش قسمت رہا جو حکومت پاکستان کی سارٹ اور بروقت پالیسیوں کی وجہ سے اس وبا کی دوسری لہر کے بہت زیادہ منفی معاشی اثرات سے محفوظ رہا۔ مقامی معیشت میں بتدریج بحالی دیکھنے میں آئی۔ اور ترقی کی جارہی ہے۔

کامیابی سال 2020-2021ء میں شرح نمو 2 فیصد تک رہے گی۔

عملی جائزہ:

زیر جائزہ مدت کے دوران کمپنی کی کارکردگی تسلی بخش رہی۔ جو کہ درج ذیل ہے۔

تفصیلات	2020	2019
روپے ہزاروں میں		
فروخت	2,838,211	3,545,325
مجموعی منافع	623,232	459,988
خالص منافع / (نقصان) بعد از محصولات	62,681	(239,627)
فی شخص آمدنی / (نقصان) - روپوں میں	7.14	(27.28)

ہماری تمام تر توجہ اخراجات میں کمی، اپنے پلائس کے بھرپور استعمال اور صارفین کو ہماری مصنوعات کی یقینی فراہمی پر مرکوز رہی۔ اس مالی سال کی پہلی ششماہی کے دوران کمپنی کی فروخت میں گزشتہ سال کے اسی عرصہ کے مقابلے میں کمی واقع ہوئی۔ کوویڈ-19 کی دوسری لہر کے خوف کے باعث معاشی سرگرمیاں محدود رہیں جسکی وجہ سے کمپنی کی فروخت پر منفی اثرات مرتب ہوئے۔ سماجی اور تفریحی سرگرمیوں، تعلیمی اداروں، پارکس اور ریسٹوران کی بندش جو کہ ہمارے فروخت کے حجم کا ایک بڑا حصہ ہیں کی وجہ سے ہمارے جس (جو کہ تسلسل سے خریدے جانے والا پروڈکٹ ہے) کی فروخت میں منفی اثرات مرتب رہا۔ فروخت میں کمی کے باوجود، کمپنی نے قیمتوں اور اخراجات میں توازن کی بدولت چھوٹی منافع کے مد میں حوصلہ افزاء کارکردگی دکھائی۔

گزشتہ مالی سال کی اسی ششماہی کے مقابلے میں سرمائے کی لاگت میں نمایاں کمی واقع ہوئی کیونکہ بینک دولت پاکستان نے شرح سود میں مجموعی طور پر 6.25 فی صد کی کمی کر دی۔ علاوہ ازیں، کمپنی نے بینک دولت پاکستان کی جانب سے تنخواہوں اور اجرت کی ادائیگی کیلئے متعارف کردہ ری فنانس سکیم سے فائدہ اٹھاتے ہوئے مالیاتی اداروں سے بہترین مذاکرات کے نتیجے میں 0.45 فی صد کے انتہائی مناسب شرح سود پر قرضہ حاصل کیا۔

مستقبل کے امکانات:

کوویڈ-19 وبا کی ویکسین کی دستیابی سے ملک میں سماجی اور تفریحی سرگرمیوں کی بحالی میں مدد ملے گی۔ قابل حالات کی بحالی اور تعلیمی اداروں، ریسٹوران، پارکس اور چڑیا گروں کے کھلنے کی وجہ سے کمپنی کے فروخت کے حجم کو بڑھانے میں مدد ملے گی۔ چونکہ آگے دو ماہیاں ہمارے کاروبار کے لئے موزوں ترین موسم میں ہوں گی ہم توقع کر رہے ہیں کہ ہماری فروخت میں اچھا اضافہ ہوگا جو کہ 2020ء میں کوویڈ-19 وبا کی وجہ سے ہونے والے نقصان کو پورا کرنے میں مددگار ثابت ہوگا۔

کمپنی اپنی برآمدات بڑھانے میں کامیاب ہوئی اور گزشتہ سال کے اسی عرصہ کے مقابلے میں اس سال 4.4 فیصد کی حوصلہ افزاء نمو حاصل کرنے میں کامیاب ہوئی۔ ہم اپنے جو سسر اور بیٹا شدہ کھانوں کو متعارف کروانے اور فروخت کرنے کیلئے برآمدات کے نئے مواقع تلاش کرنے پر زور دیتے ہیں۔ ہم بڑھ امید ہیں کہ ہم اس سال اور آئندہ آنے والے سالوں میں نمو کے اس تسلسل کو برقرار رکھیں گے۔

اظہار تشکر:

ہم اس موقع پر اپنے چھ حص داران کے بھروسے کا معزز صارفین کے غیر منتزعل اعتماد کا، انتظامیہ کی مخلصانہ کاوشوں کا، اپنے ملازمین کی قابل ستائش خدمات کا، بورڈ آف ڈائریکٹرز کی مستقل رہنمائی کا اور تمام متعلقہ بینکرز، ڈیلرز، ویلزرز، ایجو ایٹس کا شکریہ ادا کرتے ہیں۔

بورڈ کی جانب سے

H. N. Shah

ہمایوں اے شاہ نواز

چیف ایگزیکٹو

Muhammad Nawaz

منیر نواز

چئیرمین

لاہور:

24 فروری 2021ء

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF SHEZAN INTERNATIONAL LIMITED

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Shezan International Limited as at 31 December 2020 and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of condensed interim statement of comprehensive income for the quarters ended 31 December 2020 and 2019 have not been reviewed as we are required to review only the cumulative figures for the six-month period ended 31 December 2020.

Scope of Review

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

Conclusion

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

The engagement partner on the audit resulting in this independent auditor's review report is Sajjad Hussain Gill.

Lahore:
24 February 2021.


EY Ford Rhodes
Chartered Accountants

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	(Un-Audited) 31 December 2020	(Audited) 30 June 2020
		Rupees in thousand	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,717,972	1,863,439
Long-term investment	7	3,700	2,650
Long-term receivable		28,881	27,930
Long-term deposits		4,089	4,388
Deferred taxation		153,609	181,028
		1,908,251	2,079,435
CURRENT ASSETS			
Stores and spares		134,665	119,002
Stock-in-trade		1,729,206	1,527,152
Right to recover asset		15,400	16,162
Trade debts		239,268	156,598
Loans and advances		326,292	125,595
Trade deposits and short term prepayments		43,894	6,823
Interest accrued		62	159
Income tax recoverable		564,811	535,670
Cash and bank balances		62,803	202,541
		3,116,401	2,689,702
TOTAL ASSETS		5,024,652	4,769,137
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		87,846	87,846
Capital reserve		5,000	5,000
Revenue reserves		1,920,538	1,856,807
TOTAL EQUITY		2,013,384	1,949,653
NON-CURRENT LIABILITIES			
Long-term loan	8	275,115	291,300
Lease liability		50,990	54,165
Deferred grant		3,165	2,709
		329,270	348,174
CURRENT LIABILITIES			
Trade and other payables		435,513	738,534
Contract liabilities		80,080	108,878
Unclaimed dividend		4,845	4,880
Interest accrued on borrowings		25,143	42,011
Current portion of long term loan	8	361,820	233,871
Current portion of lease liability		7,392	6,049
Current portion of deferred grant		10,899	5,045
Short-term borrowings	9	1,174,134	744,035
Refund liability		102,535	108,370
Provision for taxation		479,637	479,637
		2,681,998	2,471,310
TOTAL LIABILITIES		3,011,268	2,819,484
CONTINGENCIES AND COMMITMENTS			
	10		
TOTAL EQUITY AND LIABILITIES		5,024,652	4,769,137

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2020

	Note	Six month period ended 31 December		Three month period ended 31 December	
		2020	2019	2020	2019
		Rupees in thousand		Rupees in thousand	
Revenue from contracts with customers-net	11	2,838,211	3,545,325	905,104	1,181,962
Cost of revenue		2,214,979	3,085,337	743,743	1,133,981
Gross profit		623,232	459,988	161,361	47,981
Distribution costs		317,557	413,153	132,645	184,002
Administrative expenses		138,946	170,409	69,161	81,581
Other operating expenses		36,497	48,278	(8,614)	15,897
Other income		(19,930)	(31,180)	(5,571)	(13,693)
		473,070	600,660	187,621	267,787
Operating profit / (loss)		150,162	(140,672)	(26,260)	(219,806)
Finance costs		60,062	96,853	28,077	56,146
Profit / (loss) before taxation		90,100	(237,525)	(54,337)	(275,952)
Taxation		(27,419)	(2,102)	8,676	26,116
Net profit / (loss) for the period		62,681	(239,627)	(45,661)	(249,836)
Other comprehensive income / (loss)					
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):					
Unrealized profit/(loss) on remeasurement of investments					
- available for sale		1,050	(209)	1,596	45
Total comprehensive income / (loss)		63,731	(239,836)	(44,065)	(249,791)
Earnings / (loss) per share - basic and					
diluted (Rupees)	12	7.14	(27.28)	(5.20)	(28.44)

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

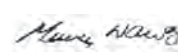
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2020

Share Capital	Capital Reserve	Revenue Reserve				Sub Total	Total
	Merger Reserve	General Reserve	Unrealized gain on remeasurement of AFS investments	Unappropriated profit / (loss)			
Rupees in thousand							
Balance as at 01 July 2019	87,846	5,000	2,000,000	103	140,631	2,140,734	2,233,580
Final dividend @ Rs. 5.5/- per share for the year ended 30 June 2019	-	-	-	-	(48,315)	(48,315)	(48,315)
Loss for the six month period ended 31 December 2019	-	-	-	-	(239,627)	(239,627)	(239,627)
Other comprehensive income	-	-	-	46	-	46	46
Total comprehensive loss	-	-	-	46	(239,627)	(239,581)	(239,581)
Balance as at 31 December 2019	87,846	5,000	2,000,000	149	(147,311)	1,852,838	1,945,684
Balance as at 01 July 2020	87,846	5,000	2,000,000	275	(143,468)	1,856,807	1,949,653
Profit for the six month period ended 31 December 2020	-	-	-	-	62,681	62,681	62,681
Other comprehensive income	-	-	-	1,050	-	1,050	1,050
Total comprehensive income	-	-	-	1,050	62,681	63,731	63,731
Balance as at 31 December 2020	87,846	5,000	2,000,000	1,325	(80,787)	1,920,538	2,013,384

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2020

Six month period ended
31 December

2020 2019

Rupees in thousand

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations:

Profit / (loss) before taxation	90,100	(237,525)
Adjustments to reconcile profit / (loss) before tax to net cash:		
Depreciation	140,262	161,957
Finance costs	63,203	97,243
Un-winding of interest on long-term receivable	(3,141)	(2,539)
Profit on bank deposits	(176)	(3,626)
Loss on disposal of property, plant and equipment	19,705	7,743
	219,853	260,778
Operating profit before working capital changes	309,953	23,253

(Increase) / decrease in current assets:

Stores and spares	(15,663)	(30,132)
Stock-in-trade	(202,054)	24,760
Right to recover asset	762	3,916
Trade debts	(82,670)	8,383
Loans and advances	(200,697)	(13,704)
Trade deposits and short-term prepayments	(37,071)	(10,927)
	(537,393)	(17,704)

Increase / (decrease) in current liabilities:

Trade and other payables	(303,021)	(389,875)
Contract liabilities	(28,798)	(9,177)
Refund liability	(5,835)	(28,391)
	(337,654)	(427,443)

Cash used in operations

(565,094) (421,894)

Interest expense paid	(73,293)	(69,009)
Profit on bank deposits received	273	4,047
Income tax paid	(29,141)	(53,347)
Long-term receivables	2,190	6,116
Long-term deposits paid	299	100

Net cash used in operating activities **(664,766)** (533,987)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(28,157)	(272,659)
Sale proceeds from disposal of property, plant and equipment	13,657	6,498
Net cash used in investing activities	(14,500)	(266,161)

CASH FLOWS FROM FINANCING ACTIVITIES

New leases acquired during the period	-	79,870
Repayment of long-term loan	(105,721)	-
Long-term loan obtained	217,017	-
Short-term borrowings obtained-net	430,099	674,990
Repayment of lease liability	(1,832)	(6,298)
Dividends paid	(35)	(47,374)

Net cash generated from financing activities **539,528** 701,188

Net decrease in cash and cash equivalents **(139,738)** (98,960)

Cash and cash equivalents at the beginning of the period **202,541** 233,723

CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD **62,803** 134,763

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



H. V. Shah
Chief Executive

Javed
Chief Financial Officer

Munir Akhtar
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2020

1 THE COMPANY AND ITS OPERATIONS

- 1.1** The Company is a Public Limited Company incorporated in Pakistan and is listed on the Pakistan Stock Exchange Limited. 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. Following are the business units of the Company along with their respective locations:

BUSINESS UNIT	ADDRESS
Production Plant and Head Office	56-Bund Road, Lahore
Production Plant	Plot No. 33-34, Phase III, Hattar Industrial Estate, Hattar
Production Plant	Plot L-9, Block No. 22, Federal B Industrial Area, Karachi

1.2 Impact of COVID-19 on the condensed interim financial statements

The World Health Organization declared COVID-19 a global pandemic on 11 March 2020. Accordingly, on 20 March 2020, the Government of Pakistan announced temporary lock down as a measure to reduce the spread of COVID-19. The outbreak of COVID-19 has had a distressing impact on overall demand in the global economy with notable downgrade in growth forecast.

The Company's management is fully cognizant of the business challenges posed by the COVID-19 outbreak and closely monitoring the possible impacts on the Company's operations and liquidity positions and believes that its current policies for managing credit, liquidity and market risk are adequate in response to current situation.

Further, subsequent to year end, the situation has improved with the easing of lock down and re-opening of the businesses.

The management has assessed the impact of the COVID-19 on the condensed interim financial statements and believes that the revenue of the Company has shown a decrease in comparison to the prior period due to COVID-19. Accordingly, the management has taken measures to reduce the expenses during the period. Further, the Company has obtained loans under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan, which carry mark-ups at below market rate as further explained in Note 8 to these condensed interim financial statements.

A part from the above, the management believes that there is no significant financial impact of COVID-19 on the carrying amounts of assets, liabilities, income or expenses which may require specific disclosures.

2 STATEMENT OF COMPLIANCE

- 2.1** These condensed interim financial statements 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2020

- 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 2020.
- 2.3** These condensed interim financial statements are un-audited, however, subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited.
- 2.4** These condensed interim financial statements have been prepared under the historical cost convention except that long-term investments are recognized on the basis mentioned in Note 5.6.1 to the annual financial statements for the year ended 30 June 2020. These financial statements are prepared in Pak Rupees, which is the functional currency of the Company.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended 30 June 2020, except as follows:

3.1 New standards, interpretations, amendments and improvements effective during current period

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards and interpretations effective for annual period beginning on 01 July 2020, as listed below. The Company has not early-adopted any other standard, interpretation, amendment and improvement that has been issued but is not yet effective.

Standard, Interpretation and Amendment

IFRS 3	Business combinations - Definition of a business (Amendments)
IFRS 9, IAS 39 and IFRS 7	Interest rate benchmark reform (Amendments)
IAS 1 and IAS 8	Definition of material (Amendments)
IFRS 16	COVID-19 related rent concessions (Amendments)

The adoption of the above standards, amendments and interpretations to the accounting standards did not have any material effect on the Company's condensed interim financial statements.

In addition to the above new standards and amendments to standard and interpretations, the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) issued by IASB has also become effective during the period for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

3.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard, interpretation and amendment:

Standard, Interpretation and Amendment		Effective date (annual periods beginning on or after)
IFRS 3	Reference to the conceptual framework (Amendments)	01 January 2022
IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture (Amendments)	Not yet finalised
IAS 1	Classification of liabilities as current or non-current (Amendments)	01 January 2023
IAS 16	Proceeds before intended use (Amendments)	01 January 2022
IAS 37	Onerous contracts – Cost of fulfilling a contract (Amendments)	01 January 2022

The above new amendments to standards and interpretations are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above new standards and amendments to standard and interpretations, improvements to various accounting standards have also been issued by the IASB in May 2020. Such improvements are generally effective for accounting periods beginning on or after 01 January 2022. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard		Effective date (annual periods beginning on or after)
IFRS 1	First time adoption of International Financial Reporting Standards	01 January 2009
IFRS 17	Insurance Contracts	01 January 2023

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's best judgment and prevailing laws and these are subject to final adjustments in the annual audited financial statements.

5 SEASONALITY OF OPERATIONS

The interim results of the Company are subject to seasonal fluctuations due to variation in demand of the main products (juices, squashes and syrups).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2020

6 PROPERTY, PLANT AND EQUIPMENT

The additions / deletions / transfers (at cost), made during the six month period ended 31 December 2020 (un-audited) are as follows:

	Additions	Deletions/ Transfers
	Rupees in thousand	
Owned assets		
Plant and machinery	5,186	(13,525)
Motor vehicles	-	(3,302)
Electric equipment	1,839	(1,292)
Computers and accessories	-	(464)
Empty bottles, shells, pallets and barrels	14,502	(60,236)
	21,527	(78,819)
Capital work in progress		
Plant and machinery	9,950	(3,491)
Buildings	773	(602)
	10,723	(4,093)
	32,250	(82,912)
	(Un-Audited) 31 December 2020	(Audited) 30 June 2020
Note	Rupees in thousand	

7 LONG-TERM INVESTMENT - AVAILABLE FOR SALE

Quoted - Modaraba

BRR Guardian Modaraba - Credit rating 'A'

305,000 (30 June 2020: 305,000) certificates of Rs. 10/- each	7.1	2,375	2,375
Gain on remeasurement		1,325	275
		3,700	2,650

7.1 The above investment represents 0.35% (30 June 2020: 0.35%) of the issued certificate capital of the Modaraba.

7.2 This investment is placed under a shariah permissible agreement.

		(Un-Audited) 31 December 2020	(Audited) 30 June 2020
		Rupees in thousand	
8 LONG-TERM LOAN - SECURED			
Long-term loan	8.1	636,935	525,171
Less: Current maturity shown under current liabilities		(361,820)	(233,871)
		275,115	291,300

8.1 Loans from banking institutions - secured

	Note	Opening	Loan Amount		Closing
			Received	Repaid	
Rupees in thousand					
Loan I	8.1.1	422,882	–	105,721	317,161
Loan II	8.1.2	102,289	60,492	–	162,781
Loan III	8.1.3	–	156,993	–	156,993
		525,171	217,485	105,721	636,935

8.1.1 This represents long term loan obtained from a commercial bank, payable in five equal semi annual installments with a grace period of six months. The rate of markup is 3 months KIBOR plus 0.25% per annum (30 June 2020: 3 months KIBOR plus 0.25% per annum) payable semiannually. The facility is secured against a first exclusive registered charge on the plant and machinery up to Rs. (thousand) 733,334 (30 June 2020: Rs. (thousand) 733,334).

8.1.1.1 Under the terms of the above borrowing facility, the Company is required to comply with certain financial covenants in respect of the loan. The Company was not in compliance with the debt servicing coverage ratio of the aforementioned loan as at 30 June 2020 and the same breach has continued for the current period, however, the respective financial institution vide its letter dated 16 September 2020 has given a waiver of the breach in this respect for the financial year 2019-20, accordingly, the management did not reclassify the non-current portion of loan to current liabilities. Considering the same, the management is of the view that aforementioned covenants are being monitored annually by the financial institution therefore there is no impact of this breach of covenants on these condensed interim financial statements and the management is confident that in case such breach in covenants exist as at the year-end, the respective financial institution will give another waiver in this respect.

8.1.2 This represents loan obtained from a commercial bank under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facility has an aggregate sanctioned limit of Rs. (thousand) 170,000 (30 June 2020: Rs. (thousand) 170,000). The rate of markup is SBP plus 1.95% per annum (30 June 2020: SBP plus 1.95% per annum) payable quarterly. The facility is secured against initial ranking charge on plant and machinery upto Rs. (thousand) 227,000 (30 June 2020: Rs. (thousand) 227,000). The difference between cash received and present value of cash outflow upon initial recognition has been recognised as deferred grant in accordance with the Circular No. 11 / 2020 dated 17 August 2020 issued by the Institute of Chartered Accountants of Pakistan.

8.1.3 This represents loan obtained from a commercial bank under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facility has an aggregate sanctioned limit of Rs. (thousand) 170,000. The rate of markup is SBP plus 0.45% per annum payable quarterly. The facility is secured against initial ranking charge on plant and machinery upto Rs. (thousand) 227,000. The difference between cash received and present value of cash outflow upon initial recognition has been recognised as deferred grant in accordance with the Circular No. 11 / 2020 dated 17 August 2020 issued by the Institute of Chartered Accountants of Pakistan.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2020

9 SHORT-TERM BORROWINGS - SECURED

The aggregate short-term borrowings available from commercial banks under mark-up / interest arrangements are Rs. (thousand) 2,625,000 (30 June 2020: Rs. (thousand) 2,625,000). The un-utilized portion of the said facility amounts to Rs. (thousand) 1,450,866 (30 June 2020: Rs. (thousand) 1,880,965).

The rate of mark-up / interest on short-term borrowings ranges between 1 month / 3 months KIBOR plus 0.05% to 1 month / 3 months KIBOR plus 0.50% (30 June 2020: 1 month / 3 months KIBOR plus 0.05% to 1 month / 3 months KIBOR plus 0.50%), payable quarterly.

The facilities are secured against first registered joint pari passu hypothecation and ranking charge on current assets of the Company up to Rs. (thousand) 3,848,000 (30 June 2020: Rs. (thousand) 3,848,000) and Rs.(thousand) Nil (30 June 2020: Rs. (thousand) 1,067,000).

The un-utilized facility for opening letters of credit and for guarantees amounts to Rs. (thousand) 545,637 (30 June 2020: Rs. (thousand) 528,414) and Rs. (thousand) 195,314 (30 June 2020: Rs. (thousand) 80,692), 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 2020.

10.2 Commitments

- (i) Commitments in respect of letters of credit established for the import of raw and packing materials, amounted to Rs. (thousand) 4,363 (30 June 2020: Rs. (thousand) 21,586).
- (ii) Counter-guarantees in favor of banks in the ordinary course of business, amounted to Rs. (thousand) 64,686 (30 June 2020: Rs. (thousand) 52,089).

(Un-Audited)

Six month period ended 31 December		Three month period ended 31 December	
2020	2019	2020	2019
Rupees in thousand		Rupees in thousand	

11 REVENUE FROM CONTRACTS WITH CUSTOMERS-NET

Domestic	3,533,948	4,537,554	1,075,915	1,502,845
Export	213,800	148,273	116,957	69,041
	3,747,748	4,685,827	1,192,872	1,571,886
Less: Discounts and incentives	128,561	139,714	64,191	62,798
Sales tax	622,136	794,766	182,951	263,377
Federal excise duty	158,840	206,022	40,626	63,749
	909,537	1,140,502	287,768	389,924
	2,838,211	3,545,325	905,104	1,181,962

11.1 All the revenue is recognized at a point in time.

(Un-Audited)
Six month period ended
31 December
2020 2019
Rupees in thousand

11.2 The Company's net revenue disaggregated by major product lines is as follows:

Juices and drinks	2,314,146	3,015,180
Others	524,065	530,145
	2,838,211	3,545,325

11.3 The Company's continent wise export sales are as follows:

Europe	131,347	72,203
America	63,310	56,142
Asia	4,720	9,321
Australia	14,423	10,607
	213,800	148,273

(Un-Audited)

	Six month period ended 31 December		Three month period ended 31 December	
	2020	2019	2020	2019
	Rupees in thousand		Rupees in thousand	

12 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

Profit / (loss) after taxation attributable to ordinary shareholders (Rupees in thousand)	62,681	(239,627)	(45,661)	(249,836)
Weighted average number of ordinary shares at the end of the period (in thousand)	8,785	8,785	8,785	8,785
Earnings / (loss) per share-basic and diluted (Rupees)	7.14	(27.28)	(5.20)	(28.44)

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

13 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2020

14 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:

Transactions during the period:	Relationship with the Company	(Un-Audited) Six month period ended 31 December	
		2020	2019
		Rupees in thousand	
Associated undertakings			
Purchases of raw materials	Associate	274,932	393,020
Sales of finished goods	Associate	128	–
Royalty charged	Associate	19,152	37,776
Purchases / repairs of electric equipment/vehicles	Associate	26	5
Contributions to staff provident fund	Employees' Fund	3,029	3,289
Remuneration and benefits of Directors, Chief Executive and Key management personnel	Key management personnel	24,134	24,661
		(Un-Audited) 31 December	(Audited) 30 June
Period / year end balances:	Relationship with the Company	2020	2020
		Rupees in thousand	
Due to related parties	Associate	15,852	41,578
Due from related parties	Associate	6,342	90,749
Due to / (from) staff provident fund	Employees' Fund	–	(9)

15 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

15.1 These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2020. There have been no change in any risk management policies since the year end.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in these condensed interim financial statements approximate their fair values. The Company analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows;

- Quoted prices [unadjusted] in active markets for identical assets or liabilities [level 1];
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly [i.e. as prices] or indirectly [i.e. derived from prices] [level 2]; and
- Inputs for the asset or liability that are not based on observable market data [level 3].

15.2 Financial assets and liabilities

Set out below, is an overview of financial assets, other than cash and bank balances, held by the company as at 31 December 2020 and 30 June 2020:

	(Un-Audited) 31 December 2020	(Audited) 30 June 2020
	Rupees in thousand	
Debt instruments at amortized cost		
Long-term receivables	28,881	27,930
Long-term deposits	4,089	4,388
Trade debts - unsecured	239,268	156,598
Loans and advances	326,292	125,595
Trade deposits and short term prepayments	17,348	6,823
	615,878	321,334
Equity instruments at fair value through OCI		
Long-term investment	3,700	2,650
Total current	582,908	289,016
Total non current	36,670	34,968

Set out below, is an overview of financial liabilities held by the company as at 31 December 2020 and 30 June 2020:

	(Un-Audited) 31 December 2020	(Audited) 30 June 2020
	Rupees in thousand	
Financial liabilities at amortized cost		
Trade and other payables	416,251	589,921
Unclaimed dividend	4,845	4,880
	421,096	594,801
Interest bearing loans and borrowings		
Long-term loan	636,935	525,171
Lease liabilities	58,382	60,214
Deferred grant	14,064	7,754
Mark up accrued on borrowings	25,143	42,011
Short-term borrowings	1,174,134	744,035
	1,908,658	1,379,185
Total current	2,000,484	1,625,812
Total non current	329,270	348,174

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2020

16 SEGMENTAL ANALYSIS

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive. The Chief Executive considers the business from the product perspective and evaluates performance on the basis of their profit or loss. As at 31 December 2020 (Un-audited), the Company is organized into two operating segments based on their products.

Juice drinks

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

Others

Others include pickles, ketchup, sauces, jams etc.

Profit and loss account for six month period ended 31 December 2020 (Un-Audited):

	Juices and Drinks	Others	Total
	Rupees in thousand		
Revenue from contracts with customers - net	2,314,146	524,065	2,838,211
Cost of revenue	(1,808,230)	(406,749)	(2,214,979)
Gross profit	505,916	117,316	623,232
Unallocated expenses and income			
Distribution costs			(317,557)
Administrative expenses			(138,946)
Other operating expenses			(36,497)
Other income			19,930
Finance costs			(60,062)
Taxation			(27,419)
Profit after taxation			62,681

Assets and liabilities as at 31 December 2020 (Un-Audited):

	Juices and Drinks	Others	Total
	Rupees in thousand		
Segment assets	3,605,653	473,314	4,078,967
Unallocated assets			945,685
Total			5,024,652
Segment liabilities	1,024,882	85,351	1,110,233
Unallocated liabilities			1,901,035
Total			3,011,268

Profit and loss account for six month period ended 31 December 2019 (Un-Audited):

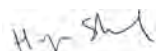
	Juices and Drinks	Others	Total
	Rupees in thousand		
Revenue from contracts with customers - net	3,015,180	530,145	3,545,325
Cost of revenue	(2,569,013)	(516,324)	(3,085,337)
Gross profit	446,167	13,821	459,988
Unallocated expenses and income			
Distribution costs			(413,153)
Administrative expenses			(170,409)
Other operating expenses			(48,278)
Other income			31,180
Finance costs			(96,853)
Taxation			(2,102)
Loss after taxation			(239,627)
Assets and liabilities as at 30 June 2020 (Audited):			
Segment assets	3,225,830	522,107	3,747,937
Unallocated assets			1,021,200
Total			4,769,137
Segment liabilities	1,109,851	177,994	1,287,845
Unallocated liabilities			1,531,639
Total			2,819,484

17 DATE OF AUTHORIZATION FOR ISSUE

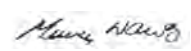
These condensed interim financial statements were authorized for issue by the Board of Directors on 24 February 2021.

18 GENERAL

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


Chief Executive


Chief Financial Officer


Director



From our family
to yours.



حَالَال
HALAL

An ISO 9001, ISO 22000
& HACCP Certified Company

Celebrating 57 years
of happiness.



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